

## **The complaint**

Miss N complains PayPal UK Ltd made a mistake with an exchange rate, put her account into a negative balance then took too long to fix things.

## **What happened**

Miss N sent a family member a little over £100, to be converted to another currency, but PayPal made a mistake with the exchange rate.

PayPal took over £5,000 from Miss N's PayPal account, putting it into a negative balance. PayPal limited, or blocked, Miss N's account.

PayPal then passed this outstanding amount out to debt collectors and Miss N began to be asked to repay the debt.

Miss N complained, and PayPal only appeared to answer the limitation, saying it had been removed and the complaint closed.

Miss N still had a negative balance on her PayPal account, so she brought her complaint to this service. PayPal then said it had cleared Miss N's negative balance and offered her £150 in compensation.

An investigator looked into things and thought this was fair. Miss N explained she'd had a recent, close bereavement and her neurodivergence meant she didn't cope well with what was going on.

The investigator took another look and thought a payment of £500 was fairer. PayPal had already said it wasn't looking to increase the compensation and Miss N said £1,500 was fairer, so this complaint needed to be decided by an ombudsman.

Miss N said PayPal had breached the payment services regulations (PSRs) by not refunding her immediately and instead took three months to fix things. Miss N also said PayPal failed to comply with the Equality Act and make a reasonable adjustment for her.

## **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.

There's no dispute this was PayPal's mistake. PayPal sent far too much money to Miss N's family member and then took this money back from Miss N's PayPal account.

PayPal's now cleared the negative balance on Miss N's account, so I really only need to consider the impact this error had on Miss N.

Miss N says she was dealing with a close bereavement, and this must have been a really distressing time for Miss N.

Miss N was also being asked to repay a significant amount of money by debt collectors, and it wasn't her mistake.

Miss N says PayPal breached the PSRs, and should have refunded her much sooner. I have to be mindful of the law, but I'm not necessarily bound by it. I have to think about what's fair in the individual circumstances, and this is what's fair to both sides.

PayPal clearly made an error. But it seems Miss N's family member received much more money than Miss N intended to send. PayPal appears to have asked Miss N to contact her family member and ask them to return the money, but this didn't happen.

I don't think it's unreasonable for PayPal to investigate things and look to mitigate its losses by asking for money incorrectly sent to be returned. So, I don't think, in Miss N's specific circumstances, PayPal had to refund her immediately.

But PayPal took three months to clear the negative balance, and this was too long. And I don't think PayPal should have automatically passed Miss N's negative balance to a debt collector, I think this overpayment, PayPal's error, could have been handled differently.

And Miss N has said PayPal failed to make reasonable adjustments for her, by asking for calls when Miss N asked for contact in writing. In other words, PayPal failed its duty to make reasonable adjustments under the Equality Act 2010.

I've taken the Equality Act 2010 into account when deciding this complaint – given it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable.

If Miss N wants a decision on whether PayPal has breached the Equality Act 2010, then I think she'd need to go to court.

But Miss N asked for contact in writing, and it does seem PayPal then said she should call. PayPal sent Miss N's final response by email, and it confirmed Miss N's account had been brought back to zero in writing too.

I accept it will have been frustrating for Miss N to be asked to call, but I think the most important things Miss N needed were in writing. But this doesn't mean PayPal did the right thing in asking Miss N to call.

Overall, I think PayPal could have handled things much better here and provided Miss N with better service. And this poor service had an impact on Miss N, at a time when she was already distressed.

Our compensation bands are available online, and a problem causing considerable distress, with the impact lasting for many weeks or months, would generally mean an award between £300 and £750.

I think Miss N was caused considerable distress for many weeks, so I think a payment of £500 is fair in the specific circumstances of her complaint.

### **My final decision**

My final decision is I uphold this complaint and PayPal UK Ltd should pay Miss N £500 to

compensate for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 12 January 2026.

Chris Russ  
**Ombudsman**