

The complaint

Mr S complains PayPal UK Ltd unfairly held onto money from his account.

What happened

Mr S was selling crypto and using his PayPal account to receive payments. PayPal carried out a review and decided Mr S was breaching its acceptable use policy.

PayPal permanently limited, or blocked, Mr S' account.

Mr S complained to PayPal, and it laid out why it had limited Mr S' account and said the money in the account would be on hold for 120 days, and specifically said the money would be released on 21 September 2025.

Mr S then received another response from PayPal where it again said the money would be released on 21 September 2025.

Mr S brought his complaint to this service and an investigator looked into things. The investigator didn't think Mr S' complaint should be upheld and said PayPal would hold the money for 180 days. Mr S didn't respond to this assessment.

On 23 September 2025 Mr S contacted the investigator to say his money hadn't been released. The investigator contacted PayPal, and it agreed to release the money on 25 September 2025.

The investigator said their first assessment told Mr S the money was on hold for 180 days, and this was fair. And since the money was now released the investigator thought PayPal had done enough.

Mr S disagreed and said the holding of his money had been really distressing and inconvenient, he'd worried about being able to pay housing costs, had needed treatment for anxiety, lost out on opportunities and missed credit repayments.

Mr S said where there was an ambiguity then contra proferentem applied. Mr S felt a payment of £3,500 was fair and asked for an ombudsman to decide his complaint.

My provisional decision

I thought PayPal should pay Mr S some compensation for holding his money for longer than it said it would, so I issued a provisional decision, and in it I said:

Ordinarily PayPal holds money for 180 days, to protect account holders and itself against any claims.

But PayPal told Mr S, twice, it would release the money after 120 days and twice referenced the exact date, 21 September 2025. I think Mr S was given a clear message here.

I accept our investigator said, in their assessment, Mr S' money would be held for 180 days, but I don't think this was a message for this service to pass on. I think if PayPal wanted to hold Mr S' money for longer, it should have told him.

I'm not going to address the investigator's first assessment in much detail, it seems Mr S accepted PayPal was fair in limiting his account and holding the money, Mr S didn't respond to the investigator's assessment.

But it's clear Mr S expected the money to be released sooner, he was quickly back in touch with the investigator once the deadline of 21 September 2025 passed.

PayPal released the money on 25 September 2025, four days after it should have, so I'm only considering this, much shorter delay.

A lot of the inconvenience Mr S has mentioned flows from PayPal's 120-day hold, and Mr S could have disputed this at the point of the investigator's assessment.

Mr S has mentioned ongoing medical help for his anxiety and sent in an appointment confirmation from August 2025. This was during the 120-day hold, so I don't think this is relevant to the four-day delay.

And Mr S has sent in confirmation of a missed payment on 2 September 2025, again this predates the four-day delay, so I don't think this is relevant to my considerations either.

Mr S has mentioned worries about his housing, but I think this is more likely to be due to the 120-day hold, which isn't something I'm considering.

But Mr S sent in a missed payment confirmation from 24 September 2025, and this is during the four-day delay. So, I think this missed payment is relevant to my considerations.

I can also see Mr S appears to have been in arrangements to pay for certain lenders, I think any impact on his credit file is mostly due to the 120-day hold.

I think PayPal told Mr S the wrong information, and this was a mistake by PayPal. And this mistake has had an impact on Mr S, he missed a payment and had to contact this service and PayPal to try and get the money released.

I think Mr S was caused distress and inconvenience, but only for the four days, so I think the impact on Mr S was very limited.

I think a payment of £100, to cover any losses and compensate for the distress and inconvenience Mr S was caused is fair in the circumstances.

Mr S has said contra proferentem should be considered here, but I don't agree. I don't think the messages from PayPal, saying it would release the money on 21 September 2025 created a new contract between PayPal and Mr S.

I agree these messages were incorrect, but I don't think this mistake creates new terms, or a new agreement, which has to be read in the favour of Mr S. But I agree PayPal should have released the money on 21 September 2025, it told Mr S it would do this.

