

## **The complaint**

Mr C says that PayPal UK Ltd (PayPal) were unreasonable to report a default to his credit file.

## **What happened**

In May, June and July 2024 Mr C didn't make at least the minimum payment towards his credit card debt with PayPal. In July 2024 PayPal, therefore, say they sent Mr C a notice of default that warned him if he didn't clear the arrears, they would default his account and report that default to the Credit Reference Agencies. Mr C says he didn't get that notice and that PayPal were, therefore, unreasonable to subsequently default his account.

Our investigator didn't uphold Mr C's complaint but as Mr C remained unhappy his complaint has been referred to me, an ombudsman, to make 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.

I don't think PayPal were unreasonable to default Mr C's account. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments.

By the time the account was defaulted Mr C was three months in arrears, so I think it was fair to register the default at that point.

Mr C says he didn't receive the default notice that PayPal say they sent him in July 2024. That explained that if arrears weren't paid a default would be recorded. PayPal have provided a copy of the correctly addressed letter that they say they sent in July 2024, and I'm persuaded it's more likely than not that it was sent to Mr C.

But, even if I'm wrong about that, I don't think it would be fair to suggest PayPal were unreasonable to report the default. Mr C had already been put on alert about the arrears as he accepts that he received previous arrears letters. He was also clearly aware of the impact of non-payment as he's explained to us that other creditors had sent default notices to him before, and the detail they would have set out in those notices would be the same as would be set out in the notice Mr C says he didn't receive. Mr C says that other creditors were slower to default accounts, but I think this account was defaulted within the timescales expected under the ICO guidance I set out earlier.

I'm not, therefore, asking PayPal to take any action.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 May 2025.

Phillip McMahon  
**Ombudsman**