

The complaint

PayPal UK Ltd ('PayPal') provided Mrs C with a revolving credit facility in May 2020 with a limit of £750. Subsequently there were three increases to the credit limit. The last of these was in December 2022 when the limit was increased to £2,550.

Mrs C says PayPal failed to lend reasonably.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mrs C's case.

I've decided that PayPal acted fairly because:

- I think the checks PayPal used when agreeing the credit facility and the increases were reasonable and proportionate, given the credit limits being granted and what it knew about Mrs C's financial situation. I say that because there appear to have been no signs of defaults or missed payments on Mrs C's account or other accounts at the time of the lending decisions.
- The initial lending decision was the beginning of the relationship with Mrs C. As such they had no existing account to look at to assess how Mrs C was managing her finances. PayPal relied on what Mrs C declared to be true in her application and they performed some checks of their own. Mrs C had declared a good income and their estimation of her income showed a good degree of affordability for the initial credit. And their checks showed that Mrs C had been affording her existing borrowings as the credit report showed no record of any defaults.
- For the subsequent increases to the credit facility, which Mrs C agreed to, PayPal's checks showed that whilst Mrs C's existing borrowings were increasing in size, they did not seem out of proportion to the size of her income. And they showed that Mrs C had been affording her existing borrowings as the credit report showed no record of any defaults. And they noted that Mrs C had managed well her account with them.
- So, thinking about the information that was declared to them or that they found out for themselves, I have seen insufficient evidence to think PayPal should have been on notice either to make more searching enquiries into Mrs C's finances or to have avoided providing the credit.

- Based on the information PayPal gathered and what it knew about Mrs C's circumstances, there was nothing to suggest Mrs C was likely to be unable to sustainably repay what she was being lent.
- I don't think PayPal acted unfairly in any other way.

This means I don't think PayPal did anything wrong when it provided credit to Mrs C.

Mrs C has explained that she had a gambling habit at the time. I have to look at the information that was available to PayPal at the time they made their lending decision and not to use hindsight. And for the reasons I have given above, I have seen insufficient evidence that the other information that PayPal acquired or had presented to them at the time of the lending decisions, would have led them to think that they were remiss in not checking Mr B's finances more closely. I say this because Mrs C was managing her finances such that she had incurred no defaults on her accounts that PayPal could see.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think PayPal lent irresponsibly to Mrs C or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Mrs C has told us about the successful outcome she had with a complaint on a different case. I need to say that each case is decided on the individual circumstances of that particular case. And I hope Mrs C will appreciate that I have provided my reasoning above explaining why I cannot uphold this particular complaint.

I know that Mrs C will be disappointed with my decision, in itself and because she has invested time and energy in pursuing her complaint. But I want Mrs C to know that I considered all the submissions made in this case. And having considered all the submissions in this case, particularly those concerning the time of the lending decisions, I have not found sufficient evidence to uphold this complaint. Consequently, and for the reasons above, I'm not asking PayPal to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mrs C's complaint about PayPal UK Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 9 April 2026.

Douglas Sayers
Ombudsman