

The complaint

Mr F complains about the way PayPal UK Ltd communicated with him in respect of his credit account with it.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr F says he amended his Direct Debit ('DD') details for the credit account he has with PayPal on 16 April 2024, which was shortly before the next payment was due to take place on 18 April 2024. Mr F says PayPal acknowledged the change but the payment was not taken on time – and Mr F discovered this when he checked his credit record.

Mr F says PayPal didn't tell him he had missed the payment, or warn him that his payment wouldn't be taken in time as a result of his amendment to the DD.

Mr F says this caused him to lose out on access to favourable credit and certain 'Buy Now Pay Later' services. He says the administrative time he has spent on this issue has been notable.

PayPal apologised for its error and corrected his account to remove the late payment marker. When the matter was referred to this service it offered a £50 payment of compensation.

Our investigator looked into things and thought PayPal should pay Mr F £75 instead.

PayPal agreed to this but Mr F says he would like the matter to be passed to an ombudsman. He says PayPal's 'appalling' customer service has not been addressed. Particularly where he says PayPal appeared to suggest *'they will not consider his complaint at all because of something that happened in the past'*. Mr F says this is *'a significant and serious failing'*.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

I note that during the course of this complaint PayPal raised an objection to whether this service had jurisdiction to consider it. However, since then it has agreed that this service does have jurisdiction as a result of the work of another ombudsman, who confirmed that the product in question is regulated. So, I am not going to comment on this issue and will proceed with the merits of this case.

It is not disputed that PayPal made a mistake here. It accepts that it should have informed Mr F that changing his DD so close to the payment date would mean the payment wouldn't be taken in time (and he needed to make a manual payment instead). For completeness, I agree that PayPal should have communicated with Mr F more effectively here so he could avoid missing the payment due date as a result of the DD change. The issue for me to decide is what is a fair way to put things right.

Compensation isn't a science – but in deciding what is fair I have factored in the particular circumstances and considered the guidance on our website about the sorts of awards we make for distress and inconvenience.

I can see that what occurred here was unexpected and Mr F has clearly been upset and distressed about not being told about the missed payment or warned how to avoid it. I think the biggest impact is Mr F's concern about his credit file – which is understandable.

In mitigation, I note PayPal did accept its mistake and apologise to Mr F in its response to his complaint on 20 May 2024. It also took action by removing the missed payment marker from his account – and informing him this would take 6-8 weeks to reflect on his credit records. While it isn't necessarily a substitute for compensation – recognising a mistake, apologising, and acting to put things right is important – and in my view tempers any financial award here.

And while I know Mr F has been concerned about his credit file and access to certain products, there is no persuasive evidence I can see that he has been caused a financial loss or lasting impact on his creditworthiness specifically from this missed payment marker temporarily appearing on his record. Although I do acknowledge the distress that would have been caused over several weeks while waiting for the credit file to be updated.

I note Mr F refers to an initial web chat he had with PayPal to raise the issue – where it gave him the impression that it wouldn't look into the missed payment because of historic missed payments on the account. I know Mr F indicates this is a significant failing which has not been addressed – but I can see PayPal in its response to his complaint acknowledged this was incorrect information and apologised for it. And I note the incorrect information ultimately didn't stop the agent from giving Mr F details of how he could escalate the matter through a formal complaint – which he did. So, while I accept the chat agent gave incorrect and frustrating information, I can't fairly agree this failing requires significant compensation.

I know Mr F has referred to the time he has taken on the complaint– and his self-employment hourly charge. While I consider it fair to reflect the annoyance and aggravation this matter has caused Mr F I wouldn't look to fairly award loss of earnings here.

Overall, while compensation is not a science – noting the factors above I think that £75 is not an unreasonable amount of compensation. It will now be up to Mr F if he is willing to accept that to resolve his complaint. He is free to reject my decision if he disagrees.

Putting things right

See below.

My final decision

I direct PayPal UK Ltd to pay Mr F £75 compensation to resolve this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 May 2025.

Mark Lancod
Ombudsman