

## **The complaint**

Ms K has complained that PayPal UK Ltd ("PayPal") placed a permanent limitation on her account which meant that she has been unable to use her PayPal account.

Ms K says that PayPal has not explained why the permanent limitation has been put on her account or why it wasn't removed. Ms K says that she needs her PayPal account.

## **What happened**

Ms K held a PayPal account. On 25 April 2025 PayPal placed a permanent block on her account. Ms K raised a complaint with PayPal, and it investigated her concerns.

PayPal issued its final response to Ms K's complaint on 9 May 2025 and did not uphold it. PayPal said that its decision had been made in line with its User Agreement. PayPal concluded by saying that Ms K could no longer use PayPal as her activity was inconsistent with its terms.

After Ms K referred her complaint to this service, one of our investigators assessed the complaint and they did not uphold the complaint. Ms K did not accept the investigators conclusions, so the complaint was referred to me 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.

Having done so I've decided not to uphold this complaint. I'll explain why.

PayPal has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, to ensure it has up-to-date information about the consumer and to prevent and detect financial crime. Because of this, it's common industry practice for financial businesses to conduct a review on a customer and/or the activity on an account. These reviews may take place when a customer opens an account, but they can also take place at any point during the lifetime of a financial product.

In this instance, PayPal reviewed Ms K's account. Based on the review, it seems likely PayPal reviewed fairly standard information relating to Ms K's account. And in the circumstances, I can't say that PayPal was being unfair or unreasonable in reviewing Ms K's account.

I understand that Ms K feels she was able to explain any recent account activity and she believed she hadn't done anything wrong. But after PayPal completed its review, it took the decision to end its relationship with Ms K.

Financial businesses are entitled to end their business relationship with a customer - just as much as a consumer can choose to no longer be a customer of a financial business. However, a financial business can take such action providing that it does so fairly; doesn't

breach law or regulations; and is in keeping with the terms and conditions of the account.

From what I can understand, PayPal carried out a review of Ms K's account. Following this review, it decided that it no longer wanted Ms K as a customer. The reason it has given in the final response was because the activity on her account was inconsistent with its User Agreement. PayPal said that once it had completed its review it had determined it was unable to mitigate the risk associated with Ms K's account, as the level of risk associated with it was too great.

Because of this, in April 2025, PayPal took the decision to permanently limit Ms K's account. PayPal says that it had emailed Ms K to notify her of its decision.

I understand that Ms K is deeply upset with PayPal's decision to permanently limit her account. I recognise that it can't be pleasant being told you are no longer wanted as a customer, and I can see that it would've been frustrating for Ms K in the circumstances. But PayPal doesn't disclose to its customers what triggers a review of an account. Nor is it under any obligation to tell Ms K the specific reasons behind the account review and the subsequent decision to permanently limit the account.

So, I can't say PayPal has done anything wrong by not giving Ms K this information. And it wouldn't be appropriate for me to require it to do so either.

However, having said that, PayPal still needs to provide information to this service so we can fairly decide a complaint. PayPal has provided information about why it no longer wanted Ms K as a customer and ultimately permanently limit her account. Having reviewed that information I'm satisfied that it did so fairly.

As such - whilst I recognise that it is frustrating for Ms K to not know the specific reasons why PayPal decided to permanently limit her account - I am satisfied that PayPal has acted within the terms and conditions of the account. I am also satisfied that, although the closure of her PayPal account has clearly had a great impact on Ms K, I do think that PayPal has acted fairly and reasonably in the circumstances. I therefore can't reasonably say that PayPal should reinstate Ms K's account.

Finally, I note that Ms K has asked that this service disclose to her the specific reasons why PayPal took the action that it did. However, the dispute resolution rules that this service is governed by (known as the DISP Rules) - DISP 3.5.9R, specifically - says that an ombudsman can accept information in confidence where they (the ombudsman) deem it appropriate. And in this case, I think it is appropriate to not disclose to Ms K the specific evidence that PayPal has provided about the reasons why it decided to review, suspend and then permanently limit her account.

In my view, the summary that PayPal provided in its final response letter about why it decided to close Ms K's account is reasonable. But, as outlined above, I think it did reach the decision to permanently limit the account fairly and in line with its User Agreement.

### **My final decision**

For the reasons mentioned above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 20 October 2025.

Jag Dhuphar

**Ombudsman**