

The complaint

Ms B complains that PayPal UK Ltd ("PayPal") won't refund the money she believes she lost to a scam.

What happened

Ms B has said she's lost \$5,600 to an online scam. Ms B made two separate payments of \$2,800, a month apart, to pay for a web design and marketing expert who could help her build her online business.

However, after making the payments, Ms B became dissatisfied with the service and the level of help/input she was receiving from the marketing expert, who for the purposes of this decision, I will refer to as "T". So, she decided to stop paying for the programme and end the relationship.

Ms B now believes that T wasn't as experienced as she had presented herself to be and that she has been scammed out of the money she paid for her services.

In June 2024, Ms B sent a formal complaint to PayPal, via a professional representative, but PayPal declined to offer Ms B a refund of the amount lost.

Unhappy with PayPal's response, Ms B brought a complaint to this service.

One of our investigators looked into Ms B's complaint but they didn't think it should be upheld. They said they didn't think Ms B had been the victim of a scam at all, they felt Ms B's circumstances more than likely amounted to a civil dispute between her and T about the quality of the services provided - rather than a scam that PayPal should become involved in now. The investigator went on to say that even if they had been satisfied that Ms B had been the victim of a scam, they didn't think there was anything so unusual about the payments Ms B sent to T that meant PayPal should've stopped them from leaving Ms B's account and so they didn't think PayPal should be held responsible for Ms B's loss now.

Ms B didn't agree with the investigator's findings. And, as an agreement could not be reached, the case has been passed to me for a final 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 all the evidence provided to me, I agree with the outcome reached by our investigator, for the same reasons. I'm not persuaded that Ms B has been the victim of a scam and even if I had been, I don't think it would be fair and reasonable to say PayPal should've prevented the payments made to T from leaving her account. I'll explain why in more detail below:

Has Ms B been the victim of an APP scam?

Overall, I'm not persuaded Ms B has been the victim of an APP scam or that I can fairly hold PayPal liable for her loss. This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I can quite understand why Ms B feels she has been scammed, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties and for a dispute to exist.

I'm satisfied Ms B's circumstances mostly like amount to a private civil dispute. I'm not persuaded that I can fairly say, based on what I know and what the evidence shows, that T set out with an intent to defraud Ms B from the outset. It seems more likely to me that this is a dispute about the quality of the services Ms B received for the amount she paid when compared to what she was expecting. And this amounts to a private civil dispute rather than a scam.

Ms B has provided some of the correspondence that was shared between her and T alongside some screenshots taken from T's social media profile. I'm persuaded T appears to have been genuinely operating as a marketing professional at the time. And it appears that she maintained contact with Ms B after the payments were made - discussions took place about Ms B's brand and the development of a website. It's also evident that T did provide Ms B with a proposed social media grid layout and a logo for her social networking profiles. So, T did carry out some work for Ms B, although I appreciate what Ms B has said about the work being basic and not being up to the standard agreed.

I acknowledge Ms B is of the opinion that the value of the work completed does not reflect what she paid or what was initially agreed with T. I also accept that the mentoring she had been promised was limited. And, whilst this would clearly be unacceptable to Ms B, this doesn't mean that her circumstances now meet the high legal threshold for this to be a scam where I would need to be satisfied that it was the T's intention to deceive from the start.

The fact that some work was carried out, albeit poorly, suggests the opposite to me. There would've been no obvious benefit to T in completing any digital output or continuing to engage with Ms B after the initial funds had been paid if she had intended to scam Ms B - it seems more likely that she would've "taken the money and run". And so, the fact that some work was carried out suggests to me that this wasn't a scam. T placed no pressure on Ms B to continue making payments and Ms B had sought out T's services via a recommendation from an acquaintance.

Overall, I must make my decision based on what I think is most likely to have happened. And, based on the evidence I've seen, I think it's more likely T was attempting to operate as a legitimate business at the time and that other factors ultimately meant her work wasn't up to the standard agreed. I haven't seen anything that persuades me that she set out from the beginning with the intent to defraud Ms B, or that Ms B has been the victims of a scam. I think it's equally likely that T was out of her depth and running her business poorly.

I know this will be a huge disappointment to Ms B. I appreciate how frustrating it must be to have paid someone for a service you did not receive. I sympathise with the position Ms B has found herself in and I'm in no way saying she did anything wrong or that she doesn't have a legitimate grievance against T. But, for the reasons I've explained above, I don't think her circumstances meet the high legal bar for this to be a scam.

For completeness, I've also gone to think about whether PayPal should've offered Ms B a refund for any other reason. I don't intend to go into detail on this because, as I've said

above, I haven't seen enough evidence to persuade me that the payments in question were made as the result of a scam. So, it is suffice to say that even if I did have enough evidence to say Ms B had been the victim of a scam, I still don't think it would be reasonable to uphold this complaint.

I say this because the payments Ms B is complaining about were for relatively modest amounts and took place nearly a month apart. So, overall, I don't think the payments should've stood out to PayPal as being suspicious enough to warrant intervention before they were processed at her request. So, I don't think it would be reasonable to say that in this particular case, PayPal should've identified that Ms B was falling victim to a scam and that it failed to protect her from potential harm from fraud.

In summary, based on the evidence available to me, I don't consider there's enough evidence to demonstrate that Ms B has lost money to a scam. I therefore do not consider it would be fair and reasonable to hold PayPal liable for the money she lost in these circumstances. For completeness, even if I had seen enough evidence of a scam taking place, I still don't think this would result in the outcome Ms B wants, a refund of her losses. I'm not persuaded PayPal has acted unreasonably in declining Ms B's complaint or that it could've done anything else to protect Ms B at the time the payments were made either. So, I won't be directing PayPal to take any further action.

My final decision

For the reasons stated above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 22 October 2025.

Emly Hanley Hayes
Ombudsman