

## **The complaint**

PayPal UK Ltd provided Miss A with a credit card in October 2019 with a credit limit of £1,200. It increased the credit limit to £2,200 in December 2021. Miss A says the account and the subsequent credit limit increase were provided irresponsibly.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm not upholding Miss A's complaint. Let me explain.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss A's complaint.

### *Account opening and initial credit limit of £1,200*

I've decided the credit was provided fairly because:

- I think the checks PayPal carried out before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Miss A's financial situation.
- When she applied, Miss A told PayPal she was employed full time on an income between £1,001 and £1,500 and was living with her parents. She declared she had committed expenditure of £500 per month. PayPal used the figures she'd provided to calculate a monthly income of £1,250 which meant she had a disposable income of £750 per month.
- PayPal saw Miss A had been a customer for some time already – albeit without a credit facility – and her account had worked well. It checked her credit file and saw she had no defaulted accounts or County Court Judgments (CCJ's). She did have some debt elsewhere, but that was being managed within the terms.
- Based on the information PayPal gathered and what it knew about Miss A's circumstances, there was nothing to suggest she would likely be unable to sustainably repay a credit limit of £1,200.

This means I don't think PayPal did anything wrong when it provided the credit card and initial limit to Miss A.

### *Credit Limit increase to £2,200*

- I don't think the checks PayPal did before providing the credit were reasonable and proportionate given the size of the increase relative to the existing limit. It reviewed Miss A's existing account performance and carried out a fresh credit check (and was satisfied with what it saw). But it relied on the income and expenditure information it held about her from the initial application more than two years earlier. I think it should have done more to verify her income and expenditure at this stage.
- Our investigator asked Miss A for information about her income and expenditure at the time of the credit limit increase. She said she was earning around £1,660 per month and paid rent of £650, utilities of around £110 (although she says this was a low figure), £70 per month on fuel and £150 on food. Her partner paid £200 - £300 per month to help cover these and paid the council tax.

So her committed expenditure was around £980 based on these figures, and her partner paid a minimum of £200 of that, so she was 'liable' for £780. This means that, based on her income of £1,660, she had approximately £880 per month from which to service this increased credit limit along with any other existing credit.

The credit check PayPal carried out showed Miss A still had no defaults or CCJ's and, while she had debt elsewhere, she was only using around a third of what she had available to her.

- There is no set way for businesses to verify a customer's income and expenditure. But if PayPal had asked Miss A for details, I think it's more likely than not that she'd have provided information along the lines of that she provided to our investigator. Based on that information, I think PayPal would still have offered her the increase it did which she accepted. There was nothing to suggest Miss A was likely to be unable to sustainably repay what she was being lent.

This means I don't think PayPal did anything wrong when it increased Miss A's credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think PayPal lent irresponsibly to Miss A or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Miss A hoped for. But for the reasons above, I'm not asking PayPal to do anything to put things right.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 5 January 2026.

Richard Hale  
**Ombudsman**