

## **The complaint**

Mrs R complains that PayPal UK Ltd declined to refund her losses when she had fallen victim to a scam.

## **What happened**

The circumstances of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, in 2023 Mrs R was contacted by scammers who led her to believe she was owed \$7million. They persuaded her to send some money upfront, then demanded further funds. This led to her sending five payments between October 2023 and March 2024, which totalled over £2,000. The funds were sent. The scammers continued to demand more funds, but not sending the money they said she was owed, so Mrs R realised she had fallen victim to a scam and contacted PayPal.

PayPal considered Mrs R's complaint, and refunded the first of the five payments (£496) because it was sent as a 'goods/services' payment so was covered by their buyer protection scheme, but declined to refund any of the other four payments as they were sent as 'friends and family' payments which did not provide the same cover.

Unhappy with PayPal's response, Mrs R escalated her concerns to our service where one of our investigators looked into what had happened. They did not recommend that the complaint should be upheld, on the basis that PayPal had acted fairly and reasonably in their dealings with Mrs W. They said that they did not think the payments were so unusual or out of character that PayPal ought to have intervened during the payment journey, and that PayPal could not have done more to attempt to recover her funds after they were made aware that she had fallen victim to a scam.

Mrs R did not agree, so the complaint has been 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.

The starting position at law is that when an Electronic Money Institution (EMI) such as PayPal receives a payment instruction, it is expected to process payments and withdrawals that a customer authorises it to make. This is in accordance with the relevant regulation, which in this case are the Payment Services Regulations 2017, as well as the terms and conditions of Mrs R's account.

In this case, there is no dispute that Mrs R authorised the payments, even though she was tricked into doing so by the scammers. So, the starting position is that PayPal is not liable for the transactions that she made to the scammers.

However, when considering the relevant rules, codes and best practice standards, there are some circumstances in which we think that businesses shouldn't have simply accepted their customer's authorisation instruction on the face of it. There are certain situations in which we

think that businesses should have looked at the wider circumstances surrounding the transactions before making the payments.

PayPal also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether PayPal acted fairly and reasonably in its dealings with Mrs R.

*Did PayPal apply its buyer protection scheme fairly here?*

PayPal have already refunded the first of five payments. This is because in line with the terms and conditions of the account, Mrs R had greater protection awarded to her in the form of PayPal's buyer protection scheme when she selected the payment reason for the first payment as paying for goods or services. The subsequent payments were sent using the payment method for sending personal payments to friends or family, which in line with the terms and conditions, is not covered by the buyer protection scheme. So I think PayPal applied its own terms fairly here.

*Should PayPal have recognised Mrs R was at risk of fraud or financial harm, and intervened in the payments?*

I am sorry as I know this will disappoint Mrs R, but I do not think that any of the payments were sufficiently unusual or out of character such that PayPal ought to have intervened in this case. Whilst I appreciate the payments were not for inconsequential amounts of money, EMIs have a careful balance to strike between intervening in potentially risky transactions, and providing unnecessary friction in the many genuine payments which they process which would look a lot like the ones Mrs R was making. The first payment Mrs R made has already been refunded. The subsequent payments were as follows:

- 11 January 2024 – personal payment made of \$604.64 to payee 1
- 15 February 2024 - personal payment made of \$603.60 to payee 1
- 8 March 2024 - personal payment made of \$203.65 to payee 1
- 23 March 2024 - personal payment made of £476.15 to payee 2

I do not think that the amounts being sent in and of themselves were sufficiently high as to have demonstrated a clear risk of fraud or financial harm. The payments were spread out over numerous days, and there was nothing else in the pattern of payments which I think ought to have given PayPal cause for concern here. Whilst the first payments were made in foreign currency, this in and of itself does not tell PayPal that Mrs R was at risk here. Mrs R had already reported the first refunded payment as fraudulent prior to making payments 2-5, but there was nothing to link the subsequent payments to the one that was refunded as they took place months later and to different payees. Considering all of this, I do not think that PayPal acted unreasonably in taking Mrs R's payment instructions at face value, and processing the payments without any further intervention. I do have sympathy for what Mrs R went through – but I do not think there is any reasonable basis upon which I can ask PayPal to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 26 November 2025.

Katherine Jones  
**Ombudsman**