DRN-5666659

Financial Ombudsman Service

The complaint

Miss K complains PayPal UK Ltd restricted her account and withheld money.

What happened

Miss K sold a handbag and was paid the money via PayPal. PayPal then limited, or blocked, Miss K's account. PayPal told Miss K it wouldn't release the money for 180 days.

Miss K complained to PayPal, and it responded to say it had looked at the further information it had received but it wouldn't remove the block.

Miss K brought her complaint to this service. An investigator looked into things but didn't think Miss K's complaint should be upheld.

The investigator said PayPal had shared some information in confidence, and although the investigator didn't think they could share it with Miss K, it explained why PayPal had blocked her account.

The investigator thought the information PayPal had sent in meant it had made a fair and reasonable decision in blocking Miss K's account. The investigator also passed on a message from PayPal to say Miss K shouldn't open other accounts with PayPal.

Miss K disagreed and said she'd sold the handbag, had no complaints or claims but wasn't allowed to get the money for it. Miss K said this wasn't fair and asked for an ombudsman to decide things.

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.

Both Miss K and PayPal can send in information and ask for it not to be shared with the other party. It's for this service to decide whether the information should be shared.

I have to balance a need for open and transparent decisions with PayPal's legitimate compliance and commercial interests.

In Miss K's complaint, PayPal's shared the full reasoning behind its decision to block Miss K's account, and I agree this should be kept confidential.

I realise this is likely to be frustrating for Miss K, she'd like to know exactly why PayPal blocked her account after selling the bag.

But selling the bag isn't the reason PayPal blocked Miss K's account. I think the sale prompted a review of Miss K's current and historic dealings with PayPal and it made a decision she was a risk.

Looking at the information PayPal's sent this service, I think this was a reasonable decision for it to reach, so I don't think it made a mistake in blocking Miss K's account.

And because PayPal thinks Miss K is a risk, it's placed a hold on releasing the money for the bag. This hold is to protect against any future claims. Since PayPal could accept a buyer's claim 180 days after the purchase, it's reasonable for PayPal to hold the money for this long.

Once the 180 days is up, PayPal should release the money, and then Miss K knows there won't be further claims on it. If PayPal released the money sooner, it might receive a claim, refund the buyer and then ask Miss K to repay it.

In the specific circumstances of Miss K's complaint, I think holding the money for 180 days is a fair thing for PayPal to do.

Like the investigator, I hope Miss K can take some comfort from knowing two entirely impartial people have looked at all the evidence, and decided PayPal hasn't treated Miss K unfairly in the circumstances.

And because I don't think PayPal's treated Miss K unfairly, I can't ask it to remove the block from her account or release the money any sooner.

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 Miss K to accept or reject my decision before 20 August 2025.

Chris Russ
Ombudsman