

complaint

Mr A complains that PayPal Sarl & Cie, SCA ("PayPal") unfairly clawed back money from his account with it. The money had been payment for a vehicle, which he had allowed the buyer to drive away after he was satisfied the money was in his account.

background

Mr A put his vehicle for sale on an internet auction site. He got a buyer, and later received confirmation from PayPal that the payment had reached his account. On that same day, the buyer came and collected the vehicle, giving Mr A a receipt for it.

Mr A transferred the money from his PayPal account to his bank account. A few days later, Mr A heard from PayPal that the payment had been reversed – something that happens when the holder of the bank account from which the payment to PayPal originated reports that the payment was not authorised by them.

PayPal later told Mr A that the transaction had not been eligible for seller protection and so it would be debiting his PayPal account with the money.

An adjudicator investigated the complaint. He accepted that Mr A had been the victim of a scam, but was not persuaded that PayPal was liable to refund the payment that the fraudsters had made. That is because he considered that the terms of the seller protection policy were clear, and did not accept that a signed receipt from the person picking up the vehicle was sufficient to make the seller protection apply. The adjudicator also explained that, because of the nature of the reversal, it would not have been possible for PayPal to refuse it.

Mr A remained unhappy at the outcome of his complaint and asked for an ombudsman to review it.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I can understand that Mr A will have been shocked to learn that the money had been taken back out of his account – as the adjudicator has explained, PayPal did not have any option to refuse to pay back the money. The question is whether PayPal was obliged to take the loss itself, rather than debiting it to Mr A's account.

Like the adjudicator, I consider that PayPal was entitled to debit Mr A's account. Unfortunately, he was not eligible for seller protection on this transaction and – whilst there was some initial confusion about that point after the payment problem came to light – the lack of seller protection meant that there was always a risk the money could be clawed back.

Mr A brought this complaint on the basis that he sought a refund from PayPal. Since then, we understand that – fortunately – his vehicle has been recovered by the police and returned to him.

my final decision

My final decision is that I do not uphold this complaint.

Jane Hingston
ombudsman