

The complaint

Mr K complains PayPal UK Ltd provided poor service when he tried to claim for a returned item.

What happened

On 15 February 2025 Mr K bought some products from a retailer, using PayPal, totalling £80.80. One of the items wasn't the one he wanted to purchase; he raised this with the retailer.

Mr K returned the item to the retailer a few days later once the retailer had provided him with a return label. The item was returned to the retailer, but Mr K was not provided the refund. He tried to resolve this with the retailer, but he says no refund was provided.

On 12 March 2025 Mr K raised a buyer protection claim with PayPal for the item. PayPal rejected the claim because it said Mr K had not provided it with proof of tracking that the items had been returned.

Mr K complained because he said he had returned the item and provided evidence of the tracking for the return of the item to the retailer. PayPal didn't uphold the complaint saying it had not made an error. But did credit Mr K's account with a voucher for £51.45, which was the same value as the item Mr K had returned.

Mr K referred the complaint to our service. PayPal made a further offer of £80.80 to resolve the issue but Mr K refused and asked our service to look into his complaint. PayPal then retracted this offer because it says it had only made the offer to try and resolve the issue without the need for further investigation.

Our Investigator felt PayPal was correct to decline the buyer protection claim, as Mr K had not complied with the terms of the buyer protection policy. He also felt as PayPal provided Mr K with a voucher of £51.45 it had done enough to resolve the issue.

Mr K remained unhappy, he said the item had been returned and he had provided evidence to prove it. He didn't agree that sending the parcel back to the retailer should impact his buyer protection claim as the item had been returned.

Mr K said the retailer denied receiving the item, even though he had evidence of delivery and so this was the reason he raised the dispute with PayPal. Because a resolution could not be found the complaint has been passed to me to make a final 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.

I've carefully read all of the correspondence sent to this Service. That being said, my decision won't address every point or comment raised. I mean no discourtesy by this, it simply reflects the fact our Service is an informal dispute resolution service, set up as a free

alternative to the courts. So, in deciding this complaint I've focussed on what I consider to be the heart of the matter, rather than considering every issue in turn.

I can understand Mr K's frustrations here he's returned an item and did receive the refund from the retailer he was expecting. But for me to uphold this complaint I need to find PayPal acted unfairly or unreasonably and I do not think it did. I'll explain why.

PayPal does not offer a protection that covers all possible issues a buyer might have with a retailer. Its buyer protection policy covers limited situations, PayPal's terms say:

PayPal Buyer Protection may apply when you encounter these specific problems with a transaction:

- *You didn't receive your item from a seller (referred to as an "Item Not Received" claim), or*
- *You received an item, but the item isn't what you ordered (referred to as a "Significantly Not as Described" claim).*

Mr K has told us that the wrong item was delivered as it seems he'd accidentally ordered the incorrect item when ordering due to an issue with the retailer's website when placing the order.

I don't think Mr K's claim was eligible for PayPal's buyer protection programme, I say this because Mr K was not making a claim for the item not being delivered or being an item significantly not as described – here it was that Mr K had ordered the wrong item and following returning the item through the retailer, it failed to refund him.

But even if I were to accept Mr K could make the claim, I think PayPal didn't act unfairly in refusing the claim. This is because to use PayPal's buyer protection programme Mr K needed to follow the steps highlighted in the terms. Here one of the steps says Mr K would need to:

"Comply with PayPal's shipping requests in a timely manner, if you're filing a Significantly Not as Described claim. PayPal may require you, at your expense, to ship the item back to the seller, to PayPal or to a third party (which will be specified by PayPal) and to provide proof of delivery."

This clearly states that PayPal would specify where the return would need to be sent, but as Mr K had already returned the item and to a different address to what PayPal had asked him to send it to – I'm not satisfied that Mr K followed the steps he needed to as part of the buyer protection claim.

I don't think it was unreasonable of PayPal to make this request, I say this because PayPal have told us they will on occasions have agreed differing return addresses to what a retailer might offer themselves – this is so PayPal can ensure the returns process is correctly managed and payment returned to customers promptly via its own systems.

While I do not think PayPal acted unreasonably, I note in an attempt to resolve the issue, PayPal added a £51.45 voucher to Mr K's PayPal account, which I understand he has used. This voucher can be redeemed for payments with PayPal, and seems a fair outcome, Mr K has had the cost of the returned item refunded.

I appreciate PayPal made a further offer to Mr K through this service in the hope of resolving any remaining concerns Mr K had sooner. As Mr K decided not to accept that offer PayPal

has since retracted that offer – I don't think that is unfair as PayPal have told us it only made the offer in the hope of resolving the issue sooner. And as I don't think PayPal has acted unreasonably in declining the claim I also don't think it was unreasonable in retracting the offer.

I don't think PayPal's done anything wrong here, so I won't be asking it to do anything more to resolve Mr K's complaint.

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 Mr K to accept or reject my decision before 22 December 2025.

Jag Dhuphar
Ombudsman