

The complaint

Mr N complains PayPal UK Ltd won't release money in his account.

What happened

Mr N held a PayPal account and was sent almost £1,500 via PayPal from someone in another country. PayPal limited Mr N's account and said he'd have to wait 180 days to access the money.

Mr N complained, and PayPal responded to say it trusted its actions had addressed Mr N's concerns but didn't agree to release any money. Mr N brought his complaint to this service and, whilst being investigated, PayPal told Mr N it wouldn't release his money at all.

An investigator looked into things but didn't think Mr N's complaint should be upheld. The investigator said PayPal had provided some information in confidence and, having considered this, they thought PayPal had acted fairly in limiting Mr N's account.

The investigator also thought PayPal had acted fairly in refusing to release any money to Mr N, because PayPal had concerns about the payment he'd received. The investigator said the sender of the money might be able to charge the payment back.

Mr N disagreed and said it was unfair for PayPal to keep his money. Mr N also contacted the sender of the money but they couldn't charge back the payment, and, because of the country they live in, couldn't accept payments to PayPal accounts.

Unable to reach an agreement, the complaint was passed to me 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.

PayPal clearly has some concerns about the payment Mr N received. PayPal's told this service what these concerns are and asked for the information to be kept confidential.

I agree PayPal can keep the exact information confidential, and I'm satisfied PayPal has well documented concerns about the validity of this payment.

PayPal's user agreement lays out when it can limit accounts, and I think it's abided by those terms when it temporarily, and then permanently limited Mr N's account.

And there's an obligation on PayPal to ensure it's releasing money to the person entitled to it, and I think, in the circumstances, it's fair for PayPal to ask the sender to try and recover this payment and then send it to Mr N another way if they want to.

I've seen the messages between Mr N and the sender of the payment, and the sender explains they can't receive payments to PayPal accounts. But PayPal isn't sending the

money back to the sender, it's suggesting the sender asks for the money back.

I think it's for the sender to try and recover this payment, either via a chargeback or asking the PayPal entity relevant to their country to cancel the payment and ask for it back.

Whilst I understand payments can't be made to PayPal accounts in the sender's country of residence, I assume refunds are allowed. This is money the sender's already sent out, not money they're receiving for another purpose.

But I can't look into the actions of another PayPal entity, I can only look at what the UK regulated PayPal did.

I've carefully considered what Mr N's said about the effect not having this money has had, but, in the specific circumstances of Mr N's complaint, I think PayPal's acted fairly in not releasing the money to Mr N.

I could only ask PayPal to release the money, or compensate Mr N another way, if I think it's made an error in the way it's handled this payment. But I don't think PayPal's made an error, so I won't be asking it to release the money or do anything else to resolve things.

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 N to accept or reject my decision before 21 April 2025.

Chris Russ
Ombudsman