

## **The complaint**

Mr C complains PayPal UK Ltd didn't refund him for gift cards he bought but didn't work.

## **What happened**

Mr C bought two gift cards from an online retailer. Mr C tried to redeem the gift cards, but they showed as invalid.

Mr C asked PayPal to refund him under its buyer protection scheme, but PayPal said gift cards weren't covered by the scheme. Mr C complained but PayPal said it wouldn't refund.

Mr C brought his complaint to this service, and an investigator looked into things. The investigator didn't think Mr C's complaint should be upheld.

The investigator said it was possible Mr C had given the details of the gift cards out to a third party, and they'd redeemed them. If this was the case, PayPal couldn't fairly be held responsible for this.

The other alternative was the cards were invalid at the point of purchase. But the investigator said gift cards were specifically excluded from PayPal's buyer protection.

The investigator felt either possibility would mean PayPal didn't need to refund Mr C.

Mr C didn't agree, and said this service was siding with scammers and doing nothing about it. Mr C 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.

PayPal offers a buyer protection scheme, and this is an optional service PayPal provides, it doesn't have to offer any protection for payments it facilitates. And buyer protection can't cover every eventuality.

The rules for the buyer protection scheme are in PayPal's user agreement, and it lays out where buyer protection might not apply. PayPal also lists several products which are excluded from its buyer protection scheme.

PayPal's buyer protection, under Ineligible Items and Transactions, says:

*The following items or transactions are not eligible for PayPal Buyer Protection:*

- *Payments equivalent to cash, including stored value items such as gift cards and pre-paid cards.*

I don't think PayPal's buyer protection covers gift cards, I think gift cards are specifically excluded from the protection PayPal offers.

Like the investigator, I'm not sure what happened here, either the cards were invalid at the point of purchase or Mr C's given the codes away to someone else, who then spent the money, but I don't think what happened is too relevant.

I think the only relevant consideration for me is whether PayPal would ever cover the purchase of a gift card, and I think it's buyer protection clearly states gift cards wouldn't be eligible for buyer protection.

Mr C seems to say he's been the victim of a scam, but it's unclear whether this is the website Mr C bought the gift cards from or a third party he gave the codes to.

But I don't think PayPal's scammed Mr C, it facilitated a payment for him, but its buyer protection doesn't extend to the product he purchased.

Mr C may have consumer rights here, direct with the retailer, so it could be an idea for Mr C to get some free legal advice.

But, since Mr C's purchase never qualified for buyer protection, I can't fairly ask PayPal to refund him.

### **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 Mr C to accept or reject my decision before 10 November 2025.

Chris Russ  
**Ombudsman**