

## **The complaint**

PayPal UK Ltd ('PayPal') provided Miss L with a credit account, which operated in a similar way to a credit card, in November 2023. It had a credit limit of £300. Miss L says the credit was provided irresponsibly.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm not upholding Miss L's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss L's case.

I've decided the credit was provided fairly because:

- I don't think the checks PayPal did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Miss L's financial situation. PayPal asked Miss L about her circumstances, and she told it that she earned between £2,500 and £3,000 each month. She also told it she had expenses of between £1 to £500 a month. It looked at some information on her credit file and performed a series of calculations to determine whether she could afford the credit,
- But, PayPal found out that Miss L had been late paying one account very recently. PayPal said it didn't find out any more about this and I think it should have. I think it needed to investigate this aspect of her circumstances in more detail.
- But PayPal had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the credit to Miss L. Miss L hasn't said that her income and expenses information was materially different from what PayPal was made aware of. Miss L has said she was made redundant close to the time of the application, and she's not provided information about her subsequent employment situation. But I can't see that this was disclosed to PayPal. And if it was very close to the application date, a proportionate check wouldn't have discovered this.
- Miss L said that she had a significant amount of other credit that she was already struggling to repay. Her current credit report shows that she did owe just over £6,000 to other lenders in the form of an overdraft, credit cards store cards and hire-purchase accounts. But other than the one late payment I referred to earlier, there were no other signs she was having problems managing this debt. She'd had some

problems in the past, but I don't think these were close enough to the PayPal credit application to have been a concern.

- Overall, based on the information Miss L provided about her circumstances at the time, there isn't enough to say she was unable to sustainably repay what she was being lent. In making this decision I've borne in mind that the amount of credit provided was modest and the minimum repayments were also correspondingly low.
- Miss L has said that PayPal didn't help her when she had problems repaying the account in 2025. But I can see that it did try to contact her when she had missed a payment to the account, and it's recently tried to arrange a payment plan with her. I don't think I can say that PayPal has failed to show Miss L forbearance.
- I don't think PayPal has acted unfairly in any other way.

This means I don't think PayPal did anything wrong when it provided the credit account to Miss L.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think PayPal lent irresponsibly to Miss L or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Miss L hoped for. But for the reasons above, I'm not asking PayPal to do anything to put things right.

### **My final decision**

My final decision is that I'm not upholding this complaint about PayPal.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 26 February 2026.

Andy Burlinson  
**Ombudsman**