

## **The complaint**

Mr L complains PayPal UK Ltd blocked his account.

## **What happened**

Mr L was asked to provide proof of identity and address to PayPal. Mr L did this and PayPal said it was permanently limiting, or blocking, his account.

Mr L complained to PayPal, and it said it felt it had resolved things for Mr L.

Mr L didn't think things were resolved, so he brought his complaint to this service. An investigator looked into things and PayPal provided some further information.

PayPal said it had permanently limited Mr L's account because he owed it money on another PayPal account held in another country. The investigator didn't feel this was fair, and upheld Mr L's complaint.

The investigator said PayPal couldn't rely on a specific term in its user agreement as this only allowed PayPal to limit a UK account if another UK account had a negative balance. Since the other account wasn't a UK account, the term didn't apply.

Since PayPal was relying solely on this term, the investigator thought PayPal should unblock Mr L's UK account.

PayPal disagreed, and I contacted it for some further comment.

PayPal still believed it could rely on its user agreement, but also said it considered Mr L a risk. PayPal said Mr L had left a negative balance on another of his accounts and would likely do the same with his PayPal UK account.

I contacted Mr L to explain this seemed fair and let him know what the details were for the other PayPal account. Mr L says the account isn't his, so it's unfair to limit his account.

Since there's no agreement on this complaint, I need 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 agree with the investigator, I don't think PayPal can rely on the part of the user agreement it was initially quoting. PayPal defines itself as PayPal UK Ltd, prior to the section on limiting an account. I think the term only applies to negative balances on other UK accounts.

But this isn't a relevant point now, PayPal's further explained why it's limited Mr L's account.

PayPal says Mr L's a risk, and I'm inclined to agree with PayPal, and for the reasons it now says. PayPal says Mr L's more likely to leave a negative balance on his UK account if he's previously left a negative balance on another account.

And I agree this is a fair thing to conclude.

Negative balances cost PayPal money, so they're a considerable risk factor, and the negative balance on Mr L's other account is relatively large.

Mr L says the other account isn't his, but I think PayPal's provided enough information to show the accounts have been accessed using the same devices. This means it's more likely than not Mr L has logged into both accounts using the same computer or phone.

Mr L might be able to complain to the PayPal provider in the other country and may be able to have this negative balance removed from his name. But I can't consider what's gone on with the other account, it's not a UK regulated account.

What I can consider is how PayPal UK made its decision to limit Mr L's UK account. And I think PayPal's made a fair decision. I think PayPal can use external information to base its decision on, if PayPal's satisfied the information is relevant and correct.

I think both these criteria have been met here. I'm satisfied, on balance, Mr L is the owner of the other PayPal account, so the information's relevant, and I'm satisfied PayPal can rely on its own internal data being correct.

PayPal's said it will take the limitation off Mr L's PayPal account if the negative balance is repaid on the other account.

But I don't think PayPal needs to remove the limitation from Mr L's PayPal UK account now. I think PayPal's acting fairly in saying Mr L is a risk and it doesn't, for the moment, want him to hold a PayPal UK account.

### **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 Mr L to accept or reject my decision before 8 January 2025.

Chris Russ  
**Ombudsman**