

## **The complaint**

Miss P complains PayPal UK Ltd took back money for a chargeback a buyer raised.

## **What happened**

Miss P sold something and the buyer paid by PayPal. The buyer then raised a chargeback, saying the item hadn't been delivered.

Miss P sent PayPal proof of delivery, including a picture of the delivery, but she still lost the chargeback and the money she was paid was taken back. PayPal also charged a dispute fee, because the chargeback had been raised.

Miss P complained to PayPal and it said the chargeback had been found in the buyer's favour and PayPal felt its actions were fair and reasonable.

Miss P disagreed and brought her complaint to this service. An investigator looked into things and thought PayPal should refund Miss P. The investigator was satisfied Miss P posted the item out, so she shouldn't be left with no item and no money.

The investigator said Miss P had held other PayPal accounts previously, and these were left owing PayPal money, so it could pay any refund towards these balances.

PayPal disagreed and said there was no seller protection for this type of chargeback claim and asked for an ombudsman to decide things.

## **My provisional decision**

I didn't think PayPal needed to do more to resolve Miss P's complaint, so I issued a provisional decision, and in it I said:

Miss P sold the item on 31 March and was contacted by the buyer on 3 April, asking for tracking information.

Miss P dropped the item off in a locker on 6 April, and the buyer raised the chargeback on 8 April. The item was then delivered on 9 April.

Miss P sent PayPal proof of the delivery, and I can see PayPal added this to its chargeback defence, it told the other bank the item had been delivered.

Despite this, the chargeback was found in the buyer's favour, but I don't think this was PayPal's fault, I think it did everything I'd expect it to do to help Miss P to defend herself.

Since Miss P lost the chargeback, PayPal took the money back from her account, along with a dispute fee, putting Miss P's account into a negative balance.

PayPal offers seller protection in certain circumstances, to try and stop sellers being left with no money and no goods, but it specifically excludes chargebacks for item not received chargebacks, the one the buyer raised.

PayPal's seller protection isn't designed to cover every eventuality and, in Miss P's specific circumstances, I think PayPal's acted in line with its user agreement by saying she doesn't qualify for seller protection.

It's unfortunate Miss P lost the chargeback, especially as it seems the item was delivered to the buyer after the chargeback was raised. But, I don't think it's fair to hold PayPal liable for this, it defended the chargeback as best it could.

And having lost the chargeback, I think it was fair for PayPal to take the money back from Miss P, along with the dispute fee as laid out in its user agreement.

The buyer's had the goods and a refund, so Miss P might want to get some advice about how she could pursue the buyer for her losses.

But I don't think it would be fair for PayPal to refund Miss P here, so I won't be asking PayPal to do anything else to resolve things.

### **Responses to my provisional decision**

PayPal didn't respond to my provisional decision, and it didn't need to.

Miss P responded and said she wasn't surprised by the change in outcome as the ombudsman rarely takes on PayPal.

Miss P said the ombudsman shouldn't support fraud being committed using PayPal and it should be held responsible for allowing fraud on its platform, in the same way a bank would.

### **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 can only uphold a complaint against PayPal if I think it's done something wrong. I don't agree this service rarely takes PayPal on, if this service thinks PayPal's done something wrong then we'll direct it to put things right.

And I don't think PayPal allowed a fraudulent claim via its platform. I think PayPal did what it could to defend the chargeback raised against the payment Miss P received.

But, when the chargeback was lost it was fair for PayPal to recover the money and then think about whether its buyer protection covered Miss P's payment.

PayPal decided its buyer protection didn't apply in Miss P's specific circumstances, and I think this was a reasonable decision for PayPal to make.

I still think it's very unfortunate Miss P lost the chargeback, despite it seeming her item was delivered, but I don't think I can fairly hold PayPal liable for this. And because of this, I won't be telling PayPal to do more to resolve things for Miss P.

### **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 Miss P to accept or reject my decision before 19 November 2025.

Chris Russ  
**Ombudsman**