

The complaint

Mr H complains that PayPal UK Ltd failed to properly address his claim for a refund and closed his account.

What happened

In April 2025 Mr H made a purchase from a retailer of an item costing £299 using his PayPal account. The item was to be delivered and Mr H explained that he told the retailer/courier this should take place before 10 a.m. and if that was not possible the item should be returned. The courier has said that the parcel was left for Mr H, but he has explained that he did not receive the item.

He was unable to resolve the matter with the retailer and so he contacted PayPal. It contacted the retailer which provided proof of delivery which showed the parcel left behind a bin. PayPal has said that under its Buyer Protection Program:

“Your claim will not qualify for a refund under PayPal Buyer Protection for an Item Not Received claim, if the seller has provided proof of delivery. If the seller presents evidence that they delivered the goods to you. PayPal may find in favour of the seller for an Item Not Received claim even if you claim you did not receive the goods.”

Mr H's claim was declined and his account was closed due to PayPal believing he was not 18 years of age at the time the account was opened.

Mr H brought a complaint to this service where it was considered by one of our investigators. Mr H explained that he had a number of health issues and he had been advised to avoid stressful situations. PayPal issued a final response letter and offered a refund of £299 as a gesture of goodwill, but it refused to reinstate the account. Our investigator intervened and with Mr H's assistance provided proof of his age and the account was reopened by PayPal.

Mr H didn't consider this was sufficient and he asked for a written apology, compensation of not less than £2,500 and full access to his account.

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.

When the evidence is incomplete, inconclusive or contradictory as some of it is here – I've reached my outcome on the balance of probabilities – that is, what I consider likely to have happened given the available evidence and the wider circumstances.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Mr H that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I have every sympathy with Mr H, but I do not consider I can uphold his complaint. I will explain why.

PayPal considered the claim under its Buyer Protection Program and concluded it failed. However, after further consideration it decided to refund the £299 as a gesture of goodwill. It did not explore whether a claim under section 75 Consumer Credit Act 1974 ("s.75") would be relevant.

S. 75 legislation offers protection to customers who use certain types of credit to make purchases of goods or services. Under s. 75 the consumer has an equal right to claim against the provider of the credit or the retailer providing the goods or services, if there has been a misrepresentation or breach of contract on the supplier's part. For s. 75 to apply, the law effectively says that there has to be a

- Debtor-creditor-supplier to an agreement and
- A clear breach of contract or misrepresentation by the supplier in the chain.

In this case the retailer and courier say the item was delivered, but Mr H has told us it was not received. It is possible that a s.75 claim might succeed, if it could be established that the contract was breached by the goods not being delivered as requested. However, I do not consider it necessary to explore this further as PayPal has credited Mr H's account with £299 and so he has not lost out.

On the issue of the account being closed it is open to PayPal to close an account if it gives the required notice. It closed the account because it believed Mr H had been under 18 when it was opened. That is not correct and Mr H has established he was over 18 at the time the account was opened and PayPal has reinstated it. I consider that an appropriate response.

Mr H has asked for compensation and has explained that he missed a memorial event for a friend due to having to wait in for the delivery. While I can sympathise with Mr H I cannot hold PayPal responsible for that. It did not cause him to miss the memorial event. PayPal didn't initially consider s.75 and while I think it should have done, it offered an alternative solution which meant the sum paid out was refunded. As such I do not consider compensation is required. It also reinstated the account when proof of age was received and again I cannot say he has suffered any loss. I appreciate Mr H has health conditions and he has found dealing with the matter stressful, but I consider it has now been resolved. I do not believe PayPal need do anymore.

My final decision

My final decision is that I do not 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 28 January 2026.

Ivor Graham
Ombudsman