

The complaint

Mr H complained about the way PayPal UK Ltd (PayPal) dealt with a claim for money back for flights purchased using his PayPal credit account.

What happened

Mr H bought flights for around £1,200 from an online travel agent I'll call T, using his PayPal credit account. The passenger on the flights was his wife, and the flights were booked using his wife's account with T. Mr H said that he intended to book flights for himself and his wife using his own account with T.

Both Mr H and his wife contacted T and said there was an error made when booking the flights and the incorrect flights were booked. T said that the flights were non-refundable and in the event of cancellation a refund of around £53 would be provided by the airline.

Mr H then contacted PayPal to explain there was a mistake with the booking with T and asked for a refund so that he could purchase the correct flights using the correct account.

PayPal said that the transaction was processed correctly and declined the dispute. It said that Mr H was responsible for the purchase amount, including interest charges. Mr H complained but PayPal didn't think that the billing dispute was dealt with incorrectly.

Mr H didn't think PayPal addressed his dispute satisfactorily and he referred his complaint to the Financial Ombudsman. Our Investigator considered the complaint and didn't think the transaction met PayPal's criteria under its Buyer Protection Programme (BPP). She also said that although PayPal didn't consider a claim under Section 75 of the Consumer Credit Act 1974 (Section 75), she didn't think it would be liable to refund Mr H. She said this was because there wasn't a valid debtor-creditor-supplier (DCS) agreement, and she didn't think there was a breach of contract or misrepresentation.

Mr H didn't agree. He said that the DCS agreement was in place because it was a joint trip for him and his wife and he was an intended traveller. He contacted T within 24 hours to report the accidental error, and he did this to mitigate loss. He didn't think the non-refundable terms were clear or prominent. He relied on PayPal's BPP when raising a dispute and PayPal adopted a narrow approach when considering his dispute.

As the matter remains unresolved it 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 have focussed on what I consider to be the key points. If I don't comment on a specific point this is not intended as a courtesy – it simply reflects the informal nature of this service. Our powers allow me to do this.

I'm considering PayPal's responsibilities as the financial services provider and the actions it took in considering the request for a refund. It's important to note, I'm not considering a complaint against T. I've considered what statutory protections are available alongside other methods PayPal may have been able to explore to try and help Mr H with getting his money back.

PayPal said that the dispute Mr H raised doesn't fall under its BPP as he'd made an error when making the booking and this isn't covered under the BPP. I've considered the terms and conditions, and I don't think PayPal acted unfairly because of the circumstances Mr H raised his dispute. He said that he incorrectly booked flights, and I don't think this is the type of situation that PayPal's BPP would cover, which might be where an item wasn't received or where an item was significantly not as described. I think PayPal's answer to Mr H's dispute was fair.

Like the Investigator I can't see that PayPal considered a claim under Section 75. However, although PayPal may have considered a claim, I don't think Mr H was in a worse position because PayPal didn't do this.

Section 75 gives the account holder (the "debtor") the right to make a like claim against their credit provider for breaches of contract or misrepresentations by a supplier of goods and services. But certain conditions must have been met including the debtor-creditor-supplier (DCS) agreement that our Investigator highlighted. I'm satisfied the transaction falls within the financial limits. But where there are additional parties, this can affect the DCS agreement.

The debtor in this case is Mr H because he used his PayPal credit account to pay T. The creditor was PayPal as the credit provider. The payment from Mr H's PayPal account was for flights arranged for his wife by the supplier T. But Section 75 says that the debtor also needs to have a claim against the supplier. In order to make such a claim Mr H needed to be party to the contract with T. Whilst I have noted Mr H's comments that he intended to book through his own account with T, I can't see the flights were booked for him as a passenger.

The terms and conditions state: *Booking confirmation. Your booking is confirmed and a contract between you and the Supplier/Principal (where you have booked a single Travel Arrangement) or between you and us (where you have booked a Package Holiday) will exist when we send you confirmation on our/their behalf.* I've considered the booking confirmation is in the name of Mr H's wife and the flights were booked for her, so even though Mr H paid using his PayPal credit account I can't see that he was a contracting party to the flights that he said were incorrectly booked. So, I don't think the conditions to raise a valid Section 75 claim had been met for the dispute Mr H raised.

Additionally, I think even if the DCS agreement was in place (which I'm not saying it was) and PayPal had considered a Section 75 claim, I don't think it would have acted unfairly by declining it for the same reasons it declined the dispute under its BPP. I say this because it's not disputed that Mr H explained that he made a mistake when he made the booking and this wasn't a breach of contract or misrepresentation.

I have also noted Mr H's comments that he doesn't think the terms about the flight being non-refundable were clear. Had PayPal considered this point further, I don't think it would have concluded this amounted to a breach of contract or misrepresentation. I say this as from a document from T - cardholder authorisation document details the flights are non-refundable and this was signed by Mr H before proceeding with payment. So, I don't think PayPal would have found this term unclear, or that T was wrong not to provide a refund in line with the terms of its agreement. So, I don't think PayPal needed to do anything more.

I acknowledge Mr H's strength of feeling and I understand that his concerns as it relates to a large sum of money, however I'm not satisfied it would be fair or reasonable to ask PayPal to refund him. I'm persuaded it acted in line with the terms of the BPP and I don't think it needed to do anything more under a Section 75 claim. Therefore, I won't be directing it to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 December 2025.

Amina Rashid
Ombudsman