

The complaint

Mrs M complains PayPal UK Ltd blocked her account without giving her a reason.

What happened

Mrs M received an email from PayPal to say her account had been suspended. Mrs M didn't know why this was, so she spoke to PayPal and it told her to follow a link, which didn't work.

Mrs M was told there were some regulatory changes impacting her account, and eventually PayPal said Mrs M's account was permanently limited or, effectively, closed.

Mrs M complained to PayPal, and it replied to say there was a permanent limitation on her account, it had been reviewed, and the limitation was going to remain.

Unhappy with this response, Mrs M brought her complaint to this service. An investigator looked into things but didn't think Mrs M's complaint should be upheld.

The investigator said PayPal had shared information with them, in confidence, and the investigator thought PayPal had made a fair decision to permanently limit her account.

But because the information was shared in confidence, the investigator couldn't tell Mrs M more about the closure or tell her exactly what she'd done to lead to the limitation.

The investigator said they'd considered everything impartially, and understood the limitation of Mrs M's account had caused her concern, but still thought PayPal had reached a fair decision to limit her account.

Mrs M said she often uses PayPal and not having an account would stop her buying things she enjoys. Mrs M said not having a reason for the permanent limitation is extremely upsetting and she can't defend herself without knowing what she did wrong.

Mrs M also said her account had been limited before, and was a complaint brought here, and the limitation was removed. Mrs M said she was given a chance to fix things before but not this time.

Mrs M asked for an ombudsman to decide things, and specifically asked for all her emails and responses to be looked at.

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'd like to assure Mrs M I've looked at everything she sent in about her complaint.

And I've carefully considered what Mrs M and PayPal have said, and carefully considered whether it's fair for PayPal to ask for the reasoning around its decision to permanently limit Mrs M's account to be kept confidential.

Our service was set up under a set of rules, DISP, and in DISP 3.5.9R it says an ombudsman may:

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where they consider it appropriate

But I also have to balance PayPal's request to keep the information confidential with Mrs M's right to natural justice, and know what, if anything, she could do or explain to PayPal to make it reconsider its decision.

Having thought about this, I still think the information PayPal shared with this service needs to be kept confidential. I realise this will be disappointing for Mrs M, but I think sharing the information could significantly impact PayPal's legitimate commercial interests.

Like the investigator, I've looked at the information shared with this service, and considered things impartially, and I also think PayPal's made a fair and reasonable decision to permanently limit Mrs M's account.

I hope this offers Mrs M some comfort, two people have now impartially considered things and reached the same outcome.

But I also accept Mrs M will want to know why her account was permanently limited and what she could have done to avoid this. But I don't think it's fair to share the reasons, and I don't think Mrs M could have done anything differently to avoid what happened.

I don't think Mrs M's previous limitation had any bearing on PayPal's most recent limitation. And, in any event, Mrs M brought a complaint about her previous limitation to this service, I can't consider that complaint as part of this newer complaint.

Mrs M says she was sent a link, which didn't work, to try and remove the limitation from her account. I think PayPal sent this link in error, it should have realised the limitation on Mrs M's account was always going to be permanent.

And I'm really sorry to hear about the impact not having a PayPal account will have on Mrs M and her quality of life. But I have to think about whether PayPal's done anything wrong in limiting her account.

Since I don't think PayPal's made a mistake, it would be unfair of me to tell PayPal to compensate Mrs M or take the limitation off her account.

Unfortunately, I think any impact on Mrs M flows from PayPal's reasonable decision to place a permanent limitation on her account, something I think PayPal did fairly.

And because I don't think PayPal's made a mistake, or treated Mrs M unfairly, I won't be telling it to do anything more to resolve Mrs M's complaint.

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 Mrs M to accept or reject my decision before 1 January 2026.

Chris Russ
Ombudsman