

The complaint

Mr K complains that PayPal UK Ltd (PayPal) wouldn't allow a transaction to take place on a revolving credit account he had with them.

What happened

Mr K attempted to purchase an item from a merchant using a revolving credit account he first took out with PayPal in September 2021.

The transaction was declined, and Mr K was told to try again in 72 hours. When that request also failed PayPal explained that they had declined the transaction due to security issues.

Mr K was unhappy with that response. He wanted to know exactly why the transaction had failed and he didn't think it was fair for PayPal to have prevented him using the credit that was available to him.

Our investigator didn't think PayPal had done anything wrong, but Mr K disagreed and asked for a final decision by an ombudsman.

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 know it will disappoint Mr K, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I can understand Mr K's frustration at having his transaction refused but PayPal have an obligation to prevent fraud on consumer's accounts and the terms and conditions of the account allowed them to refuse transactions where they had those concerns. The terms said:

“Restricted activities, holds, & other actions we may take.

Refuse any particular payment transaction at any time for any reason and will only be required to make available the fact of the refusal and the reasons for the refusal and how you may resolve the problem, where possible, upon request and provided it is not prohibited by law.”

They've explained that the transaction was prevented because of an "internal security check" but I wouldn't expect them to go into any more detail as that may compromise their security system.

I don't think PayPal prevented Mr K from using the credit facility they provided; I can see that he was able to make other transactions in August and December 2024. They have explained that the account was never blocked, just the transaction.

I don't think PayPal have done anything wrong here and I'm not asking them to take any action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

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

Phillip McMahon
Ombudsman