

The complaint

Mr C complains that PayPal (Europe) S.a.r.l et Cie, S.C.A. ('PayPal Europe') mishandled his Debt Relief Order ('DRO').

Mr C says this affected his mental and physical health. He'd like more compensation to resolve his complaint.

What happened

Mr C had a credit account with PayPal Europe which was included in Mr C's DRO. PayPal Europe were told about Mr C's DRO on 26 October 2023.

On 31 October 2023 another company ('X') took over managing Mr C's credit account. X received Mr C's DRO in July 2024.

Mr C complained that his DRO had been ignored, but nothing was resolved. Mr C asked the Financial Ombudsman Service to investigate.

Our investigator considered the actions of X and PayPal Europe because both companies had managed Mr C's credit account.

Mr C's complaint against X was considered separately, and was closed in June 2025.

Our investigator said PayPal Europe didn't keep a record of Mr C's DRO and this meant Mr C was asked to pay his credit account between October 2023 and July 2024. Our investigator said PayPal Europe should pay Mr C £350 compensation to resolve the complaint, which PayPal Europe agreed to do.

Mr C said £350 compensation was insulting. He said he was still having problems with his PayPal account and sent further evidence.

Investigator's outcome

Our investigator said he could only consider PayPal Europe's handling of the DRO and Mr C's credit account. He agreed Mr C's health had been significantly affected and said PayPal Europe should do more to resolve Mr C's complaint. Our investigator recommended PayPal Europe pay Mr C £500 compensation in total.

Our investigator said Mr C would need to make new complaints about his general account.

Mr C asked for an ombudsman's decision. He said his evidence and correspondence had been ignored. Before making my decision, I asked Mr C to provide further information.

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 taken into consideration any relevant law and regulations. I've considered the regulator's rules, guidance, and codes of practice.

I've read Mr C's emails and listened to the calls he's had with the Financial Ombudsman Service. I've seen the documents and images he's sent to demonstrate what's gone wrong. Mr C is certain that his PayPal accounts have been mishandled.

I am sorry but I can't consider all of Mr C's complaints in this decision. That's because this decision is only about what PayPal Europe did with Mr C's credit account and his DRO.

This means I can't consider Mr C's complaints about his general account within this decision. Mr C says his general account is restricted and he can't access his money. He's been told that he needs to update debit cards and his address. He's also concerned about data breaches. I am sorry to hear how upsetting this has been for Mr C.

If Mr C wants the Financial Ombudsman Service to consider what's happened with his general account, he will need to make a separate complaint.

I will now give my decision for Mr C's complaint about PayPal Europe.

I am upholding Mr C's complaint. I agree that PayPal Europe should have told X about the DRO at the end of October 2023. X only received the DRO in July 2024. So I'm satisfied PayPal Europe caused a problem with Mr C's credit account that lasted for nine months.

PayPal Europe agreed to pay £350 compensation to Mr C. They didn't respond to the investigator's recommendation that they pay £500.

Mr C says I should award more than £500 compensation under the Financial Ombudsman Service's guidelines. Mr C says this is fair because he's had problems for years. He says he's been asked to pay his credit account after July 2024.

It is difficult to put a price on how someone has been affected when things go wrong. I've considered our compensation guidelines and what Mr C and PayPal Europe have said.

I agree with our investigator that £500 is a fair sum of compensation for Mr C in these circumstances.

I say this because:

- I haven't seen any evidence that PayPal Europe asked Mr C to pay his credit account after November 2023. After November 2023, X managed Mr C's credit account.
- I can only ask PayPal Europe to compensate Mr C for the impact of their mistake.
- Their mistake meant Mr C was asked to pay his credit account for nine months between November 2023 and July 2024.
- Mr C had to tell X about his DRO and contact his DRO administrator. This took time and a special effort to sort out.
- This matter has caused Mr C considerable distress. I agree it had a significant impact on Mr C's mental and physical health.

I know Mr C was hoping for more compensation as he's very unhappy with how his PayPal accounts are being dealt with. I am sorry I can't consider all of Mr C's complaints within this

decision. The £500 compensation I've awarded is only for PayPal Europe's mishandling of the DRO.

Putting things right

PayPal (Europe) S.a.r.l et Cie, S.C.A. must pay Mr C £500 compensation for his distress and inconvenience, into an account of his choice.

My final decision

For the reasons I've given, I uphold Mr C's complaint. PayPal (Europe) S.a.r.l et Cie, S.C.A. must resolve things as I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 March 2026.

Clare Burgess-Cade
Ombudsman