

The complaint

Mr R feels that PayPal UK Ltd processed a payment from his account without his consent.

What happened

In May 2023, Mr R made a payment for car insurance via his PayPal account. One year later, when the car insurance policy expired, PayPal paid an auto-renewal payment to the car insurer without Mr R's consent. Mr R wasn't happy about this, so he raised a complaint.

PayPal noted that Mr R had set up an auto-renewal billing agreement when he initially purchased the car insurance in May 2023 which consented to the auto-renewal and which authorised PayPal to process any auto-renewal payment request they received from the car insurer. Mr R didn't agree with PayPal's position, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that PayPal had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr R remained dissatisfied, so the matter was escalated to an ombudsman for a final 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'm satisfied that Mr R did sign up to an auto-renewal billing agreement with the car insurer on 5 May 2023 when he first bought the insurance from them. This billing agreement was forwarded to PayPal, and it gave PayPal Mr R's consent in advance for them to process any auto-renewal payment request they might receive from the car insurer.

Having signed this billing agreement with the car insurer, it was then Mr R's responsibility to have cancelled his auto-renewal with the car insurance company if he didn't want the auto-renewal to take place – so that no auto-renewal payment request was received by PayPal.

Mr R may argue that he wasn't aware that he'd signed such an agreement, or that he didn't receive the auto-renewal notice from the car insurer. But if either of those scenarios are the case, I feel they would be a matter between Mr R and the car insurer. And I don't feel that PayPal have acted unfairly by processing the auto-renewal payment in line with the valid billing agreement that they'd received which authorised them to do so.

Ultimately, I don't agree with Mr R's position that he didn't authorise PayPal making the auto-renewal payment to the car insurer. Instead, I'm satisfied that by signing the billing agreement with the car insurer that was then forwarded to PayPal, that Mr R had given his consent and authority in advance for the auto-renewal payment to be processed by PayPal. And I'm similarly satisfied that PayPal didn't require any further authorisation from Mr R to make the auto-renewal payment in 2024 beyond that which they'd already received in 2023.

If Mr R feels that PayPal were acting on incorrect instructions provided by the car insurer, then I feel that would be a matter between Mr R and the car insurer and wouldn't be

something I'd consider holding PayPal accountable or responsible for.

I realise this won't be the outcome that Mr R was wanting, but it follows from the above that I don't feel that PayPal have acted unfairly or unreasonably as he contends here and that therefore I won't be upholding this complaint. I hope that Mr R will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 November 2024.

Paul Cooper
Ombudsman