

The complaint

Mr K has complained PayPal UK Ltd won't refund numerous transactions he'd not made.

What happened

On 7 April Mr K found his mobile was wiped. After this he had no mobile signal, was unable to make calls or use data. The following day he was able to contact his mobile phone provider and get his number ported back to his SIM. His mobile phone provider confirmed his number had been ported to an eSIM without his authorisation. He discovered several of his accounts had been compromised including his PayPal account. Using this account, a fraudulent party had accessed his crypto account and purchased £1,000 from his PayPal account. There'd also been seven online gambling transactions with a provider I'll call P. £1,630 had been spent using Mr K's PayPal account which he'd not authorised.

PayPal believed Mr K had made and authorised the transactions. They pointed out that the crypto account was one that Mr K had accessed using his PayPal account previously. They also believed Mr K's account use showed the transactions to P matched those he'd made previously.

Mr K brought his complaint to the ombudsman service along with evidence from his mobile phone provider.

Our investigator felt Mr K's evidence showed it was most likely that he'd fallen victim to a SIM swap. During this period his PayPal account was accessed, and transactions carried out without Mr K's authority. She asked PayPal to reimburse the disputed transactions, along with adding 8% simple interest.

PayPal didn't accept this outcome. They felt, firstly, if the fraud had been caused by a SIM swap then his mobile phone provider should be required to pay for what had happened. They continued to believe the evidence showed Mr K's account had been accessed using the right credentials.

Mr K's complaint has been referred to an ombudsman for decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr K's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

There is no requirement on mobile phone providers to similarly do so despite PayPal feeling they should be held liable.

To help me come to a decision, I've reviewed the evidence PayPal provided as well as what Mr K has told us. We've also shared the evidence Mr K provided to our service to PayPal.

I believe these transactions were carried out without Mr K's authorisation. I say this because:

- PayPal's evidence shows the mobile number used for the authentication of the disputed transactions was one belonging to Mr K.
- Mr K's evidence from his mobile phone provider shows that his phone number was swapped to another provider. Their fraud team *"have concluded that you were regrettably a victim of fraudulent activity as a result of a sim swap"*. They were unable to share how the fraud took place but were definitive that this had happened. I find it hard to ignore this evidence.
- I've reviewed the evidence PayPal has shared which they state shows Mr K's fingerprint was used to authenticate transactions. This contains no specific date or time-related data.
- Mr K has shared evidence showing the balance of his crypto account is a minimal amount following third-party access. He has confirmed he formerly had an account with P, but this was closed about 4-5 years ago. PayPal's own evidence backs this up and shows the last undisputed transaction to P was in February 2019.

Putting things right

In accordance with the PSRs, PayPal will have to refund Mr K in full for the disputed transactions as well as add interest.

My final decision

For the reasons given, my final decision is to instruct PayPal UK Ltd to:

- Refund Mr K for the disputed transactions; and
- Add 8% simple interest to those transactions from 7 April 2024 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 December 2024.

Sandra Quinn
Ombudsman