

The complaint

Mr B has complained PayPal UK Ltd won't refund transactions he made using his PayPal account which he says he didn't authorise.

What happened

Mr B complained to PayPal that they were holding him liable for a debt of more than £2,000 which covered numerous gaming transactions made on 2 July 2024. He didn't believe he'd made those transactions. He'd made one transaction for £20 but that was all.

PayPal believed Mr B had authorised these transactions with the gaming company (who I'll call L). They'd confirmed Mr B had set up an account with L in April 2021 as a *"trusted beneficiary"*. This meant he didn't need to provide any additional verification when making PayPal transactions with L.

Unhappy, Mr B brought his complaint to the ombudsman service.

Our investigator reviewed the complaint and the evidence provided by PayPal and Mr B. She also contacted L to get details of his account with them. Overall she was satisfied that Mr B authorised these transactions and wouldn't ask PayPal to write off the debt related to them.

Mr B has asked an ombudsman to consider his complaint. He also provided evidence of a more recent scam attempt which he believed showed that this was what must have happened in July 2024.

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 conclusion 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 B'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 are exceptions to this but nothing relevant to Mr B's complaint.

To help me come to a decision, I've reviewed the evidence PayPal provided as well as what Mr B has told us, along with copies of his bank statements around this time.

I believe Mr B has authorised the disputed transactions. I say this because:

- The disputed transactions are with a specific gaming company, L. Mr B set this business up as a trusted beneficiary. Therefore, using PayPal for numerous transactions would be easier as all individual transactions wouldn't need separate authentication.
- That, however, doesn't mean that all transactions to that beneficiary are authorised under the meaning of the PSRs so I stress that I have looked at the transactions in dispute individually.
- That said there's nothing to suggest these weren't completed by Mr B. The timing follows on from a transaction Mr B doesn't dispute making. I also struggle to understand why an unknown third party would be using Mr B's gaming account with L to complete disputed transactions. If someone was able to access Mr B's PayPal account, there'd be other fraudulent options available to them.
- I've also been able to see credits made by L to Mr B within the same timeline which confirms to me that it was most likely him making those transactions.
- I appreciate there are anomalies in Mr B's behaviour. He normally only spends £20 for each transaction with L. This morning, his spending increased to £100, £200 and eventually £600. This was why his arrangement to fund his PayPal account from his bank account failed as there were insufficient funds to cover this expenditure.
- I've noted what Mr B has said about being a victim of a scam but I don't believe this relates to what happened here, as then timescale is much later.

On balance and based on the evidence I've seen, I believe there's sufficient evidence for PayPal to consider these transactions as authorised by Mr B.

My final decision

For the reasons given, my final decision is not to uphold Mr B's complaint against PayPal UK Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 July 2025.

Sandra Quinn
Ombudsman