

The complaint

Mr P complains that a buyer dispute with PayPal (Europe) Sarl et Cie SCA was declined.

Mr P's account has also been limited.

What happened

Mr P says he bought a mobile telephone that turned out to be counterfeit. He says he contacted PayPal and they told him to send it back, but he didn't get a refund. So, he logged a complaint.

PayPal looked into the complaint but didn't uphold it. It said some months after Mr P bought the phone, it received a chargeback request from Mr P's card issuer. It supplied the information it was asked for, but the decision to not pay the claim was down to the bank and not PayPal. It went on to say that due to the number of claims Mr P had raised, it permanently limited his account in March 2022. Mr P remained unhappy, so he brought his complaint to our service.

Our investigator looked into the complaint but didn't think it should be upheld. Our investigator found the limitation had been fair and in line with the User Agreement Mr P signed up to. She also found the decision to decline the claim was down to the bank rather than PayPal.

As Mr P didn't agree with our investigator's view, the complaint's been passed to me for a final decision.

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.

Having done so, I agree with the investigators outcome, for largely the same reasons. I'll explain why.

For me to say PayPal did something wrong, I'd need to be satisfied that they failed to act within the terms of the account's User Agreement. Or, if I feel like they did work within these, that it was unfair for it to limit the account in the circumstances of this complaint. And in this situation, I don't think that's the case.

PayPal didn't decline the chargeback of funds, Mr P's bank did. So, PayPal's role was to supply information to the bank to support Mr P's case for the return of funds. I've seen the information PayPal sent to Mr P's bank, and I'm satisfied it did what it was required to do. So, I don't find PayPal have acted unfairly in the circumstances of the complaint.

PayPal have also supplied information to show why Mr P's account was limited and his buyer protection removed. Having seen this information, I'm satisfied PayPal haven't acted unfairly or outside of the User Agreement Mr P signed up to when he opened his account.

Mr P has logged a large number of claims over a short amount of time. PayPal's User agreement says

To be eligible for PayPal Buyer Protection you must meet all of the following requirements:

- Have a PayPal account in good standing.

PayPal can also end a relationship with a consumer at any point. Our service won't generally get involved in a business's decision to end a relationship with one of its customers, but we can look at whether it's been done fairly. On this occasion I think it has been.

PayPal sent Mr P a warning about the way he was managing his account and went on to limit his account. This means when Mr P's claim with his bank was declined, it wouldn't have been possible to open a buyer dispute with PayPal as his account no longer had that protection.

Mr P has said that he contacted PayPal and it told him to send the phone back to the seller. Neither party has supplied any information to evidence this conversation took place. PayPal have said the first contact it had regarding the phone was the request from Mr P's bank for information relating to the chargeback. I also find it unlikely PayPal would've given Mr P this advice without opening a dispute claim and as I've explained above, this wouldn't have been possible at this time. So, I haven't found PayPal have done anything wrong regarding this point.

In summary, I haven't found PayPal have treated Mr P unfairly or acted outside of its User Agreement in the circumstances of this complaint. The decision to decline the charge back request was made by Mr P's card issuer and the limitation was applied correctly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 August 2023.

Tom Wagstaff
Ombudsman