

## **The complaint**

Mr W complains that PayPal UK Ltd (“PayPal”) hasn’t offered him a refund after he says he fell victim to an investment scam.

## **What happened**

The circumstances surrounding this complaint are well-known to both parties, so I won’t repeat them in detail again here. However, in summary, Mr W believes he has been the victim of a scam. He sent two payments totalling \$1,956 from his PayPal account to a company I will refer to as “M”.

Mr W now believes M is operating as a Ponzi scheme / scam. He says M is providing financial services whilst not being regulated and that PayPal should not be working with unregulated companies. Mr W wants PayPal to refund the money he paid to M and conduct an investigation into M’s activities.

PayPal has declined to offer Mr W a refund of the amount paid to M. It says Mr W’s payments aren’t covered under its Buyer Protection Policy due to them being made for the purposes of an investment – which is specifically excluded. It also said Mr W disputed the payments too late. Mr W had made the payments in February 2023 but didn’t dispute them until May 2024 - which was outside the 180-day time limit. PayPal did however say it would review the information Mr W had provided about M but it would not be able to share a report with him about its findings for security and privacy reasons.

Unhappy with PayPal’s response, Mr W bought his complaint to this service and one of our investigators looked into things.

Our Investigator didn’t uphold the complaint. They said, they said they hadn’t seen any evidence that persuaded them Mr W had been the victim of a scam. They said the payments appeared to be going to a high-risk investment and whilst M might be unregulated and Mr W might’ve lost his money, this didn’t automatically mean that M was operating as a scam. They also said there didn’t appear to be anything so inherently suspicious about the payments Mr W made that meant PayPal should’ve stopped them leaving his account at the time he authorised them. Finally, the investigator agreed that Mr W was outside the timeframe to make a claim under PayPal’s Buyer Protection Policy.

Mr W didn’t agree with the investigator’s opinion. He reiterated that he believed M were operating a Ponzi scheme and asked that the Financial Ombudsman Service conduct an investigation into “prop trading”.

## **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.

Having done so, I agree with the outcome reached by the investigator for the same reasons, and I have little further to add to what they have already said.

Firstly, it's important that I stress my role in this case is to decide whether PayPal has treated Mr W fairly when reviewing his complaint. It is not to look into the activities of M or any other business Mr W believes is operating as a scam. Nor is to comment on whether or not PayPal should be processing payments to certain firms at their customer's request. The Financial Ombudsman Service is not the industry regulator – that is the role of The Financial Conduct Authority. The scope of my investigation relates solely to whether PayPal could've prevented Mr M from financial harm from fraud. So, the first thing I need to be satisfied of is that Mr W has been the victim of a scam and I haven't seen any evidence that this is the case here.

Mr W has provided this service with links to various websites / news articles that show firms with a similar business model to M may have been operating as a scam. However, none of these relate to M. And Mr W hasn't provided any evidence to support his testimony that M is operating as a Ponzi scheme. As no evidence has been presented to me to persuade me that M is acting fraudulently, I am not able to recommend PayPal refund the amount Mr W says he lost now. And as I said above, it is not for this service to conduct an investigation into the activities of M. However, even if I had been persuaded that M was operating a scam, I still don't think that would result in the outcome Mr W wants – a refund of his money. I'll explain why in more detail below.

For the same reasons as our investigator, I am not persuaded that PayPal ought to have prevented the payments leaving Mr W's account. Mr W has not disputed authorising the payments himself and PayPal has an obligation to process payments that its customer has authorised. The payments were not particularly unusual or out of character and so PayPal wouldn't have had reasonable grounds for questioning Mr W before proceeding with his payment requests or for not allowing the payments to be made. And, as I've said above, it appears Mr W authorised PayPal to send funds to a legitimate propriety trading firm – and so I can't see a compelling reason why PayPal ought to have prevented the payments from leaving Mr W's account. Overall, I am not satisfied that PayPal should be expected to have taken further steps before these payments were let go.

Finally, I turn to PayPal's attempts to recover Mr W's loss. According to PayPal's Buyer Protection Policy, these payments were ineligible for recovery. The terms make it clear that payments in respect of financial investments of any kind are not covered by this scheme. Mr W also raised his concerns about the payments significantly outside of the timeframe allowed. And so, I don't think PayPal has done anything wrong in declining to return Mr W his payments. I also haven't seen anything that suggests PayPal would've been able to get Mr W's money back via any other channel either. As I've said above, Mr W hasn't provided anything that shows M failed to provide the service he paid for and so based on the limited evidence available to me, it appears that any other claims would've had no reasonable prospect of success either.

Overall, given the limited evidence provided to me as part of this complaint, I cannot fairly and reasonably reach the conclusion that PayPal be held liable to refund Mr W.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 September 2025.

Emly Hanley Hayes  
**Ombudsman**