

complaint

Mrs B complains that PayPal Sarl & Cie, SCA is holding her liable for a debit balance showing in error on her account. She also says that PayPal did not provide assistance to her in bringing a buyer complaint about a faulty laptop.

background

Mrs B has an account with PayPal. She says that she initiated a transfer of £5,000 but that this transaction did not proceed and the money never left her linked building society account.

Mrs B later became aware that her PayPal account was significantly in debit. She discovered that the account showed an outgoing transfer of £5,000. PayPal said that this was a refund caused by an indemnity for the £5,000 payment raised by Mrs B's building society, but Mrs B's building society told her that it had not sent (or recalled) any such payment to PayPal.

In the circumstances, Mrs B did not feel that PayPal should be able to hold her liable for the debit balance, which she regarded as an error on its part. As things were not settled, Mrs B brought her complaint to this service where an adjudicator investigated it.

From the evidence, the adjudicator was satisfied that the £5,000 payment to PayPal was neither sent nor recalled by Mrs B's building society. However, the adjudicator could also see that a credit of £5,000 had been added to Mrs B's PayPal account and then later removed again.

As Mrs B had used the money to make outward payments in the interim, the removal of the credit caused her PayPal account to go substantially into debit. Given that Mrs B had had the benefit of the money, the adjudicator felt that it was fair she should repay it. But the adjudicator recommended that PayPal should allow Mrs B to repay the money by an agreed repayment plan.

In terms of the buyer complaint, the adjudicator felt that PayPal had not acted unfairly given that Mrs B had not taken any action to log a buyer complaint into the system.

PayPal said it was willing to work with Mrs B to create a payment plan to suit her needs, and would also send her an apology. Mrs B remained of the view that she did not owe the debt showing on her PayPal account and so was not willing to accept the adjudicator's recommendation. She said, in summary:

- PayPal cannot provide any evidence to back up its case that it received an indemnity claim from the building society, and this suggests lies or fraud.
- PayPal is incompetent and she does not owe it £5,000. It is insulting that PayPal is offering a repayment arrangement.

Because of the longstanding debit balance, Mrs B's PayPal account is currently locked pending repayment.

my findings

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

It's clear to me that there has been considerable confusion about exactly what sort of payment was initially started and what happened after that. Put simply, from Mrs B's perspective she attempted a payment but it did not proceed. So her building society account was not affected in any way, and nor should her PayPal account have been.

From PayPal's perspective, the payment credited Mrs B's account and then had to be reversed off again later because it failed.

We have obtained a significant amount of evidence about the payment, including technical evidence, from both PayPal and Mrs B's building society. Quite why the payment showed as a credit and then debit on the PayPal account, but did not show at all on the linked building society account, cannot be established with any degree of certainty.

But, looking at the evidence, it seems probable that PayPal mistakenly treated the payment as received and then recalled. I have seen no evidence of fraud.

The £5,000 credit that was put onto Mrs B's PayPal account on 6 February showed very clearly on her PayPal statement. I can see that she then made transfers from the PayPal balance back to her building society account for the following amounts:

- £743.41 on 7 March
- £750.00 on 13 March
- £750.00 on 16 March
- £3,000.00 on 27 March

On each occasion, those transfers can be seen on the same dates arriving as credits into Mrs B's building society account. So I'm satisfied that Mrs B had the money from the £5,000 credit.

This means that the debit balance created when PayPal later removed the £5,000 was not false, and I do not believe it would be fair for Mrs B to receive that money over again – which is what would happen, if I were to find that PayPal must now waive the debt.

I am pleased to note that PayPal is willing to accept repayment of the money by affordable instalments, if Mrs B requires that. It has also confirmed that it will provide an apology as part of the settlement. In all the circumstances, I do not consider that it must do more.

my final decision

My final decision is that I direct PayPal Sarl & Cie, SCA to accept repayment of the debit balance by an agreed repayment plan and to issue a letter of apology to Mrs B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 8 February 2016.

Jane Hingston
ombudsman