

## **The complaint**

Mrs S complains PayPal UK Ltd hasn't credited her PayPal account with £880.

## **What happened**

Mrs S had a fraudulent payment of £880 leave her PayPal account. PayPal agreed the payment wasn't one Mrs S had authorised, so it agreed to refund her.

Since Mrs S' PayPal account was in a negative balance, of £880, this amount was due to be collected from her bank account with F. PayPal credited Mrs S' bank account the £880 she needed to cover the payment due out of her account with F.

But Mrs S spoke to F, and it cancelled the payment due from her account and returned the money back to PayPal. PayPal says this payment never credited her PayPal account, so it remained in a negative balance.

And because Mrs S' PayPal account was in a negative balance PayPal limited, or blocked, Mrs S' account. PayPal also started the process of collecting this negative balance, or debt.

Mrs S complained to PayPal but it only responded to Mrs S' issues around logging into her PayPal account, which it said was now resolved.

Still apparently owing PayPal £880, Mrs S brought her complaint to this service. An investigator looked into things and thought Mrs S' complaint should be upheld.

The investigator said it was clear Mrs S didn't have the money, and, on balance, was persuaded PayPal had the money, it had been returned by F.

The investigator thought PayPal should pay the £880 back into Mrs S' PayPal account and pay a further £300 to compensate Mrs S for the distress she was caused by the negative balance, the debt collection and the limitation of her account.

Mrs S agreed to this outcome, but PayPal didn't, it said it had never received the money back, so Mrs S still owed it. PayPal asked for an ombudsman to decide things.

## **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.

There's no dispute Mrs S didn't authorise the £880 payment from her PayPal account, so it's fair she gets a refund.

PayPal refunded Mrs S, it sent a payment to her account at F. And I think F, on behalf of Mrs S, has returned this payment to PayPal.

I asked F about the payment, and it sent me an account number it returned the payment to, because of this I'm persuaded F sent the payment back to PayPal. I've shared the account details with PayPal, but it still says it doesn't have the money.

I accept it's unlikely the payment went directly back into Mrs S' PayPal account, but I think PayPal has the money somewhere.

Regardless of whether F or PayPal has the money, one thing isn't in dispute, Mrs S doesn't have the money.

Where evidence is in dispute, I can reach a decision on the balance of probabilities, what I think is more likely. And I think it's more likely PayPal has the £880, in an internal account somewhere, so I think it needs to put things right for Mrs S.

Since I think PayPal has the £880, I think it needs to recredit this amount to Mrs S' PayPal account and bring the balance to zero.

I also think Mrs S has been distressed by what happened, she was told she owed a debt I don't think she was liable for. And this amount was still outstanding when Mrs S had a very close bereavement, adding to her distress.

I agree with the investigator, I think Mrs S is due a payment to compensate her for the distress she was caused at an already upsetting time, and I think £300 is fair.

And since I don't think Mrs S owes the £880, I think it was unfair for PayPal to limit her account, so PayPal should remove this limitation once Mrs S' account is back at a zero balance.

### **My final decision**

My final decision is I uphold this complaint and PayPal UK Ltd should pay £880 back into Mrs S' account, a further £300 compensation and remove the limitation on her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 December 2025.

Chris Russ  
**Ombudsman**