

The complaint

Miss C complains PayPal UK Ltd blocked her account.

What happened

Miss C wanted to sell a ticket on a reselling site and opened a PayPal account to receive the payment. The payment was a little over £80, and since it was a commercial payment, for goods or services, fees were taken, reducing the amount to a little under £70.

PayPal placed a hold on the payment, so Miss C couldn't withdraw it. PayPal then asked Miss C for some information about the payment, proof the order had been sent to the buyer and it asked for Miss C's identification.

Miss C didn't want to provide her identification, so PayPal refused to release the payment.

Miss C complained and PayPal sent an initial response talking about Miss C's need to increase sales to remove the block.

PayPal then sent a second response, to say this was a newly opened account, it could carry out checks, and it still needed Miss C's proof of identity to remove the block.

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

The investigator said PayPal had agreed to release the money, but it was reasonable for it to ask for proof of Miss C's identity. The investigator said the request was in line with the terms and conditions, so they didn't think PayPal had made a mistake.

Miss C responded to say the investigator's outcome hadn't addressed the communication from PayPal saying she was a business, when she wasn't. Miss C said she'd been caused unnecessary distress by being labelled a business.

Miss C had been able to withdraw the money and said she wanted her account closed and her data deleted.

The investigator said Miss C had made a business sale, which is why PayPal was asking about her business. Miss C's complaint was then passed to me to decide.

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.

Miss C says she held a PayPal account previously and closed it. A new account was opened to receive the payment for her resold ticket.

Even though Miss C had a PayPal account before, I still think it was reasonable for PayPal to ask Miss C for proof of identity. PayPal has an obligation to ensure it knows who it's allowing accounts for and who the recipient of a payment is.

I don't think PayPal's done anything wrong by asking Miss C for proof of identity. And I don't think PayPal did anything wrong in holding Miss C's money until she'd provided the proof of identity. PayPal's since released the money, and this was its decision to make.

Since withdrawing the money Miss C's been sent another email from PayPal asking for information about her business and how it fulfils orders. Miss C received a payment for an order and had to send the goods to the buyer.

I don't think it's unreasonable for PayPal to want to understand whether this is an ongoing business or, as it seems, the single payment Miss C opened the account for.

And, in any event, I don't think an email asking about Miss C's business, whether it exists or not, is likely to cause distress. I don't think PayPal needs to compensate Miss C for asking about a commercial payment she received.

Miss C's asked PayPal to close her account and delete her any data it holds. It seems the review of Miss C's account has limited her ability to send or withdraw payments, but not other functions of her account.

If Miss C wants to close her account, she should be able to do this once she's logged into her PayPal account. And PayPal's terms, agreed at the point Miss C opened the account, lay out how long it will retain data after an account's been closed.

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 Miss C to accept or reject my decision before 2 March 2026.

Chris Russ
Ombudsman