

The complaint

Mr D complains PayPal UK Ltd permanently blocked, or limited his account.

What happened

Mr D held a PayPal account and it contacted him to tell him his account was permanently limited, he couldn't use it anymore. Mr D tried to find out why and says PayPal told him it was due to a transaction he'd made.

Mr D looked at his transactions but couldn't see anything untoward, so he complained to PayPal. PayPal responded to say it had reviewed Mr D's account and made the decision to permanently limit his account. PayPal said it didn't take the decision lightly.

Unhappy with this response Mr D brought his complaint to this service and an investigator looked into things. Initially, the investigator didn't uphold Mr D's complaint and said they had evidence, in confidence, from PayPal and agreed the limitation was fair.

Mr D responded to say this seemed unfair, he couldn't defend himself if he didn't know what he'd done wrong. Mr D felt the decision from PayPal was one-sided and it was all still a mystery to him.

The investigator looked again, and asked PayPal for some further information. PayPal sent in some information but not everything the investigator asked for.

The investigator sent a second assessment and now thought Mr D's complaint should be upheld. The investigator thought PayPal should reactivate Mr D's PayPal and pay £100 to compensate him for the inconvenience.

Mr D accepted this outcome, but PayPal didn't.

PayPal said it had sent in all the information it felt it could and still thought its decision to permanently limit Mr D's account was fair.

PayPal asked for an ombudsman to decide things.

My provisional decision

I disagreed with the investigator's second assessment, so I issued a provisional decision and in it I said:

I realise my provisional decision, and change of mind, is going to be frustrating for Mr D. The investigator sent two assessments, the last one upholding Mr D's complaint. But I don't agree with this outcome, so I have to now provisionally decide things.

PayPal reviewed Mr D's account and decided to permanently limit it. PayPal's explained to this service why, but it's also asked for some of the information it sent to be held in

confidence, and, in the circumstances, I think this is a fair request.

Although I understand Mr D wants to know why his account was limited, and what he did to cause this, I don't feel I can share this reasoning.

And I accept Mr D's point about not being able to explain the transaction in question, or defend himself, if he doesn't know which transaction. But I still don't think PayPal needs to share the exact reasons behind its limitation.

I've carefully considered what PayPal's said, and I think it has enough evidence to conclude Mr D's broken its acceptable use policy, even without Mr D being able to explain his side. And having made this decision, PayPal's next step is to permanently limit Mr D's account.

I think PayPal's made a fair decision to permanently limit Mr D's account.

And since I think PayPal's made a fair decision, I can't uphold Mr D's complaint.

I realise Mr D would like to know what happened. But I hope the knowledge an impartial decision maker has carefully looked at the evidence both he and PayPal sent will give Mr D confidence PayPal's made a fair decision.

Responses to my provisional decision

PayPal didn't respond to my provisional decision, and it didn't need to.

Mr D responded to say he was confused why the investigator found in his favour and didn't understand what's changed between their assessment and my provisional decision.

Mr D felt my provisional decision was biased towards PayPal. Mr D said he still hasn't been given a valid reason for why PayPal limited his account.

Mr D said he's used PayPal for a very long time without problems and is unhappy with how it's treated him. Mr D said he can't agree with my provisional decision and wants a further investigation into PayPal.

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 can understand Mr D's frustration, the investigator upheld his complaint and I don't intend to. But the investigator initially thought Mr D's complaint shouldn't be upheld too.

Nothing's changed between these assessments and my provisional decision, it's a matter of opinion. The investigator didn't think PayPal had sent this service enough information to show it had acted fairly, I think it has.

I explained in my provisional decision PayPal's told this service, in confidence, the reasons behind it limiting Mr D's account. Businesses and consumers can ask this service to keep certain information confidential.

PayPal's asked this service to keep its reasoning confidential, and I agree it should be kept this way. This means Mr D won't get an exact reason for the limitation of his account, but I

can assure Mr D the reasons are fair.

PayPal is subject to numerous rules and legislation when providing its services to consumers. Sometimes adherence to these rules and regulations means PayPal has information it can't share. This is true for Mr D's account.

I realise it's not a great position for Mr D to be in, he wants to know exactly why his account was limited but I can't share this information.

But I am impartial and not biased towards PayPal or Mr D. And having looked at what both parties have said, I'm satisfied PayPal has acted fairly and reasonably towards Mr D when it limited his account.

Mr D's said he wants an investigation into PayPal, and I can assure him this has been done. I've looked carefully at what PayPal's said and relevant information's been sent to this service, but this investigation doesn't mean I'll uphold Mr D's complaint.

I can only uphold Mr D's complaint if I think PayPal has acted unfairly or unreasonably. And, looking at all the circumstances of Mr D's complaint, including the lack of reasoning told to Mr D, I think PayPal has acted fairly and reasonably.

Since I believe PayPal's acted fairly and reasonably, I can't tell it to remove the limitation from Mr D's account or tell it to do more to resolve his complaint.

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 Mr D to accept or reject my decision before 14 May 2025.

Chris Russ
Ombudsman