

The complaint

Mr A complains PayPal won't refund him for items he sent out but didn't receive back.

What happened

Mr A sold over £6,000 worth of goods to someone overseas, and they contacted PayPal to say the goods Mr A sent were counterfeit.

PayPal asked Mr A for some information, so it could either decline the claim from the buyer or refund Mr A through its seller protection.

Mr A told PayPal although a box had been returned to him, it didn't contain the goods he sent out.

PayPal asked Mr A to log this with law enforcement, but Mr A didn't do this.

PayPal then refunded the buyer and took the money back from Mr A's PayPal account, putting it into a negative balance.

Unhappy with this, Mr A complained to PayPal. PayPal responded to say it specifically asked for government issued documentation as this was crucial in determining high value or complex disputes and verify the legitimacy of claims.

Mr A brought his complaint to this service and an investigator looked into things but didn't think Mr A's complaint should be upheld.

The investigator thought it was fair for PayPal to ask for a report about the fraud Mr A said had happened, and it had asked twice, giving Mr A time to organise it.

Because Mr A didn't get a report about the fraud, the investigator thought it was fair for PayPal to take the money back from his account.

Mr A disagreed and said a crime had taken place and PayPal was meant to protect him, but now he has to just accept the loss. Mr A said he couldn't report the fraud as the buyer was overseas.

Mr A 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.

I've looked at what Mr A's said about the purchase in question, previous purchases and an apparent attempt at a future purchase. And I think it's quite likely Mr A was the victim of a malicious claim.

And I agree PayPal should look to protect Mr A, and I think this is what it did. PayPal asked for a reasonable thing to be done, for Mr A to report the crime he says took place.

PayPal told Mr A about the need for a report on 27 July, and again on 4 August, and asked for a response by 7 August. I think PayPal gave Mr A enough time to get the report done.

And I'm satisfied if Mr A had reported the fraud PayPal would have considered this carefully, and likely taken one of two routes, not refund the buyer or refund the buyer but not take the money back from Mr A.

I'm also satisfied Mr A could have reported this fraud, even though the buyer was overseas. Action Fraud allows reports about companies based overseas and the country the buyer was in has its own reporting portal too. And if Mr A was unsure he could have contacted PayPal.

I can't look at the actions of the buyer, or what PayPal did when considering their buyer protection claim. But looking at what PayPal did around Mr A's seller protection claim, I think it treated Mr A fairly.

PayPal asked for reasonable information I think Mr A could have got and gave him a decent amount of time to get it.

When Mr A didn't get this information, PayPal declined his seller protection claim and took the money back from his account, and I think this was a fair thing for it to do.

I realise Mr A has now been left with a significant negative balance owing on his PayPal account, but I can't say PayPal was wrong here.

Mr A might want to take some legal advice, about how he might pursue the buyer overseas, but I don't think PayPal needs to do more to resolve things for Mr A.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 January 2026.

Chris Russ

Ombudsman