

## **The complaint**

Mr Y complains that PayPal UK Ltd charged him interest on an interest free purchase.

## **What happened**

On 28 November 2023 Mr Y applied for a PayPal credit account which was advertised as interest free. He made a purchase of £529.96. A promotional credit was applied to the account and the amount charged to PayPal credit was £479.96. The purchase was eligible for 0% interest for 4 months.

Mr Y subsequently noticed that he'd been charged interest. He complained to PayPal.

PayPal didn't uphold the complaint. It said the 0% interest rate was fixed for four months after which interest reverts to the standard variable rate, and that interest had been charged in accordance with the terms and conditions of the PayPal credit account.

Mr Y remained unhappy and brought his complaint to this service. He believes that the promotional offer was falsely advertised and that he should not have incurred any interest.

Our investigator didn't uphold the complaint. They said that the credit agreement that Mr Y had signed made it clear that the interest free period was only for four months and that PayPal had acted in line with the agreement by not charging interest for the first four months. The investigator concluded that PayPal hadn't made an error.

Mr Y didn't agree so I've been asked to review the complaint.

## **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 know it will disappoint Mr Y, but I agree with the investigator's opinion. I'll explain why.

I've reviewed the credit agreement. This states that 0% for 4 months offers are automatically applied to any transactions of £99 or more. It also states that after 4 months the interest rate will revert to the standard variable rate.

I've also reviewed the monthly statements that were sent to Mr Y. The statements contain the key information I'd expect to see including the credit limit, the available credit, the statement balance, purchases, fees and interest charges, payments, and the minimum payment due date. I can also see that the expiry date of the promotional offer is clearly shown.

Based on what I've seen, I'm satisfied that Mr Y's purchase was subject to the 4 months interest free promotional offer, that PayPal made the terms of the offer clear at the time of the transaction, in the credit agreement and in the monthly statements that were sent to Mr Y, and that PayPal has charged interest in accordance with the terms and conditions of the credit agreement.

Taking the information I've seen into account, I'm not persuaded that the promotional offer was falsely advertised or that PayPal has made an error, so I won't be asking it to refund any interest.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 13 May 2026.

Emma Davy  
**Ombudsman**