

## **Complaint**

Mrs D is unhappy that PayPal Europe Sarl & Cie, SCA held her responsible for a debt she says she didn't apply for or benefit from.

## **Background**

Mrs D says she received a letter from a third party company on behalf of PayPal. The letter said she'd missed a payment on a debt held with them leaving an outstanding balance of £1,280.60. Mrs D contacted PayPal to find out what the debt was for and was told it was in relation to a PayPal credit account held in her name.

Mrs D denies applying for or receiving the benefit of this debt and says she suspected it was taken out by an estranged family member. Mrs D says she was worried the debt would affect her credit rating and was in the process of selling her home at the time. She says this made her upset and scared, so she contacted a family member who paid the debt on her behalf.

Mrs D brought a complaint to our service saying she hadn't applied for or benefited from the debt taken out in her name with PayPal. An Investigator here looked into this and contacted PayPal in order to obtain evidence surrounding the debt.

PayPal responded to the Investigator saying that it wasn't willing to provide the evidence requested due to data protection and privacy policies. It suggested that Mrs D was best placed to contact law enforcement agencies in order to have the matter looked into.

To move matters forward I issued a provisional decision on 13 February 2019 outlining that I was mindful to uphold the complaint and that PayPal reimburse Mrs D the £1,280.60 plus interest and remove the reporting of the debt from her credit file.

Both parties agreed to the findings set out in my provisional decision with no additional comments to consider. I am therefore now in a position to issue my final decision in this matter.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs D has provided our service with a copy of the letter asking for repayment of a debt taken out in her name. This letter was sent to her by a third party business acting on behalf of PayPal. Mrs D has denied applying for or benefiting from this debt and as such hasn't been able to provide any other evidence relating to it other than the letter sent to her.

As Mrs D did pay off the debt, I've considered why someone would do this when they haven't applied for or had the benefit of the credit. Mrs D says that at the time of the letter being received she was in the process of selling her home and thought the debt may affect the sale due to the impact on her credit file. Having considered this I think it a reasonable explanation that Mrs D thought to pay the debt to avoid any potential issues it may cause with the sale of her home.

PayPal has been given the opportunity to provide evidence that Mrs D is responsible for the debt taken out in her name but has failed to do so. In fact, PayPal hasn't provided any

evidence at all to the contrary. As such, I think it reasonable in the circumstances that PayPal refunds the money Mrs D paid toward the debt plus interest, and removes the reporting of it from her credit file.

### **My final decision**

For the reasons I've explained, I uphold this complaint and direct PayPal Europe Sarl & Cie, SCA to:

- Refund Mrs D the £1,280.60 paid
- Pay Mrs D 8% simple annual interest on the amount from the date it was paid to PayPal to the date of settlement
- Remove any reporting of the debt in Mrs D's name to credit reference agencies

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 25 April 2020.

Stephen Westlake  
**Ombudsman**