

## **The complaint**

Ms O complains that PayPal UK Ltd registered a default on her account.

## **What happened**

Ms O says PayPal called her on 14 May 2024 to say she had missed a payment. Ms O says she believed there was a direct debit in place but was told that wasn't the case and she'd need to set one up and make the missed payment. She says she then received a further call from PayPal to say her account had been defaulted on 5 February 2024. Ms O says she'd received no correspondence about that, and the call left her very distressed. After further calls to PayPal, Ms O says she was told the direct debit had been cancelled on 1 November 2022, either by herself or her bank. She says this was not the case and complained to PayPal. Ms O adds that any correspondence about the missed payments was sent to the wrong address and she was not given an opportunity to avoid the default.

PayPal says it made every effort to contact Ms O about her account and it confirmed it had followed the correct procedures before applying the default.

Our investigator did not recommend the complaint should be upheld. He was satisfied that PayPal sent the default notice to the address on record and notified Ms O of the arrears in multiple ways. He did not consider the cancelled direct debit was a factor in the relevant missed payments.

Ms O responded to say, in summary, that the correct address was on her account and that the cancelled direct debit caused the missed payments. She says she paid them manually following calls from PayPal, but that she was not told the direct debit had been cancelled.

## **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 understand Ms O considers the cancellation of her direct debit to be integral to the missed payments so I've looked at all the evidence regarding what may have happened with respect to the direct debit. Where the evidence is incomplete or contradictory, as some of it is here, I must come to my conclusions based on what I think is most likely to have happened.

In this case, I have seen evidence from Ms O's bank that says neither she nor it, had cancelled the direct debit at source. In fact, the bank says it remained active until May 2023, when it was deleted because PayPal hadn't requested any money since October 2022.

PayPal's systems said the direct debit was cancelled with them *"by bank or customer"*. It also provided the following information about Ms O's direct debits:

- A direct debit for the minimum payment was set up on 12 February 2020;
- This was cancelled on 12 November 2020;
- The same day, a new direct debit was fixed at £50 per month;
- This was cancelled on 7 November 2022;
- An email was sent to Ms O on 7 November 2022 titled *"You've successfully cancelled your PayPal Credit direct debit"*.

So, although Ms O's bank said she did not cancel the direct debit with them, I think it's more likely than not that she cancelled the direct debit through PayPal's systems, the same way in which she'd changed the payment from "minimum" to "fixed".

Nevertheless, even if Ms O was not aware the direct debit had been cancelled, I find it reasonable that she would have realised the money wasn't being taken automatically. I say that because:

- She was receiving calls about the missed payments from PayPal;
- She was making regular manual payments;
- Her bank account would have shown that no payments were being taken;
- Her monthly account statements would have stopped showing the regular £50 repayment.

As the direct debit stopped working in November 2022, and Ms O continued to make regular payments until September 2023, I consider it more likely than not that Ms O knew that PayPal did not receive any money from October 2023 until February 2024. I accept that Ms O had late and missed payments shortly after the direct debit was cancelled, but she was generally only ever one payment in arrears and was up to date in August, September and October 2023. So, I can't conclude that the cancelled direct debit caused the default over a year later.

I acknowledge that Ms O says she didn't receive the default notice because it was sent to an old address. I accept she says she added cards to the account prior to this and these had the new billing address on them, however I can't see she notified PayPal of the change to her primary address until the call on 14 May 2024. So, I don't consider PayPal made an error when the default notice was sent to the address it had on record at the time.

Given that I have also seen evidence of contact attempts and emails sent from PayPal to Ms O throughout October, November, December and January, I am satisfied that Ms O knew she was in arrears. Indeed, on the call on 6 December 2023, Ms O said she would make a payment that day, but nothing was received.

With regard to the default it applied, PayPal is obliged to report accurate data to the credit reference agencies and, when it received no payments from Ms O after 30 September 2023, I can't conclude it was wrong to send a default notice on 5 January 2024. This gave Ms O

until 26 January to pay the £86.64 arrears, so, when nothing was received by this date, PayPal registered the default. I don't find it was unreasonable for it to have done so.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 15 February 2025.

Amanda Williams  
**Ombudsman**