

The complaint

Mr S complains PayPal UK Ltd delayed a refund being applied to his account.

What happened

In September 2024, Mr S booked accommodation through a company I'll call "B", paying via PayPal credit. Mr S says he cancelled the booking straight away and was told by B he'd receive a refund, but this took a number of weeks to be applied to his account.

Mr S complained to PayPal, he said it had placed a block on his account, meaning B couldn't send the refund. Mr S says this had serious knock-on consequences.

PayPal doesn't agree it made an error. It says on the day Mr S made the booking he also raised a claim under its 'Buyer Protection Policy' for a refund and while it noted Mr S was unhappy with the timescales, it said Mr S had been refunded within a month, which PayPal said was reasonable. While it didn't agree it had made an error, PayPal offered Mr S £150 to acknowledge the concerns he'd raised.

Unhappy with PayPal's answer, Mr S referred his concerns to the Financial Ombudsman. One of our Investigator's thought PayPal's response was reasonable, so didn't recommend it do anything further. He said he hadn't seen anything to say PayPal had delayed the refund being processed and thought its offer of compensation was fair.

Mr S disagreed with our Investigator's opinion. He said there still wasn't an explanation as to why PayPal blocked the payment. Mr S raised further concerns such as how payments were taken from his account, PayPal removing certain products and how it was continuing to communicate with him.

As the matter wasn't resolved, the complaint has 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.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I appreciate Mr S has raised a number of concerns about PayPal while corresponding with our Service. As our Investigator explained, I'm limited to considering the complaint points that have been raised to and considered by PayPal. As a result, I'm not able to comment on all of the concerns Mr S has raised, rather my decision focuses on whether PayPal did anything wrong when Mr S asked for help in getting a refund from B.

My understanding is Mr S has now received a credit for the value of this transaction, so my decision focuses on whether PayPal caused a delay in Mr S receiving the credit to his account.

Mr S raised a dispute with PayPal on the day he cancelled the booking with B. PayPal then contacted B about the payment and asked Mr S for some further information.

There was some back and forth as PayPal required some further information from Mr S, but I haven't seen anything to say PayPal caused avoidable delays or dealt with Mr S' request in an untimely manner.

I've also reviewed Mr S' concerns PayPal blocked B issuing the refund to his account. I haven't found that to be the case but appreciate there may have been some confusion on this point, so I've set out what I think is most likely to have happened.

Once Mr S had cancelled the booking, B agreed to provide a refund. However, once B was informed by PayPal that Mr S had raised a dispute about the transaction, it stopped the refund and said this would now be dealt with in the disputes process – also known as the known as the Buyer Protection Policy. This is confirmed in the terms on B's website, which states the following:

*“Will I still be refunded by “B” if I disputed a charge?
When a chargeback is filed, “B” is no longer able to resolve the dispute with you directly, and any refund you receive will come from your bank, not from “B”.”*

So, while I appreciate it would have been frustrating for Mr S to be told by B it had stopped the refund as PayPal had raised a dispute, I haven't found this was due to an error made by PayPal.

I'm satisfied Mr S raised the dispute with PayPal, and it then in turn raised this dispute with B. However, as it meant B and PayPal were being asked to provide refunds via different routes this appears to have caused some confusion.

PayPal offered £150 credit to recognise the challenges Mr S faced. While I'm sorry to hear of the difficulties Mr S endured while waiting for the refund, as I haven't found PayPal made an error in how it handled Mr S' request, I don't then think it must pay anything further than the offer it made.

In conclusion, while I appreciate this answer may come as a disappointment to Mr S, for the reasons I've explained above, I think PayPal acted reasonably when Mr S contacted it for help in getting a refund. Therefore, I won't be asking PayPal to do anything further in relation to this complaint.

My final decision

PayPal UK Ltd has already made an offer to credit Mr S £150 to settle the complaint and I think this offer is fair in the circumstances.

So, my decision is that PayPal UK Ltd should credit Mr S £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 November 2025.

Christopher Convery

Ombudsman