And Mr S has sent in an email from PayPal where it says it's agreed, with this service, to pay £100 and update Mr S' credit file.

I'm not sure this email is in relation to this complaint. Mr S holds a PayPal electronic money account, not credit. A PayPal electronic money account shouldn't show on Mr S' credit file, so there'd be no need to update any entries.

And this service never previously asked PayPal to pay Mr S any money in relation to this complaint.

But, in any event, I think PayPal should pay Mr S £100 anyway.

Responses to my provisional decision

PayPal agreed to my provisional decision.

Mr S didn't agree and said he didn't challenge PayPal's right to hold his money for either 120 or 180 days. And Mr S says his distress began in June 2025 when the investigator told him PayPal would be holding his money for 180 days.

Mr S says this caused him uncertainty with his finances and worry he'd not be able to pay bills or housing costs. Mr S says my provisional decision is too narrow and it wasn't just a four-day delay but a four-month delay causing him distress.

Mr S says he relied on the 120 day hold to plan his finances and make payments, but PayPal then held onto his money for longer.

Mr S says he was told the money would be released on 21 September 2025 and it wasn't, and because of this he missed a payment. Mr S feels this had more serious consequences than my provisional decision acknowledges.

Mr S feels PayPal hasn't treated him fairly in line with FCA principles and broke his trust, another FCA principle.

Mr S says contra proferentem applies as PayPal's user agreement is ambiguous, it says up to 180 days but PayPal told him his money would be released on 21 September 2025, so he ought reasonably to have expected this would happen.

Mr S says his complaint warrants a much higher level of compensation, to compensate for the severity, duration and foreseeability of the harm he was caused.

Mr S wants any compensation payment to reflect the harm from June 2025 onwards and an award of £3,000 would be fair and raised some case law he feels supports his position.

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.

Mr S says he accepts PayPal's right to hold his money and accepts he was told his money would be released on 21 September 2025.

And I agree he was told this by PayPal, twice. I think PayPal made a mistake.

Mr S also says he saw the investigator mention a 180 day hold in their assessment, but Mr S

didn't challenge this at the time. I think if Mr S was unclear which applied, 120 or 180 days, he could have raised this with the investigator when they issued their assessment.

And I don't think Mr S accepted the 180 days, as he contacted the investigator on 23 September 2025, to say his money hadn't been released.

I think Mr S was relying on a release date of 21 September 2025, as I think he should have been, he'd been told this twice.

So, although I think it would have been distressing to Mr S to have his money on hold, he was aware of the fact it was on hold, for 120 days, and this hold was in line with PayPal's user agreement and Mr S appears to accept the hold was fair.

I think any distress Mr S experienced prior to 21 September 2025 was the result of PayPal's reasonable decision to hold his money, and not something I think I can tell PayPal to compensate Mr S for.

I still think my decision should only cover the four-day period, between 21 and 25 September 2025, where Mr S rightly expected his money to be released and when it was released.

I don't think whether contra proferentem applies or not is too relevant, I agree Mr S was told his money would be released on 21 September 2025, so he should have been able to rely on this date.

Mr S has raised case law to back up his position, but this service isn't a court. If Mr S feels case law is more relevant to his position, and the compensation figures are more in line with his expectations, I'd suggest Mr S take some legal advice.

I think PayPal treated Mr S fairly when it put his money on hold for 120 days, to protect against chargebacks and claims.

I don't think PayPal treated Mr S fairly when it failed to release his money on 21 September 2025, like it had previously told him.

The money was released on 25 September 2025, and I still think this is only a four-day period between which PayPal needs to compensate Mr S.

As I said in my provisional decision, I think this four-day delay had an impact on Mr S, but I think the impact was limited.

I still think a payment of £100 to compensate Mr S is fair in the specific circumstances of his complaint, so I won't be changing my provisional decision.

My final decision

My final decision is I uphold this complaint and PayPal UK Ltd should pay Mr S £100 to compensate him for holding on to his money for four days longer than it said.

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

Chris Russ
Ombudsman