

The complaint

Mr G complains that he experienced repeated errors when trying to make payments to his credit account with PayPal UK Ltd (trading as PayPal).

What happened

Mr G says that he attempted to make payments to his PayPal credit account using both his PayPal balance and his bank's debit card, but payment failures resulted in late fees, interest charges, adverse markers on his credit file and significant stress. He adds that he is self-employed and has been struggling with his physical and mental health so hasn't been able to give these issues his full attention sometimes.

PayPal says that Mr G successfully completed his transaction on 16 August 2025. PayPal says that its actions were correct, fair and reasonable, but it refunded five late payment fees, totalling £60, as a gesture of goodwill.

Our investigator did not recommend the complaint should be upheld. He was satisfied that some payments were declined by Mr G's card issuer and others because the card currency was in US dollars.

Mr G responded to say, in summary, that PayPal did not explain the reason his payments had been declined until he'd contacted them multiple times. He added that he also couldn't make payments using his PayPal balance and that PayPal told him his manual account payments were defaulting to an expired card despite him selecting his active cards. Mr G said that it wasn't until he'd removed the expired card and set a different card as the primary account that PayPal identified the currency issue. He said the problem had been ongoing since 7 December 2024.

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 have seen evidence for the following transactions on Mr G's PayPal credit account:

<u>Date</u>	<u>Card ending</u>	<u>Payment</u>	<u>Outcome</u>	
7 Dec 2024	*4340	£100	External Decline	*
22 Jan 2025	*4340	£156.91	External Decline	*
5 Mar 2025	*4340	£216.12	External Decline	*
1 Apr 2025	*8122	£339.99	Success	
4 Jul 2025	*4340	£144.76	External Decline	*

12 Jul 2025	*4340	£198.15	External Decline	*
4 Aug 2025	*4340	£198.15	External Decline	*
15 Aug 2025	*0699	\$353.39	Internal Decline - USD	
20 Aug 2025	*0699	\$352.66	Internal Decline - USD	
16 Oct 2025	Withdrawal	£166.64	Insufficient Balance	**

* *"Your issuing bank denied our request to verify this card. Please contact your issuing bank for details on this action."*

** Rejected because withdrawal was attempted five minutes after a payment was received and the incoming transaction hadn't completed.

Mr G said his card ending *4340 had expired so that is the reason it was declined. However, he has now sent a copy of an email he received on 19 July 2024 which said that his card had been successfully terminated. The email says:

"Your <bank> card ending in 4340 was successfully terminated on 19/07/2024..."

Important points to note:

Any new card payments attempted on this card will be declined."

Mr G said that he had selected alternative cards to make these manual payments and the system had defaulted to the terminated card as it was set to be his primary payment method. PayPal said it had no record of Mr G attempting to use alternative cards, but I've seen the numerous emails it sent to him regarding his unsuccessful payments and overdue account.

Mr G's statements show that he successfully made a payment on 18 October 2024, and was due to make his subsequent minimum payment, of £43.78, by 5 December 2024. On 7 December 2024, Mr G attempted to pay £100, but this was returned and there is no evidence to show he tried to make this payment again. PayPal also didn't receive the minimum payment of £98.93 that was due on 4 January 2025. Mr G's January statement showed that £156.91 was then due by 4 February 2025 and he tried to pay this amount on 22 January 2025. This was again returned along with his next minimum payment of £216.12 on 5 March.

Although Mr G made a successful payment on 1 April 2025 using a different card, he then made no payments in May or June and PayPal's system shows that further payment attempts were then made using the card ending *4340 for payments in July and August 2025. Again, these were returned, followed by the decline of two subsequent payments in August 2025 using a non-sterling card. It was after the first of these declines that Mr G called PayPal.

I acknowledge that Mr G said that PayPal was unable to offer him an explanation for the failed payments when he called on 15 August 2025. He also said PayPal told him he could use his PayPal balance to pay his credit account. I'm satisfied that Mr G could use his PayPal balance in that way, but although PayPal talked Mr G through updating his primary card, it did not identify the reason that that day's payment had failed.

PayPal has now confirmed that Mr G's account does enable him to make payments using PayPal credit, but that when he attempted to do this on 16 October 2025, he had an insufficient balance in his account.

When Mr G called again on 8 September 2025, PayPal explained that the card he'd attempted to use in August failed as it was in the wrong currency and offered to refund him five late payment fees for having not identified this issue earlier.

That said, I haven't seen evidence that Mr G contacted PayPal multiple times about the issues and PayPal said it had no contact from him before 15 August 2025. So, whilst I accept PayPal didn't explain all the issues in Mr G's first call, I consider the £60 refund is fair and reasonable for the inconvenience this caused to him.

I acknowledge that Mr G says he experienced repeated errors when he tried to make payments to his PayPal credit account, but I don't find that PayPal was at fault here. I say that because:

- Mr G would reasonably have known that the card ending *4340 had been terminated on 19 July 2024;
- He successfully made payments to PayPal using another account after that date;
- There is no evidence to show that Mr G attempted to use another method to make payments in December 2024, January 2025 and February 2025;
- No payments were made for three months before Mr G again attempted to use the card that he knew had previously been declined;
- PayPal has no record of Mr G attempting to contact it until it declined his alternative payment method on 15 August 2025;
- I have seen evidence to show that the PayPal transfer was declined on 16 October 2025 because the incoming funds had not yet cleared;
- PayPal has an obligation to report information to the credit reference agencies that is a fair reflection of the management of Mr G's account.

Finally, I note that Mr G says he has also asked PayPal for further information. However, the deadline for providing further information has been extended and has now expired, and PayPal has already provided this service with its information. I'm satisfied that waiting any longer would not affect the outcome of this complaint.

I'm sorry to hear that Mr G is struggling with his physical and mental health, but I can't agree that PayPal needs to do anything further here. However, I accept that PayPal did not identify the currency issue during Mr G's initial call, but I find the £60 refund is fair and reasonable for that delay.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 May 2026.

Amanda Williams
Ombudsman