

The complaint

Mr K complains about the way PayPal UK Ltd trading as PayPal ('PayPal') handled his request for a refund.

What happened

Mr K's complaint is that PayPal has unfairly declined to refund him for a payment of £3,500. This payment was for a jewellery item (the 'item') that Mr K ordered from a retailer I'll refer to as 'T'. Mr K said the box was delivered but when he opened it, the item wasn't inside. On 24 January 2025, Mr K contacted PayPal and raised a dispute. On 14 February 2025, PayPal decided it wouldn't be reimbursing the payment after receiving a defence from T. Mr K complained and when PayPal maintained its position, he referred the matter to us.

Our investigator didn't recommend upholding this complaint. I agreed with this outcome but sent Mr K some further reasoning for doing so. Mr K disagreed. Amongst other things, he said he didn't think the evidence from T and the courier was compelling. He noted that it only provided warehouse images and tracking data with no photos or videos at the point of delivery. He said there was no 'security strap' in place when it was delivered and maintained the box had been tampered with. Mr K said he provided a witness statement from a housemate who was present at the time of delivery who confirmed the item wasn't in the box. Mr K said T suggested he was dishonest without any evidence to support this. And he said his claim for a refund should succeed because there is no way to definitely know whether he did (or did not) receive the item. So, the matter has been passed to me to finalise.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a courtesy to either party – it simply reflects the informal nature of our Service. However, I've given careful consideration to all of the submissions made before arriving at my decision.

In reaching my decision, I've had regard to all relevant law including section 75 ('section 75') of the Consumer Credit Act 1974, which allows a financial business to be held jointly liable with the underlying supplier (in this case T) for breach of contract. This is likely to apply in this case because Mr K was paying for the item he purchased from T using his PayPal credit account.

PayPal reviewed Mr K's request for a refund under its Buyer Protection policy ('BPP'). But I can see T defended this claim and PayPal declined the claim. PayPal's BPP doesn't guarantee disputed payments will be refunded. PayPal BPP terms and conditions say a claim won't qualify for a refund if the seller provides proof of delivery which T seems to have done. It provided a copy of the tracking information, the address where the item was sent and other relevant information.

Mr K doesn't deny receiving the box sent by T but what he says is that there were signs the box had been tampered with and when he opened it up, the item wasn't in the box. However, in my view, I consider PayPal has acted fairly and reasonably here. This is particularly the case given T was able to provide several pieces of evidence showing not only the box was delivered but also that it hadn't been tampered with. The courier was able to provide images of the box intact showing there was no damage to this. The images it has provided shows the 'security strap' still in place. I appreciate what Mr K says about no photo's showing this when it was delivered to his address. But taking the evidence as a whole, I'm satisfied PayPal's decision not to refund Mr K wasn't unfair or unreasonable.

Mr K said himself when contacting the retailer that: "*I did accept the parcel, but only because it appeared to be in good condition at the time of delivery.*" And the photos he sent as part of his claim appears to be of a box that had already been opened rather than showing a box which had damage to it prior to it being opened. I know Mr K went on to say to T that it was only after he took delivery he noticed the box was damaged and I've noted what he said about his housemate being a witness to all of this. However, based on everything I've seen, I don't think there's sufficient evidence to show that PayPal was acting unfairly or unreasonably when it declined Mr K's claim for a refund. I take on board what Mr K says about the fact there is no way of knowing if the item was definitely inside the box. But equally there is no way to say it wasn't.

I know PayPal had reviewed matters under its BPP. But even if it had reviewed matters under section 75, and other relevant law such as the Consumer Rights Act 2015, I don't think, based on all the evidence PayPal had available to it at the time of the claim, that this would've resulted in a more favourable outcome for Mr K.

For all these reasons, I'm not upholding this complaint. I know this is not the outcome Mr K wants. However, he doesn't have to accept my findings and may pursue this matter through alternative means, such as court (taking appropriate advice), should he wish to do so.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 January 2026.

Yolande Mcleod
Ombudsman