

The complaint

Ms L complains PayPal UK Ltd provided poor service when she tried to claim for a damaged item she'd received.

What happened

Ms L bought some products from a retailer, using PayPal, totalling £44.10. One of the items was damaged when Ms L received it, so she raised this with the retailer.

The retailer asked for proof of the damage, was potentially looking to give a reduction in price rather than a refund and wanted Ms L's bank details. Ms L wasn't happy with the way the retailer was approaching the refund, so she made a buyer protection claim with PayPal.

PayPal sent Ms L an email, asking for more information, and when this wasn't provided it closed the buyer protection claim without refunding Ms L. Ms L appealed this, saying the information was already with PayPal, and it agreed to add a £16.10 voucher to her account.

Ms L then complained about the time and effort it had taken to get the refund, and PayPal credited her account with £44.10, the full amount of the initial purchase.

Unaware of this £44.10 payment, Ms L brought her complaint to this service. An investigator looked into things and thought PayPal had already done enough to resolve things.

The investigator said PayPal was correct to decline the buyer protection claim, as Ms L hadn't sent in the information PayPal asked for. But, despite this, PayPal had still refunded Ms L for the damaged item following her appeal, as a gesture of goodwill.

And then PayPal had paid Ms L a further £44.10, and the investigator thought this was a fair amount to compensate Ms L for any inconvenience.

Ms L disagreed and said she had sent in the information, it was on file when she raised the buyer protection claim, and PayPal had confirmed this to her.

Ms L said PayPal's conduct was appalling, it kept closing her case, gave her the wrong information, wasn't truthful, couldn't see information on its own site and offered a smaller refund. Ms L felt the investigator hadn't addressed the lack of service.

Ms L also said the £16.10 refund shouldn't be considered a gesture of goodwill as her consumer rights said she should get a refund. Ms L thought a payment of £500 was fairer in the circumstances, and asked for an ombudsman to decide things.

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.

Ms L asked the investigator to confirm I'd see all her replies to the assessment, and the

investigator confirmed I would. I'd like to also confirm I've seen Ms L's responses to the initial assessment and considered them carefully.

There's little dispute Ms L received damaged goods from the retailer. PayPal's buyer protection says Ms L has to try and resolve things with the retailer first.

Ms L contacted the retailer, via PayPal, and I can see the exchange she had. As part of the exchange with the retailer, and via PayPal's system, Ms L uploaded images of the product and the damage.

It seems the retailer wasn't too helpful, and the retailer asked Ms L to return the product.

Ms L then contacted PayPal to raise a buyer protection claim and it asked her to send in photos of the damaged item. It seems Ms L had already sent these in. When Ms L didn't upload further photos, PayPal closed the claim and didn't refund.

Ms L then raised a complaint with PayPal, and although she says she thought she'd already done this, I disagree. Ms L raised a buyer protection claim, not a complaint. Ms L was then unhappy with the outcome of the claim, this is a reason for a complaint.

As part of the resolution to the complaint, and appeal of the claim, PayPal added a £16.10 voucher to Ms L's PayPal account. This voucher can be redeemed for payments with PayPal, and seems a fair outcome, Ms L has had the cost of the damaged item refunded.

PayPal then went further, to try and resolve Ms L's complaint by refunding her the full amount of the purchase, £44.10. Ms L wasn't entitled to a full refund, only the £16.10. By paying a further £44.10 I need to consider if this is enough to compensate Ms L.

I can see Ms L was quite frustrated with PayPal, but she was also frustrated with the retailer. Ms L has said the package was delivered to a post office, not her home, and the exchange with the retailer wasn't great.

The retailer also appeared to be moving towards a lower amount refunded. Ms L's also said the retailer needs to be investigated as there are bad reviews and her experience was poor.

But I can't hold PayPal responsible for the actions of the retailer. So, I can't consider Ms L's frustration with the retailer, or any inconvenience caused by her interaction with it.

I can consider Ms L's interactions with PayPal, and this wasn't great. I think PayPal had the information it wanted when Ms L raised the buyer protection claim. Because of this, I think PayPal should have accepted Ms L's initial buyer claim and refunded her.

It didn't, and this meant Ms L had to contact PayPal again to get her refund.

I can also see Ms L was frustrated with online chats closing and a general lack of service from PayPal. Whilst I accept things could have gone better, I think what PayPal's already done is enough to compensate Ms L.

Had PayPal accepted Ms L's buyer claim, it would have asked her to return the item to the retailer, this is one of the terms of the buyer protection PayPal offers.

By not initially accepting the claim, and later refunding Ms L anyway, PayPal stopped Ms L incurring further postage costs.

This, coupled with the £44.10 PayPal's already paid Ms L is, I think, a fair outcome to this complaint.

Ms L's asked why the investigator thought a gesture of goodwill refund of the goods was fair when Ms L has consumer rights. Ms L may well be covered under the Consumer Rights Act, but I think this is only in relation to her dealings with the retailer.

PayPal facilitated the payment for the goods, it didn't sell them to Ms L. And, in any event, I think PayPal should have accepted her buyer claim and refunded her, but it's now done this, I don't feel this is a gesture of goodwill, rather something PayPal should have done anyway.

Ms L's asked how PayPal will change unless I tell it to pay further compensation to her. But I can't punish PayPal for its poor service, I can only look to ensure Ms L's been appropriately compensated for the inconvenience PayPal caused.

And having done this, I think PayPal has appropriately compensated Ms L, so I won't be telling it to do more.

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 Ms L to accept or reject my decision before 9 April 2025.

Chris Russ
Ombudsman