

## **The complaint**

Miss L complains PayPal UK Ltd permanently limited, or blocked, her account.

## **What happened**

Miss L sent some money to people she knows, and they told her they hadn't received it. Miss L asked PayPal to return the money, and it did.

PayPal then told Miss L it was permanently limiting her account, so she wouldn't be able to use it anymore. Miss L complained to PayPal and it said it had reviewed her account but wouldn't be removing the limitation.

PayPal said it wouldn't reopen Miss L's account or look to open new accounts for her. PayPal also said its decision wasn't related to a previous limitation, in 2024.

Unhappy with this response, Miss L brought her complaint to this service. An investigator looked into things but didn't think Miss L's complaint should be upheld.

The investigator said PayPal thought Miss L was a risk, because of the payments she'd made, and this was a fair decision for it to reach. The investigator said the limitation was in PayPal's terms and it was fair to rely on these terms and limit Miss L's account.

Miss L disagreed and said it was her decision who she sends money to and how she spends her money. Miss L said other people want to make decisions for her but it's not anybody else's decision.

Since there wasn't agreement, Miss L's complaint was passed to me to decide.

## **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.

There's no obligation on PayPal to offer an account to everyone, and its terms allow it to permanently limit an account.

But PayPal has to have good reason for limiting an account, so I've looked very carefully at why PayPal thinks Miss L is a risk and what Miss L's said.

Miss L sent several \$50 payments in January and February 2025. Miss L then sent five more \$50 payments on 3 March 2025. Miss L contacted PayPal and said the receiver of two of the payments had claimed they hadn't got the money.

These two payments were made as commercial payments, payments for something Miss L had bought, so PayPal agreed refunds under its buyer protection programme.

Miss L should have sent these payments as friends and family payments, they were payments to people she apparently knows. Miss L says her friends and family function wasn't working, and has said in a call to PayPal it never works.

But this isn't right, Miss L made 31 friends and family payments in January and February 2025. Miss L sent some commercial payments in February, then a personal payment.

I think Miss L's friends and family function was working, even after she'd sent some commercial payments.

And I think the person Miss L sent the money to received the money and withdrew it. When PayPal refunded Miss L it couldn't recover this money, so it was at a loss.

I don't think Miss L intentionally got the refund, knowing the money had been credited. I think it's more likely the receiver told Miss L they didn't have the money, and this was untrue.

Regardless of this, I think PayPal's decision to class Miss L a risk is a fair one. If Miss L is being told by other people they're not receiving money she sent, and then she's asking PayPal to refund these payments, this is a financial risk to PayPal.

Miss L has said it's her decision how she spends her money and who she sends it to. To an extent I agree this is her choice, but this doesn't mean PayPal has to facilitate the payments.

I think PayPal made a fair and reasonable decision to say Miss L is a risk, and because of this it's acted fairly in permanently limiting her account. I won't be asking PayPal to reactivate Miss L's account or do anything else to resolve things.

### **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 L to accept or reject my decision before 27 August 2025.

Chris Russ  
**Ombudsman**