

The complaint

Mr Y complains about how PayPal UK Ltd has dealt with a claim for an item he purchased that wasn't as described.

What happened

In February 2024 Mr Y made a purchase online, which he paid for using PayPal. In March 2024, he told PayPal that the item he'd received was significantly not as described and asked to make a claim for a refund. PayPal found the claim in Mr Y's favour and said it had refunded him – but Mr Y said he hadn't received the refund. Unhappy with the situation, he brought his complaint to this service and wanted PayPal to apologise in writing and pay him £500 compensation.

An investigator started looking into Mr Y's complaint. As a part of this, they contacted PayPal which explained that it had refunded the payment in question. The payment was funded with a PayPal 'special offer' of £13.01 and the rest (£2.65) was paid by Mr Y – and this was all refunded on 10 March 2024. PayPal said that Mr Y subsequently used the special offer again later in March 2024. PayPal said it had acted correctly here, but in light of the circumstances it told us it would be willing to credit £15.66 to Mr Y's account.

Mr Y declined this offer and said that he couldn't see that PayPal had refunded the £13.01. Our investigator spoke to PayPal which explained that the £2.65 was refunded to the card used to make the payment and the £13.01 to his PayPal balance. In light of this, they felt that PayPal had acted fairly and reasonably in the circumstances in how it had dealt with this situation.

Mr Y disagreed, saying (in summary) that he hadn't been refunded the £13.01 and that he hadn't seen evidence of the refunds in question. He said that as a professional in accounting, he hadn't seen sufficient evidence to show what PayPal was suggesting. As Mr Y didn't agree, 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.

The first question I have to answer to decide this here is whether PayPal dealt with Mr Y's claim for a refund correctly. I'm satisfied it did. It accepted the claim on 3 March 2024 and on 10 March 2024, told Mr Y that the claim had been decided in his favour. PayPal explained that it could take up to five days for the refund to be reflected on his bank or PayPal account. So PayPal seems to have dealt with Mr Y's claim correctly and in a reasonable timeframe. The problem seems to be that Mr Y didn't fully appreciate how the payment had been processed and funded – and so was confused when the refund was made in line with how the original payment was made. The payment was made with £13.01 coming from a PayPal special offer and £2.65 from Mr Y's payment card. Mr Y himself forwarded an email to this service that PayPal sent to him, confirming the payment and saying *"You sent a payment of £2.65 GBP to [redacted] and saved £13.01 GBP off your £15.66 GBP purchase."*

So when PayPal agreed to refund Mr Y as a part of the claim he made, it refunded £13.01 to the balance held with PayPal directly and £2.65 to the card Mr Y funded the remainder of the transaction with. I've seen evidence to show that's what PayPal has done here and so I'm satisfied that it has fairly and reasonably refunded Mr Y in a way that puts him back in the same position he would be in if the original payment were never made. I've also seen that Mr Y used the £13.01 PayPal credited at a later date, which satisfies me that this has been returned to him and that he has been able to benefit from it.

It seems like Mr Y is (and always has been) expecting to receive £15.66 back to his credit card. But the payment was never made entirely using his credit card to begin with and so I think it's correct and fair that he didn't receive a full refund to that card. By doing what it did, it put Mr Y in the position he would have been in had the payment never been made – which was the intent of his claim for a refund.

Mr Y seems to doubt the validity of the information PayPal has provided to show that it has calculated and applied the refund correctly. I've considered all he's said and provided to us – but from what I've seen, PayPal has correctly reversed the payment here to the original methods of payment. I've seen no reason to doubt PayPal's records and I haven't seen any evidence to support that PayPal is trying to embezzle or steal £15.66 from Mr Y as he suggests. Instead, all the evidence I've seen supports that PayPal has refunded Mr Y as it said it would.

With the above in mind, I can't say that PayPal has acted unfairly or unreasonably towards Mr Y here. That means I won't be telling it to take any further actions as Mr Y would like – which includes an apology or the £500 compensation he wants. PayPal has offered to credit £15.66 to Mr Y's account to resolve this complaint – which is a helpful gesture. I leave it to him to decide whether he would now like to contact PayPal to accept this.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 19 February 2025.

James Staples
Ombudsman