

The complaint

Mr F complains that PayPal UK Ltd declined his claim for a refund of a transaction made using his PayPal Credit account.

What happened

In October 2024, Mr F was abroad with his wife. On their return journey to the UK, Mr F said it was critical he and his wife could work. They consulted the website of a rail service I'll refer to as X and spoke to one of X's employees at the train station. Having done so, they were assured that 'Business Premier' tickets were the *"ideal choice for business travellers"*, providing *"space, comfort, and time to work or unwind"*. Mr F then purchased two new Business Premier tickets from an online ticket retailer (that I'll refer to as 'Y') using his PayPal Credit account.

Mr F says he and his wife were unable to work on the train because several young children were screaming and running around, creating a chaotic environment that rendered it impossible to work. Mr F said X's staff didn't help him and when he complained to X, it wouldn't offer compensation – X said it didn't offer 'quiet' train carriages or 'vet' other paying passengers.

Mr F felt X had misrepresented its service, so he contacted PayPal to make a claim for his train tickets. Mr F said he'd lost the value of the tickets (over £650) and suffered further loss and damages as a result of not being able to work on the train.

PayPal responded to Mr F in November 2024. Having reviewed whether Mr F was eligible for a refund under its 'Buyer Protection Policy', PayPal declined his claim saying the service provided was *"materially similar to the seller's description"*. Mr F complained that PayPal had not considered his claim under Section 75 of the Consumer Credit Act 1974 ('Section 75'). In response, PayPal said a "full review" of Mr F's dispute had been carried out and referred him to our service.

After Mr F contacted our service, one of our Investigators reviewed his complaint but didn't recommend it be upheld. The Investigator said PayPal's decision to decline a claim under its Buyer Protection Policy was reasonable. The Investigator acknowledged PayPal failed to consider a Section 75 claim. However, Mr F wasn't eligible to make a Section 75 claim so he was no worse off because a claim wasn't considered. The Investigator said there was no valid Debtor-Creditor-Supplier ('DCS') agreement in place as Mr F had used his PayPal account to purchase the tickets from Y, rather than X directly. Mr F disagreed, arguing there was a valid DCS agreement and liability flowed to X through Y. At Mr F's request, his complaint was referred for an Ombudsman's 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've considered the information submitted by all the relevant parties but won't be commenting

on it all. I'll comment only on the issues I consider to be crucial to the outcome of this complaint. This isn't intended as a discourtesy to either party but reflects the informal nature of our service.

Mr F sought to make a Section 75 claim to PayPal for X's misrepresentation and breach of contract. It's clear PayPal didn't properly consider whether the technical conditions for a claim had been met. If it had, I think it's likely PayPal would have concluded Mr F has no valid Section 75 claim here.

For Section 75 to apply to a transaction, the claim must relate to an item or service with a cash price of over £100 and no more than £30,000. The cash price here met this condition. However, a further condition is that there needs to be a DCS agreement in place. This means it must be shown that the debtor (Mr F) used the credit provider (PayPal) to pay the supplier of goods and services he is seeking to make a claim about (in this case, that's X). However, Mr F's payment didn't go directly to X – it went instead via Y as the online ticket retailer.

Having considered the matter carefully, I'm satisfied X and Y were separate entities providing separate services. X was responsible for transporting Mr F and his wife. Y's service was limited to arranging the booking of the tickets with X. Y's terms and conditions, set out on its website, say:

"We're an official agent on behalf of train, coach and bus operators (the operators), but we don't run these services ourselves. We're only responsible for our booking service, to the extent laid out in these Terms and Conditions."

I can see no evidence to show Y accepts any liability for the actions of X. As I said above, I'm satisfied two separate services were provided by X and Y.

So, Mr F cannot make a valid Section 75 claim against PayPal for any breach of contract of misrepresentation on X's part as he didn't use his PayPal account to pay X. Instead, he paid money to Y who then passed along funds to X who then provided him with the service. Mr F says the fact that he paid Y, who then paid X, doesn't mean there is no DCS agreement in place. And Mr F is right to say there are some occasions where this would not break a DCS agreement, such as if Y was an associate of X. However, there is no evidence to suggest Y is an associate of X within the meaning of the Consumer Credit Act 1974, and as such there is no valid DCS agreement for a Section 75 claim for X's actions.

Whilst there is a DCS agreement in place between Mr F, PayPal and Y, Mr F cannot make a valid Section 75 claim against PayPal for any misrepresentation or breach of contract on Y's part. The available evidence indicates Y didn't charge a fee for its booking services. So, I don't think the financial limits (set out above) for a valid Section 75 claim have been met here.

I realise my decision will disappoint Mr F, but I don't think he has a valid Section 75 claim. As I don't think he was able to make a Section 75 claim, I don't think he's worse off as a result of PayPal not addressing his claim. I've not seen persuasive evidence to show that not responding to Mr F's Section 75 claim caused significant inconvenience that requires compensation, bearing in mind Mr F didn't accept PayPal's view of his claim under its Buyer Protection Policy, and he remains of the view that he has a valid Section 75 claim, so he was likely to pursue his claim further. And given Mr F didn't have a valid Section 75 claim, I think PayPal correctly identified the most appropriate way in which it might help Mr F was to consider his claim under its Buyer Protection Policy.

This policy allows PayPal customers to make claims for items not received, or for items that are “significantly not as described”. As Mr F received the train tickets, he wasn’t eligible to make a claim for an item not received. The only claim Mr F was able to make under this policy was for items that were “significantly not as described” – PayPal specifies the situations that show an item is “significantly not as described”. These include the item received being materially different from the seller’s description of it, that he received a completely different item, the item is missing major parts of features or that the condition of the item was misrepresented (for example, it was described as “new” when it was used).

Mr F said X misrepresented its Business Premier seats by saying they were the “*ideal choice for business travellers*”, providing “*space, comfort, and time to work or unwind*”. Mr F may argue that as his comfort and time to work was disturbed, a key part of X’s service was missing or that the service provided was materially different to the service purchased. However, the question of whether a person feels they have sufficient comfort and time to work is personal and highly subjective. Mr F hasn’t provided evidence (such as photos, videos or recordings of the noise-level in the carriage) to support his limited testimony about what happened. I can’t see X provided any guarantees about the noise-level of the carriage or that it would refund the cost of the tickets if Mr F was unsatisfied with his experience.

Overall, I don’t think there is sufficient information to show the service provided by X was materially different to the service he purchased, or that key items of the service were missing. So, I think PayPal’s decision to decline Mr F’s claim under its Buyer Protection Policy was a reasonable one.

My final decision

I realise my decision will disappoint Mr F, but I have not upheld his complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 8 September 2025.

Victoria Blackwood
Ombudsman