

The complaint

Ms M has complained that PayPal UK Ltd (“Xoom”) blocked a payment she attempted to make, as it required her to provide photo ID.

Ms M is unhappy with how Xoom handled the request that she provide photo ID.

What happened

Ms M attempted to send £300 in USD using Xoom, but the payment was blocked and ultimately cancelled as Xoom wanted Ms M to provide photo ID.

Ms M says she had difficulties uploading photo ID as the webpage didn’t include a function to upload documents. After Ms M contacted Xoom about this, it asked that she email a copy of her photo ID. However, Ms M didn’t want to email her photo ID as emails are not secure and offered to send it via a secure link, but when Xoom responded, it didn’t say if it would be willing accept such an email.

Due to the difficulties Ms M faced, Xoom set up a complaint for Ms M. Xoom issued its final response to the complaint on 22 July 2024 and said that Ms M had decided not to continue with its compliance verification process. Xoom explained that the verification process was not linked to Ms M’s limits. Xoom said that restrictions will remain on the account.

Unhappy with how Xoom were dealing with matters, Ms M referred her complaint to this service. After she did that Xoom said that it was willing to pay Ms M for the difficulties that she faced and the subsequent inconvenience that she experienced.

One of our investigators assessed the complaint and overall, they thought that the offer made by Xoom was reasonable in the circumstances.

As Ms M didn’t accept the investigator’s assessment, the matter was referred for an ombudsman’s decision.

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.

Having reviewed everything, I agree with the outcome reached by the investigator for broadly the same reasons that they gave. I will explain why.

Ms M has said that Xoom should not have asked her to provide ID for her transaction as the amount she was sending was below the threshold from which Xoom says it would need ID to be provided. However, as Xoom said in its final response, the requirement for ID was not requested specifically due to how much money Ms M was sending.

Although Xoom has not given Ms M a specific reason why it asked for the photo ID when it did, it may help to explain that Xoom has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a

responsibility to protect persons from financial harm, to ensure it has up-to-date information about the consumer and to prevent and detect financial crime.

Because of this, it's common industry practice for financial businesses to conduct a review on a customer and/or the activity on an account. These reviews may take place when a customer opens an account, but they can also take place at any point during the lifetime of a financial product – or as in this case, when a payment was being made. And, although there are a wide range of reasons why such a review may be carried out, financial businesses are not obliged to give the account holder the specific reasons why it is asking for such information.

In this instance, Xoom reviewed Ms M's account and requested that she verify her identity by providing photo ID and also asked her what the payment was for. Based on the information that was requested, it seems like Xoom had asked Ms M to provide what I understand is fairly standard information. And in the circumstances, I can't say that Xoom was being unfair or unreasonable in reviewing Ms M's account or for asking her to provide such information.

Also, looking at the Xoom User Agreement that was in place at the time, it does say that Xoom may delay or cancel a transaction for - amongst other reason - identity verification. So, I'm satisfied that Xoom's decision to cancel the payment due to being unable to verify Ms M's identity was consistent with the terms and conditions of the account.

However, when it came to Ms M uploading her photo ID, I understand she faced technical difficulties. Because on her computer, there was no option to upload a document on Xoom's website. I can appreciate that this was frustrating for Ms M, especially as a prior payment had gone through without a problem. And I can see that when Ms M reached out to Xoom to explain this, Xoom didn't engage with Ms M on this point. Instead, it simply repeated that Ms M would need to upload her ID on its website.

It's not clear why Ms M was unable to upload her ID. I think there is a possibility that she was prevented from doing so due to the settings on her device. I say this particularly as I have the same type of device as Ms M and I find it can occasionally not display a website correctly, even though when I access the same website on a different type of device, there are no issues with how the website is displayed. But, even if I were to conclude that Ms M couldn't upload her ID due to an error with Xoom's website (rather than with her device), I think that Xoom gave Ms M a reasonable alternative, by explaining that she could respond to its email instead.

I understand that Ms M didn't want to respond to Xoom's email with her ID, as she says that emails are not secure. I can appreciate Ms M's concern about this. But at the same time, given that Ms M was clearly unable to upload her document through the usual route, I do think that asking her to email her documents is a practical and reasonable way to resolve matters for Ms M. I acknowledge that Xoom didn't specifically respond to Ms M's enquiry about whether she could send a secure email, which didn't help matters. So, I think Xoom's offer to pay £50 to Ms M was reasonable, as I think it could've, at the very least, confirmed whether it was able to receive encrypted emails or not.

So overall, I can't say that Xoom was being unfair or unreasonable in cancelling Ms M's payment, pending her providing the necessary Photo ID. Such requests are now fairly common and necessary for payment providers to comply with the relevant regulations and laws. I recognise that matters did not go as they should've, due to the technical issue Ms M

faced in uploading her ID on Xoom's website. But I do think that Xoom's apology for the inconvenience caused and the £50 it has offered Ms M to reflect the distress and inconvenience caused to her is fair in the circumstances.

Putting things right

So, to put matters right, I require Xoom to pay Ms M £50 for the distress and inconvenience caused to her by this matter.

My final decision

Because of the reasons given above, I uphold this complaint and require PayPal UK Ltd (Xoom) to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 2 April 2025.

Thomas White
Ombudsman