

The complaint

Mr S complains that PayPal UK Ltd irresponsibly provided him with a line of credit and a subsequent credit limit increase he couldn't afford.

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.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

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 Mr S's case.

After careful consideration I've come to the same conclusion as our investigator and for broadly the same reasons.

I've decided that I won't be asking PayPal to do anything else in relation to this complaint as:

- The checks PayPal conducted showed Mr S had a sufficient disposable income left each month in which to afford the initial credit limit of £500 and subsequent credit limit increase to £800 afforded him. There was no adverse information on his credit file such as defaults or delinquencies, and which suggested he was managing his other credit commitments well.
- Based on the information PayPal gathered and what it knew about Mr S's circumstances, there was nothing to suggest that Mr S was likely to be unable to sustainably repay the initial credit limit and increase he was afforded in a reasonable period of time.

- I accept that Mr S appears to be suggesting that his actual circumstances may not have been fully reflected in either the information he provided, or the information PayPal obtained. But I think it's reasonable that businesses can rely on what consumers disclose in their applications.
- But PayPal didn't just accept what Mr S said though. It carried out credit searches which as stated above, showed Mr S had no adverse information on his credit file.
- Mr S kindly provided us with a copy of his credit report so I could see the information that PayPal saw at the time of the initial application and subsequent increase. And I can confirm that I've not seen any adverse information that may have indicated that Mr S was struggling financially.
- But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the disposable income that appeared to be left each month and the lack of other obvious indicators of an inability to make the monthly repayments in the information PayPal did obtain, I don't think that reasonable and proportionate checks would have extended into requesting information such as bank statements.
- At best, even if I were persuaded to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr S's regular living costs. I don't think PayPal requesting to look at Mr S's bank statements would have been proportionate. And given the fact that Mr S had initially applied for the credit in the first place, I can't say that had PayPal made further enquires into his income and expenditure, Mr S would have disclosed anything differently from what he'd already disclosed given the fact if he had, this may have resulted in the credit being declined.

This means I don't think PayPal did anything wrong when it provided the credit and subsequent limit increase to Mr S and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr S as I can see he feels strongly about this matter. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind PayPal of its responsibility to treat Mr S with forbearance and due consideration going forward.

Did PayPal act unfairly in any other way?

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 Mr S or otherwise treated him 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 Mr S hoped for. But for the reasons given above, I'm not intending to ask PayPal to do anything further to put things right.

My final decision

My final decision is that I don't uphold this complaint against PayPal UK Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 February 2026.

Paul Hamber
Ombudsman