

The complaint

Miss X complains PayPal UK Ltd won't refund her for buyer protection claims she made.

What happened

Miss X bought some items and raised two buyer protection claims. PayPal refused to refund her.

Miss X complained to PayPal, and after looking into Miss X's claim it said Miss X didn't qualify, and Miss X still had recourse with the merchants.

After contacting both sellers PayPal said that in relation to one order Miss X said she received a hat instead of the items she ordered. However, when Miss X had returned the item to the seller, which I will refer to as A, they said that the item Miss X returned isn't an item they even sell. A said they had reached out to Miss X about this, but she hadn't responded.

In relation to the other claim, Miss X said she had received a yellow dress instead of a purple jacket and purple dress. The seller, who I will refer to as F, said that when it received the returned items the missing items were not included in the parcel. F investigated which included speaking to their carrier and reviewing the weight scans and shipment bill. This showed that the missing items had been dispatched but were not included in the returned parcel. So, F said it was unable to process a refund.

PayPal also said that for Miss X to qualify for its buyer protection Miss X's account had to be in good standing. And it wasn't because on 23 October 2018 PayPal had sent Miss X an email advising her that she had a higher-than-average dispute rate. The email said that it may discontinue its protection under its buyer protection policy. With these factors taken into consideration, a decision was made to deny buyer protection for these disputes.

Unhappy with this response, Miss X brought her complaint to this service, and an investigator looked into things.

The investigator didn't think Miss X's complaint should be upheld. The investigator said PayPal had warned Miss X that her account might be limited if she continued to raise a high number of disputes and the sellers had successfully defended Miss X's claims after PayPal had investigated them. So, the investigator said PayPal had correctly declined Miss X's claims.

Miss X didn't agree with this outcome, she said she had returned the items she had received because they were not what she'd ordered. She said PayPal hadn't considered the evidence she had provided which showed the parcel she sent back to F weighed the same as the parcel she had received. She maintained she had returned the hat, because it wasn't what she had ordered.

Miss X also said that the email PayPal sent her in 2018 did not state she was permanently ineligible to make claims. She said her account remained active; she could open disputes;

and PayPal continued to present Buyer Protection on its platform. Miss X argued that If PayPal intended to exclude her, fairness required clear, prospective notice at or before the 2025 transactions/disputes, especially where she relied on their process (including paying to return items). And even if eligibility were contested, disputes should still be assessed on their evidence.

Miss X asked for an ombudsman to decide her complaint. So the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether PayPal has treated Miss X fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all Miss X's submissions.

PayPal's buyer protection exists to help consumers potentially get a refund for a retail purchase they didn't receive. PayPal offers buyer protection for certain purchases, but this is an optional protection. It's not something PayPal has to offer.

Miss X raised two buyer protection claims saying she never received the items she ordered from A and F. PayPal said it declined Miss X's claim because she didn't qualify for its buyer protection policy and the sellers defended the claims.

PayPal sent Miss X an email on 23 October 2018 after it had noticed Miss X had raised an excessive number of reversed transactions. The email warned Miss X *"if your account continues to have a high transaction reversal rate or we find that there has been a violation in the PayPal User Agreement, your account may be limited. Pending further review, we may also suspend any outstanding and future claims on your account, and we reserve the right to deny these claims."*

From looking at the evidence, I am satisfied that Miss X received this email. So, I think Miss X was on notice PayPal might deny further claims if she continued to raise a high number of reversed transactions. Having looked at the all the circumstances and the evidence that PayPal has shared with our service in confidence, I think this was a reasonable thing for PayPal to do. By raising so many unsuccessful buyer protection claims, I think Miss X was running her PayPal account in a way that might result in losses to PayPal. PayPal pays back successful buyer protection claims. PayPal decided Miss X was a risk because of the

number of claims she'd made, and I agree. So, I think PayPal acted fairly in declining Miss X's buyer protection claims and treating her account as not in good standing.

Miss X wanted me to look at her claims, and I've done this. Both claims have been denied by the sellers because they say Miss X hasn't returned the items they say she ordered and they delivered to her. I've looked at all the evidence, including Miss X's submissions and despite her saying she returned the items, when I weigh this against the evidence from the sellers, I'm not convinced that Miss X has done what she said she did – send all the items she ordered back to A and F.

I say this because the item Miss X returned to A isn't an item that is sold by them. And the parcel Miss X sent back to F weighed much less than the one she received, which suggests to me that not all the items Miss X ordered were returned.

As PayPal's said in its final response, Miss X may well have statutory rights against the sellers. I think Miss X should still be able to raise these claims with the individual retailers, including court action. It was the retailers who didn't send Miss X the items, not PayPal.

In summary I don't think PayPal's treated Miss X unfairly in declining her buyer claims, so I won't be asking it to reconsider, or pay, any of the claims.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

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

Sharon Kerrison
Ombudsman