

## **The complaint**

Ms N complains that she is unable to do a credit balance transfer from her PayPal (Europe) Sarl et Cie SCA credit account to another credit card.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute so I will focus on giving the reasons for my 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.

Ms N has a credit account that she opened with a fixed standard rate of interest. I've seen a copy of the credit agreement and it's clear what the rate is. It also includes promotional rates that can get offered when a purchase is made, depending on additional checks PayPal complete on Ms N's circumstances at the time.

Ms N's account also offers 0% interest for 4 months on single transactions of £99.00 or more. If the balance is not paid off after that time, interest is applied at the rate listed in the credit agreement. To avoid being charged interest on any 0% purchases for 4 months, Ms N needs to repay any remaining balance of that purchase in full during the month that the interest free period expires.

I understand Ms N has complained that she has a balance on her credit account and wants to transfer to it to another credit card to take advantage of promotional rates elsewhere, but PayPal have said this isn't possible. On that basis Ms N has said the credit account was mis sold to her.

When Ms N took out her PayPal credit account, the terms and conditions are clear that PayPal doesn't allow payments from other credit providers. I've also checked the terms on PayPal's website and under section seven of the page "About PayPal credit" it says.

*Can I use my credit card to make a payment on my PayPal Credit account?*

*No, you can either make a payment from your bank account, debit card or PayPal balance or set up a direct debit.*

It goes on to say

*Can I use my credit card to set up a direct debit to make payments on my PayPal Credit account?*

*No, you can only set up direct debit payments from a bank account linked to your PayPal account.*

So, I'm satisfied PayPal made Ms N aware that credit transfers in are not allowed when she was opening the account.

Ms N also complained that her standard variable rate of interest increased from 21.9% to 23.9% on 1 September 2023.

Ms N's credit agreement lists the reasons why it might increase its interest rates

### *13. CHANGING THE AGREEMENT Interest rates*

*13.1. We may change your standard variable rate and charge different rates for different types of Transactions as follows:*

- A. by changing the interest rate we charge you individually, because we think that there is an increased (or decreased) risk that you will not be able to repay, based on factors such as your credit rating, the way you use your Credit Account (and any other account you have with us), and your general financial situation. For example, we may increase the standard interest rate if there is an increased risk that you may not be able to make payment or miss payments;*
- B. by changing the interest rates we charge customers generally, based on a change in our costs incurred in providing the Credit Account or a change in applicable laws, regulation or voluntary codes of practice; or*
- C. for any other valid reason, as long as you can end the Agreement without any charge.*

On this occasion, PayPal has said it increased the rate due to a change in costs of providing credit to its customers – detailed in section B above. So, I'm satisfied PayPal haven't acted unfairly or against the terms of the account when it decided to increase the interest rate.

PayPal said that in June 2023, it made Ms N aware that she could opt out of the increase, and this would mean her credit account would close and she could start to pay down the balance at the lower rate. PayPal said this was communicated in an email and they received no response from Ms N, so she was put on the higher rate and the account remained open.

Ms N says she never received a letter or email giving her the option to opt out.

PayPal have sent the email that would've been sent to Ms N notifying her of the option of opting out of the increase. Given PayPal have a copy of it, I'm satisfied it was most likely sent. This was also communicated to all customers, so I can't see any reason why PayPal wouldn't have sent Ms N a copy.

PayPal's communication told Ms N that her standard interest rate was increasing by 2%, from 21.9% to 23.9%.

Ms N says our service needs to obtain evidence of her non acceptance of the offer to opt out. Our investigator has rightly pointed out that Ms N didn't contact PayPal to opt out or close the account, as she's confirmed a number of times. So, there would be no evidence she opted out and contact was needed to do so. In the absence of any communication from Ms N, PayPal kept the account open, and she moved up to the higher rate.

Although Ms N says she didn't receive the opt out notification, it was still available when Ms N bought her complaint to our service. Our investigator notified Ms N of this, so she still had the same opportunity to freeze the rate and close her account. Ms N didn't do so, so it further convinces me that even with the small possibility that Ms N didn't get or read the

notification at the time it was sent, she never intended to opt out of the increase and close the account.

In summary, I understand Ms N's frustration at not being able to transfer her balance to another provider. But I haven't found PayPal have acted unfairly or outside of the account terms or agreement by not allowing her to do so.

### **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 Ms N to accept or reject my decision before 11 April 2024.

Tom Wagstaff  
**Ombudsman**