

## **The complaint**

N, a community interest company, complains PayPal UK Ltd withheld a refund from it.

## **What happened**

N had a professional subscription to pay, and instead of selecting monthly payments an annual payment was chosen. This meant over £300 was taken from N's PayPal account.

Miss O, a director of N, asked for a refund of this annual subscription and it was paid back to PayPal. Since the payment had been settled at PayPal using a debit card, PayPal automatically sent the refund to this card.

Miss O checked N's PayPal account and it said the refund was complete. Miss O checked with the bank expecting the refund, and the amount was showing as pending.

Miss O waited for the refund to reflect on her usable balance, but this didn't happen for several days, there was a weekend and bank holiday soon after the refund. Eventually Miss O spoke to her bank, and it released the refund.

Miss O says she had commitments to pay and couldn't do this, and applied unsuccessfully for lending in this period to cover the refund she didn't receive.

Miss O complained to PayPal and it said the refund would be complete within five working days. PayPal felt the complaint was resolved when Miss O had access to the refund.

Unhappy with this response, N brought its complaint to this service. PayPal made an offer of £50 as a gesture of goodwill and the investigator looking into N's complaint thought this was a fair offer.

The investigator said they thought it was Miss O's bank's responsibility to release the refund as PayPal had done what it should, refund the money to Miss O's card.

Miss O disagreed and said computers don't rest over weekends or bank holidays so the refund should have shown much more quickly. Miss O submitted some evidence about card refunds with the same bank which showed more quickly than the refund from PayPal.

Miss O also submitted a data subject access request (dSAR) by letter to PayPal but got no response. The investigator contacted PayPal and it completed the dSAR, it said it didn't receive the letter from Miss O.

Miss O felt it was PayPal's fault the refund didn't show on her bank account as quickly as it should, so she asked for an ombudsman to decide things.

## **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.

I've looked carefully at what Miss O and PayPal have said and sent in as submissions, and it's clear PayPal processed the refund quickly and showed, on its records, as completed on 23 August 2024.

But it's also clear this refund wouldn't show straight away on Miss O's bank account, card payments often show as pending until they're completed at the processing bank's end.

Miss O says she spoke to her bank, and it was able to release the payment on 29 August 2024. Since Miss O's bank was able to release this payment, I think it's more likely the issue lay with Miss O's bank rather than PayPal.

I say this because if PayPal had somehow stopped the release of this money, then Miss O's bank wouldn't have been able to make it available, only PayPal could have.

And it's not unusual for card payments or refunds to show as pending, and again this is a decision made by Miss O's bank, not PayPal. So, when PayPal said the refund was complete, I think it was as far as PayPal was concerned.

PayPal had sent the payment to Miss O's bank, there was nothing else it needed to do, so I think it was fair for PayPal to show the refund as complete.

I understand Miss O's point about the refund and release being a function of PayPal and her bank's systems, and they don't stop working over bank holidays. But I think this is for Miss O's bank to answer not PayPal.

I don't think PayPal held this payment or stopped Miss O's bank making the refund available to spend sooner than it did. Because of this, I can't hold PayPal liable for any inconvenience this unavailable refund had on N or Miss O.

And I don't think the information Miss O sent in about card payments showing completed sooner means PayPal somehow delayed things.

How quickly Miss O's bank chooses to show card debits or refunds is, I think, a matter for Miss O's bank to respond to, not PayPal.

Miss O says she wrote to PayPal's European address to request a dSAR and never received it. I've looked on PayPal's website, and it gives a UK address for dSARs.

PayPal says it never received the dSAR, and this is possible. Miss O asked PayPal Europe to produce a dSAR, but it can't, N's PayPal account is in the UK.

PayPal says once it knew about a dSAR request, in February 2025, it completed it in time and sent it to Miss O. It seems this was around the 30 day limit for dSARs.

Even if I was to decide PayPal knew about a dSAR sooner, or its response was slow, I'd still have to consider the impact the failure to produce one had on N or Miss O.

Looking at the further submissions Miss O sent this service, after her dSAR, I can't see she's relied on anything PayPal sent her as part of its dSAR. So, I don't think the lack of a dSAR stopped Miss O submitting further evidence to this service.

Overall, I'm not persuaded PayPal, and by this I mean its UK entity, received the first dSAR request. But once it did, it completed it in good time. So, I don't think I can hold PayPal

responsible for any further inconvenience caused to N or Miss O.

PayPal made a gesture of goodwill offer of £50 to Miss O, in an effort to resolve things for her. Miss O rejected this offer, and I don't think I can endorse this offer.

I don't think PayPal stopped the refund showing more quickly on Miss O's bank account and I don't think it made an error around the dSAR she requested. Since I don't think PayPal has treated N or Miss O unfairly, I can't ask it to compensate her.

If Miss O would still like to accept the £50 offer, she should speak to PayPal direct to see if it still wants to make this payment.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 30 May 2025.

Chris Russ  
**Ombudsman**