

complaint

Mr G complains that PayPal Sarl & Cie, SCA unfairly limited his account because of a linked account holding a debt that he considers to be unenforceable.

background

Mr G had an account with PayPal. Following a refund from it after a buyer dispute, that account had an outstanding balance and had been 'locked' by PayPal.

By 2013, Mr G operated a second account with PayPal. Following an internal review, PayPal linked the two accounts and limited Mr G's second account. It was not willing to remove the limitation unless Mr G paid the balance that it said was outstanding on the old account.

Mr G said that the debt was the result of a buyer/seller dispute that had been resolved against him unfairly by PayPal and, since he had not heard anything further from PayPal about the debt since 2007, he assumed it had been written off. He considered that PayPal had left it too long to contact him about the debt and so could not make him pay.

PayPal did not agree and, as matters remained unresolved, Mr G brought his complaint to this service where it was investigated by an adjudicator. The adjudicator noted that PayPal had previously instructed a debt collecting agency about the debt, but was unable to produce evidence of what steps had been taken by its agent to contact Mr G. The adjudicator also noted that Mr G had been given differing figures by PayPal about how much he owed.

Overall, the adjudicator considered that PayPal should waive half the debt and, on payment of the remaining half, remove the limitations on both accounts. The balance to be used for calculating this settlement was the lowest balance notified by PayPal to Mr G, of £500.

PayPal was not willing to go along with the adjudicator's recommended settlement. It said, in summary:

- The user agreement clearly outlines that any unresolved debt will be passed to an outside collections agency to recover on PayPal's behalf. That is what happened here and the agent will have contacted Mr G.
- The outside agency has its own procedures and PayPal does not have access to its internal systems, so it is not reasonable to expect PayPal to provide evidence of what steps the agent may have taken to contact Mr G.
- Whether or not he was pursued by the agent, Mr G was aware of the outstanding debt and the reason it arose. He was given plenty of time to pay the debt before the relevant account was locked.
- It still expects Mr G to pay it £500.

Mr G initially thought that the adjudicator's recommended settlement was fair in the circumstances. However, when PayPal was unwilling to accept it Mr G said that he now felt it would be fairer overall for the debt to be written off completely.

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 realise that Mr G feels PayPal should not have resolved the dispute in 2007 in favour of the buyer, leaving him out of pocket. But that issue is not one that I can fairly review or determine now, given the length of time that has passed since then.

The available evidence points to PayPal having engaged agents to deal with the outstanding debt on Mr G's old account. But it is not able to produce any evidence about what, if any, contact its agent actually made with Mr G. Mr G says he had no contact at all, and so assumed the old account had been closed.

The issue of whether or not PayPal has access to its agent's systems does not affect its responsibility to provide evidence to support its case that Mr G was contacted by its agents. Given the lack of any supporting evidence, I consider that PayPal's case is weak on that point.

PayPal has also given Mr G various different figures for the debt on his old account, further complicating matters and tending to suggest that its own records were not as accurate as it claims.

Overall, I consider that the adjudicator's recommendation represents a balanced and fair settlement. I am not persuaded that PayPal must write off the debt in its entirety. I realise that Mr G has argued that the debt is now statute-barred – meaning that PayPal has waited too long to ask him to pay, and is therefore prevented from recovering the debt through the courts. But that is a different matter and something a court, rather than I, would have to determine.

my final decision

My final decision is that I uphold this complaint in part and direct PayPal Sarl & Cie, SCA to:

- limit Mr G's liability for the debt to £250; and
- once that amount is repaid, remove the limitations on both the accounts.

Jane Hingston
ombudsman