

The complaint and background

Mr G complains that PayPal (Europe) S.a r.l et Cie, S.C.A. (“PayPal”) hasn’t offered him a refund after he says he fell victim to a scam.

Mr G 's family are representing him in bringing this complaint. But for ease I’ll refer to Mr G throughout this decision.

The background to this complaint is well-known to both parties, so I won’t repeat it in detail here. But in summary and based on the submissions of both parties, Mr G’s mother had been investing through an individual I’ll refer to as GH. This was someone she was originally introduced to in the 1990’s and who’d been a regulated financial advisor until around 2010.

There came a point in 2019 where GH requested payments through PayPal in relation to further investments. This was where Mr G became involved. From Mr G’s submissions, most of the payments made from his PayPal account related to his mothers’ alleged investments through GH – however there were some that related solely to Mr G’s own investments through GH.

GH is currently the subject of a police investigation. Mr G nor his mother received any returns in relation to these alleged investments, nor did they have access to the properties they’d allegedly invested in either.

Mr G reported to PayPal that he’d fallen victim to a scam. PayPal informed Mr G that as the payments occurred several years prior, they would unfortunately be unable to dispute them under its Buyer Protection Policy.

Mr G then contacted this service to raise a complaint with PayPal and as no response was received he returned to this service asking for the complaint to be considered.

Our investigator didn’t uphold the complaint as he wasn’t satisfied that PayPal should reasonably have been expected to prevent his losses. Mr G was disappointed that whilst there’d been recognition of fraud, that there was an absence of any remedy and asked that the case be escalated to an ombudsman for a 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.

The details of this complaint are well known to both parties. So, if there’s a submission I’ve not addressed; it isn’t because I’ve ignored the point. It’s simply because my findings focus on what I consider to be the central issues in this complaint – that being whether PayPal was responsible for Mr G’s loss.

Firstly, I note that Mr G has commented that the investigators outcome appears to rest on a technical interpretation of “authorisation” that fails to reflect the reality of sustained and sophisticated deception. In broad terms, the starting position is that a firm is expected to

process payments and withdrawals that its customer authorises without undue delay, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. Therefore, liability for an authorised payment rests with the payer, even where they are duped into making that payment. In the circumstances of this case, there's no dispute that Mr G made the payments here – even if this was the result of sustained and sophisticated deception, so they are considered authorised.

However, PayPal is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Like our investigator, in the circumstances of Mr G's complaint, I consider there wasn't enough reason for PayPal to have stopped any of these payments or asked Mr G additional questions about them. PayPal needs to strike a balance between promptly making the payments its customers instruct it to make and configuring its systems to detect unusual activity or activity that might indicate an increased risk of fraud. It wouldn't be practically possible or reasonable to expect it to check every payment and I would expect interventions to be proportionate based on the circumstances of the payment.

In this case, Mr G made a series of over 300 payments from his PayPal account between the period of September 2019 and December 2021. I'm not satisfied the payments here had any unusual features. They were being made to another PayPal account with the vast majority of payments of low value and there were only ten individual payments in the entire two-year period which were for £1,000 or more. And the single largest payment was for £1,620. It's evident that Mr G's account itself was primarily used to facilitate payments to GH. So GH's account that was being paid ultimately became established from the outset. Overall, I wouldn't expect these payments to have been flagged as suspicious by PayPal's systems, and I don't think it missed an opportunity it should have taken to intervene.

Finally, I turn to PayPal's attempts to recover Mr G's losses. Most of the payments made were sent as 'Personal Payments' and what is also referred to as 'Friends & Family' payments. Such payments aren't covered by PayPal Buyer Protection. Turning to some of the payments where the payment type selected was a purchase for goods and services, according to PayPal's Buyer Protection Policy, these payments were ineligible for recovery. The terms make it clear that payments in respect of financial investments of any kind are not covered by this scheme. Mr G also raised his concerns about the payments significantly outside of the timeframe allowed. And so, I'm not satisfied PayPal has done anything wrong in declining to return Mr G his payments.

I do understand this will be disappointing for Mr G and I'm sorry that he has been the victim of a cruel scam. But for the reasons explained above, I'm not persuaded PayPal can fairly or reasonably be held liable for the loss.

My final decision

For the reasons I've explained, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 March 2026.

Mark O'Connor
Ombudsman