

The complaint

Mr W is unhappy with how PayPal UK Ltd has retained his personal information.

What happened

Mr W had an account with PayPal that was restricted for over ten years. He was unhappy about how long PayPal had kept his data and information and with the fact that he had tried to close his account a number of times since the restriction was applied. He eventually complained to PayPal about this, but when it didn't respond he approached this service with his complaint.

We got in touch with PayPal which explained that the reason the account remained open. It also explained that it was retaining Mr W's personal data was because there was a balance owing on the account that was still outstanding. But PayPal made an offer to settle Mr W's complaint by offering to credit the account with the outstanding balance, which meant it could close the account and delete the account in line with Mr W's wishes.

Our investigator put this to Mr W who believed the account should have been closed much sooner and that the debt should similarly have been written off too. Mr W said that the impact of trying to close his account over many years has been very stressful. He referred to the frustration he faced by being told to take unrealistic steps to close the account unsuccessfully. To reflect this, our investigator suggested that £500 to compensate Mr W would be fair. PayPal and Mr W initially accepted this.

After this point, there were a number of issues with arranging for the compensation to be paid and the data deleted. PayPal offered a further £50 for some of these issues. Eventually PayPal deleted Mr W's data and paid him the £550 for compensation. Mr W remained unhappy with how PayPal had dealt with this matter, saying it had far too long to arrange the deletion and payment. He said he felt bullied into providing personal information to arrange this. So the matter was passed to an ombudsman to decide.

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.

It's worth me starting by saying that all the parties agree that it's fair that PayPal has deleted Mr W's data it held in relation to the account in question here. It's now done that and it helpfully did so without asking Mr W to pay back the debt that was held on the account. So I don't think I need to say any more about this, other than that I think it's fair and reasonable that PayPal has done this in the circumstances.

In respect of the £500 compensation – I think this is a fair amount to compensate Mr W for the stress, frustration and trouble he has experienced over the years. He has been honest and candid about the significant impact this has had on him. I think the amount of £500 is fair to reflect this distress and inconvenience.

The question that remains for me is whether PayPal need take any further action here. In my view, it doesn't. It's clear that there have been some issues in arranging the settlement, both in terms of the deletion of the data and the payment of the compensation. On occasion, it seems that Mr W hasn't been willing to share some of the information PayPal says is necessary to have arranged the settlement. I can see why that may be, but impartially – I think PayPal was entitled to request this information before making the payment for compensation.

In any event – PayPal paid Mr W a further £50 for any inconvenience here, which I think was fair. When the information was given, PayPal made the payment in a reasonable timeframe.

So that means that I'm satisfied that by deleting Mr W's data and paying the compensation it has – PayPal has done enough to resolve Mr W's complaint. I realise that the settlement wasn't made anywhere near as smoothly as Mr W would like – but I think that was because of a difference of opinion about what was needed to do that. PayPal needed some information and while Mr W viewed PayPal as asking for this unnecessarily – I'm satisfied it was only doing so to make sure it could put the settlement in place.

Mr W has also mentioned a second PayPal account that it continues to hold his data in relation to. PayPal has clarified that it will be retaining data relating to this account for ten years from the date the account was closed and Mr W requested the deletion. That is in line with PayPal's data retention policies and so I think that's a fair position for it to take.

My final decision

My final decision is that by deleting Mr W's personal data in relation to his account and paying him £550, PayPal UK Ltd has taken fair and reasonable steps to resolve this complaint. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 October 2024.

James Staples
Ombudsman