

The complaint

Mr K complains that PayPal UK Ltd unfairly removed the promotional interest rate from his revolving credit account, and that it didn't tell him.

What happened

Mr K held a revolving credit account with PayPal which initially carried a promotional 0% interest rate.

Mr K used the facility to make a large purchase of £5,000 in June 2022. Unfortunately, due to an issue with his current account, Mr K missed his contractual repayments in August and September 2022; that, in turn, led to PayPal removing Mr K's promotional rate. Instead, it applied its standard rate. Mr K didn't realise this for some time and only discovered what had happened in 2025, having been charged around £1,700 in interest. So, he complained to PayPal.

In summary, Mr K's point was that PayPal hadn't done enough to notify him about the change in interest rate; he also said the error which started the whole matter hadn't been caused by him, but by his bank. Moreover, Mr K thought it unreasonable that PayPal *had* been able to email him specifically about a credit limit increase – but not this more pressing, and costly, issue.

PayPal didn't uphold Mr K's complaint. To sum up its response, PayPal essentially said it had acted in line with the credit agreement; it also said it had notified Mr K about the change in interest rate via his monthly statement, which he'd received every month. Finally, PayPal acknowledged that the credit agreement did set out that it "*could*" remove promotional rates – indicating a level of discretion – but that wouldn't change anything here. Essentially, Mr K had broken the agreement, and PayPal considered the monthly statements to be enough notice of any interest rate change.

Mr K remained unhappy, and he approached our Service for an independent review. An Investigator here looked at what had happened; having done so, they didn't think Mr K's complaint should be upheld. They said:

- The credit agreement did indeed set out that PayPal could remove promotional rates if repayments weren't received; and that isn't inherently unreasonable.
- The use of the word "*could*" did broadly indicate the potential for discretion but, regardless, the agreement was clear that there was a risk of losing any promotional rate if, for example, repayments weren't made.
- PayPal hadn't sent Mr K correspondence specifically and solely about the change in his interest rate. That said, the statements he received each month – over several years – did enough to illustrate it. So, on balance, Mr K ought to have been aware.
- Our Service isn't the regulator, and we cannot force a business to change its policies and/or processes. So, we couldn't direct PayPal to review its communication methods – even if Mr K would like us to.

Mr K disagreed, and he asked for an Ombudsman's decision. He largely reiterated his previous points, and also provided further detail on why he thought PayPal had breached some regulation – specifically about notification of changes to terms. Mr K asked for a review of PayPal's notification methods; he requested that all interest – incurred since the removal of the promotional rate – be refunded, and he asked for a compensation payment.

As no agreement has been reached, Mr K's complaint has now been 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.

Having done so, I'll say at the outset that I'm left in no doubt over Mr K's strength of feeling on the matter. What's happened here is certainly unfortunate; even so, that doesn't mean PayPal did something wrong – and I don't think it did here. That will, of course, disappoint Mr K; so, I'll explain why.

When he signed up with PayPal, Mr K was provided with a credit agreement. I've seen a copy of it and, having read it, the agreement sets out:

“Missing your minimum repayments could have severe consequences...Missing payments could also result in us withdrawing the benefits of any offer...”

and

“Your standard variable rate will, however, apply...in the following situations: ... if you regularly or seriously break this Agreement during the relevant Offer Period (including by exceeding your Credit Limit or by failing to make a minimum payment on the monthly Payment Due Date).”

I can be satisfied then, that PayPal can remove promotional rates if Mr K misses his minimum contractual repayment; and given that's just what happened, I don't think it acted unreasonably in doing so. I know Mr K has referred to how the missed payments weren't caused by him, and I've no reason at all to doubt that, but they weren't caused by PayPal either. The fact remains that PayPal didn't receive payment for two consecutive months, and in turn it followed its usual approach in such circumstances; I can't say that's a failing.

On Mr K's point about the wording in PayPal's agreement, I agree with him in that the inclusion of the word “*could*” does indeed imply there's some discretion. Broadly speaking, it's entirely possible that PayPal might not revoke a promotional rate in some circumstances; but I don't think it's helpful to speculate on when PayPal may or may not do so. In Mr K's situation, which is specifically what I'm considering here, PayPal did remove the promotional rate and, for the reasons I've explained above, I think that's an act it was entitled to execute.

A large part of Mr K's complaint is his view that PayPal didn't notify him about the change in his interest rate, and I can understand why he's aggrieved about it. That said, I don't see things in quite the same way; rather, I think PayPal did notify Mr K about his missed payments, and the change in interest rate. His statements contained all of the relevant information Mr K needed to discover what had happened. If Mr K didn't notice it, which he clearly didn't for some time, I can't rationally hold PayPal responsible for that; it is, after all, Mr K's duty alone to check his statements.

Mr K has pointed to some regulation which he considers PayPal to have breached. Those being requirements for firms to communicate in a way that's clear, fair and not misleading; and for any significant changes to a regulated agreement to be communicated promptly and clearly. I don't, though, share Mr K's view that PayPal has broken such requirements. Mr K received statements which clearly set out the change in his interest rate – I don't think there's anything misleading about it. Moreover, the change in interest rate isn't a change to the regulated agreement; the agreement, as I've set out above, always included terms which explained when the interest rate could change.

In closing then, and to sum up, I'm sure Mr K will be disappointed by what I've set out here. I'm sorry for that, but for the reasons I've explained I can't fairly conclude that PayPal has done something wrong. Fundamentally, it didn't receive payment; it then enacted the terms of the agreement it has with Mr K, applied the appropriate interest rate, and it set that out to Mr K every month, over several years. So, it follows that I don't require PayPal to take any further action and I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 October 2025.

Simon Louth
Ombudsman