

The complaint

Ms P complains PayPal UK Ltd haven't refunded her for building work she paid for, but wasn't completed.

What happened

Ms P was having some building work done and paid the builder via PayPal. The work wasn't carried out to an acceptable standard and the builder then left the work uncompleted.

Ms P raised several buyer protection claims, for the individual payments she'd made, and PayPal contacted the builder. PayPal then declined the buyer protection claims.

Ms P complained to PayPal and it responded to say it had carried out a comprehensive review and had declined the claims.

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

The investigator thought PayPal's buyer protection wouldn't apply to Ms P's payments as the building work was a custom item, and this wasn't covered. The investigator said this would have been clear to PayPal, which is why it didn't take long to reach its decision.

Ms P disagreed with this outcome and said PayPal hadn't considered the extensive evidence of wrongdoing by the builder she'd sent in. Ms P said there were procedural flaws in PayPal's investigation.

Ms P had asked, but not been sent, the information PayPal received from the builder. Ms P also said PayPal had misapplied its buyer protection policy as there were certain payments she'd made for other things, not the building work.

Ms P said there'd been potential fraud by the builder and she'd been denied an alternate remedy as the time had passed for a chargeback or section 75 claim. Ms P also raised breaches of the Consumer Rights Act (CRA) 2015.

Ms P then said she'd been successful at court, and obtained a judgement against the builder. Ms P said this showed PayPal was wrong to decline her buyer protection claim.

Since Ms P didn't think she could recover money on this judgement, she asked for an ombudsman to decide her 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.

PayPal's buyer protection isn't a consumer right, or statutory law, it's a set of terms found in

PayPal's user agreement where it might allow a refund under certain circumstances.

PayPal's said its buyer protection isn't a right to a refund, and I agree.

I've looked very carefully at what Ms P's sent in, and I have no doubt the building work she asked to be completed was of a poor standard. And I have no doubt the work wasn't finished and no doubt the builder's now uncontactable, and unlikely to ever finish the work.

Ms P's also raised the issue with trading standards, and she says there are other people left with no money and unfinished building work because of the same builder, and again I believe this is the case.

But this doesn't then mean PayPal has to refund Ms P, unless her claim fits within its buyer protection policy.

PayPal's buyer protection policy says:

PayPal Buyer Protection may apply when you encounter these specific problems with a transaction:

- *You received an item, but the item isn't what you ordered (referred to as a "Significantly Not as Described" claim).*

I think most of the types of claims PayPal then goes on to describe cover purchases of items, it doesn't seem buyer protection is set up to cover services. But even if it is meant to specifically cover certain services, PayPal lists ineligible transactions, and says:

The following items or transactions are not eligible for PayPal Buyer Protection:

- *Significantly not as described claims for wholly or partly custom-made items.*

Ms P agreed a contract of works with the builder, and these were very specific works, so I think it follows Ms P's transaction was for a custom-made item, or service.

Ms P says some of the payments she made were for other things, materials, labour, deposit and regulatory agreements to allow the work to be carried out.

But I think these payments would still be ineligible as they'd fall under the partly custom-made term. The labour, materials and agreements were for the custom-made building work, and the deposit was towards this custom work.

I can see how strongly Ms P feels about what happened, she's lost a lot of money, the work was started and not completed, and Ms P now needs to pay even more money for remedial work before the original work can be completed.

And I accept Ms P feels she's been the victim of fraud, a builder took money from her but never completed the work.

But this doesn't mean PayPal's buyer protection has to extend cover to her payments.

I've also looked at the court judgement Ms P's since got from the court. It seems this judgement was in line with the builder's failure to provide work in line with the CRA.

The CRA gives Ms P rights against the trader, the builder, but I don't think this then draws

PayPal into the judgement. PayPal didn't supply the service to Ms P, it merely facilitated the payments between Ms P and the builder.

I don't think the court judgement means Ms P's buyer protection claim has to succeed.

And regardless of whether Ms P thinks she'll be able to enforce the judgement she now has, I think the judgement invalidates any buyer protection claim she might have.

PayPal's buyer protection doesn't allow for the potential of double benefit, a successful claim against a card issuer or the trader direct means PayPal won't refund.

Ms P might want to get some further legal advice about how she might look to enforce the judgement she has, and recover the money she's now owed.

But I don't think the payments Ms P made were eligible for PayPal's buyer protection, and because of this I don't think PayPal needs to refund Ms P.

And, like the investigator, I think this was clear to PayPal early on in Ms P's claim, so I don't think the speed of PayPal's response meant it didn't do a proper investigation into her claim.

Ms P also asked for the responses the builder gave PayPal when she raised her buyer protection claim.

Ms P has sent this service the subject access request she received from PayPal, and I can see the responses from the builder in this paperwork, so I think Ms P has already received what the builder said in response to her claims.

Ms P also said some payments possibly went to another business, but I'm not sure this is relevant, the payments were all made for custom-made building work, so I don't think PayPal's buyer protection applies here regardless of who was paid.

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 Ms P to accept or reject my decision before 5 May 2026.

Chris Russ
Ombudsman