

The complaint

Mr W complains PayPal UK Ltd won't refund him for a website domain he bought.

What happened

Mr W was on a site selling website domains, one he's used before, and he bought a domain. Mr W thought the domain would be around £10.

But Mr W was charged over £25,000, so he disputed it with the merchant and asked PayPal to stop the payment leaving his account.

PayPal couldn't stop the payment because it had been authorised and the merchant said there were no refunds for the type of domain he'd purchased and the way he'd bought it, in an auction.

Mr W complained to PayPal and said the payment wasn't authorised, it wasn't delivered, and it wasn't as described. PayPal responded to say couldn't recover the money from the merchant and couldn't hold it liable for the payment.

PayPal said it had gone to the merchant to dispute things, but the merchant had shown the checkout process was clear. PayPal said it had recovered some money, but Mr W still owed over £23,000 and this might be passed to a debt collector.

Unhappy with this response Mr W brought his complaint to this service. An investigator looked into things but didn't think Mr W's complaint should be upheld.

The investigator thought the payment was authorised, was delivered and wasn't significantly not as described. The investigator said this was a dispute between Mr W and the merchant and they couldn't hold PayPal liable.

Mr W disagreed and said he hadn't authorised the payment. Mr W asked whether the merchant had received the money. And Mr W felt the payment should have flagged as unusual and it wasn't fair to start debt collection whilst the debt was in dispute.

The investigator sent a second assessment, and said they were satisfied the merchant had been paid. The investigator said the payment was authorised because of an underlying billing agreement Mr W had in place.

Mr W felt it was unfair for PayPal to rely on an old billing agreement, and thought it should have flagged the unusual spending. Mr W 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.

Mr W brought this complaint on behalf of a limited company he's a director of, but PayPal's

said the account is held in Mr W's personal name, not the limited company.

I've looked very carefully at what the merchant's sent PayPal about its checkout process and its clarity. From what I've seen the checkout process had several points to confirm the purchase and would have displayed how much Mr W was spending on the domain.

And Mr W's said he bought the domain using his phone, not his desktop like he normally does. I think it's possible Mr W clicked the wrong thing on his phone, and perhaps outbid someone else already bidding or agreed to pay the value of the domain.

The site Mr W used gives a potential value, and this seems to be close to what Mr W paid.

This means I don't think the payment was unauthorised, I think Mr W agreed to pay what he was debited, although I realise he paid far more than he wanted to.

PayPal says there was a billing agreement in place which allowed the merchant to take the money even though Mr W didn't have the money in his PayPal account. But it's often the case people don't have money in their PayPal account when making a purchase.

I can see Mr W had a card attached, so I think even if there hadn't been a billing agreement in place PayPal would still have allowed the payment to go through then looked to recover the money from the attached card.

I don't think the billing agreement meant the payment to the merchant went through, I think the payment went through because Mr W authorised it.

And since Mr W authorised the payment I wouldn't necessarily expect PayPal to consider the payment as unusual, it was a payment Mr W had agreed to make.

I realise in hindsight it would have been better for PayPal to step in, but I don't think there was an obligation for it to. I'm satisfied Mr W authorised the payment, so it's reasonable for PayPal to act on the instruction.

I don't think Mr W's buyer protection claim for non-delivery would succeed either, it seems he now owns the domain, so I think it was delivered.

And for a buyer protection claim to succeed for any other reason, the purchase needs to be one which isn't intended for re-sale. Mr W's said he was buying this domain for a client, so I think it was intended was resale, and this would make any buyer protection claim invalid.

It's clear Mr W has a dispute with the merchant, but like the investigator I don't think I can hold PayPal liable for this dispute. And Mr W still has the domain, he could look to re-sell it and recover some or all of the money he spent on it.

And just because there's a dispute between Mr W and the merchant, this doesn't mean PayPal can't look to collect the debt it's owed. I think the rules about a disputed debt only apply between Mr W and PayPal, and I don't think this debt is in dispute.

It might be worth Mr W getting some free legal advice about what action he could take against the merchant, but I don't think PayPal needs to refund Mr W the cost of the purchase he made.

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 W to accept or reject my decision before 21 October 2025.

Chris Russ
Ombudsman