

The complaint

Ms M complains PayPal UK Ltd won't change the surname on her account.

What happened

Following a divorce Ms M reverted to her maiden name, and this was around 2010. Ms M is consistent in using her maiden name, for bank accounts, utility providers and her voter identification, but her surname's different with PayPal.

Ms M says at some point she sent PayPal her decree nisi and birth certificate, but it refused to change her surname without government identification. More recently Ms M received her voter identification, so she tried to change her surname again.

PayPal took this on as a complaint, and responded to say it couldn't accept the voter identification. But PayPal said Ms M could close her account and open a new one, with a different email and her preferred surname.

Ms M brought her complaint to this service as this seemed an odd outcome. An investigator looked into things and thought PayPal should change Ms M's surname on its account.

The investigator said the bank account Ms M had linked to her PayPal account was in her preferred surname, the investigator had seen a copy of Ms M's bank statement.

The investigator also thought it made little sense for PayPal to refuse to change Ms M's surname, but then allow her to open a new account without identification, in her preferred surname.

Ms M was happy with this outcome, but PayPal didn't accept it.

PayPal said it had regulatory requirements, such as know your customer (KYC), and it needed valid photographic identification to prove Ms M's identity and change her surname.

PayPal said it carries out KYC checks when they're triggered, and this isn't generally when a consumer opens an account. So, PayPal's proposed fix should work as Ms M wouldn't need identification to open a new account.

Unable to reach a resolution, Ms M's 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.

I think Ms M is being consistent in using her preferred surname.

This is important, it would be unfair for Ms M to hold some banking products in different surnames. But this is exactly what's happening with Ms M's PayPal account, because PayPal won't change her surname.

PayPal says it needs to follow its KYC procedures. I have to be mindful PayPal has regulatory obligations it needs to abide by, but I can decide things on what's fair and reasonable in all the circumstances of Ms M's complaint.

PayPal's KYC process is in place so it can understand who it's dealing with, but right now I think PayPal's effectively dealing with the wrong person, Ms M no longer uses the surname that's on her PayPal account.

And the bank account linked to Ms M's PayPal account is in her preferred surname. This means PayPal's taking and paying money to a bank account in a different name to the PayPal account. I can't see how this is necessarily compliant with KYC.

Ms M has previously sent PayPal her decree nisi and birth certificate, and I think this should have been enough for PayPal to change her name.

And now Ms M has sent in voter registration, with her photo on. I'd say this is government issued photo identification. I understand PayPal would prefer a passport or driving licence, but there's no requirement for someone to hold these types of identification.

And, like Ms M and the investigator, I find PayPal's suggestion of a fix contradictory.

PayPal is suggesting Ms M opens a new account in her preferred name. And PayPal's said Ms M can do this without providing identification.

I find this position odd, PayPal needs Ms M to prove her preferred surname to continue using her existing account and asking for identification she doesn't hold.

But PayPal will allow a new account to be opened, in Ms M's preferred surname without using the same identification. This means PayPal is trying to fix KYC on the old account but not caring about KYC on the new one.

It seems to me the more logical answer here, with far less administration needed, is for PayPal to accept the identification Ms M has already sent and change her surname. And this is what I think PayPal should do.

If PayPal feels the voter registration identification isn't enough, it would be reasonable for it to ask Ms M to send in her decree nisi and birth certificate again.

But PayPal should change Ms M's surname on her existing account, either using the voter registration it has on file or with the decree nisi and birth certificate.

My final decision

My final decision is I uphold Ms M's complaint and PayPal UK Ltd should change the surname on Ms M's account.

If PayPal thinks it needs the decree nisi and birth certificate, and Ms M accepts this decision,

then PayPal should contact Ms M to let her know how to upload it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 25 April 2025.

Chris Russ
Ombudsman