

## **The complaint**

Mr E has complained PayPal (Europe) Sarl et Cie SCA won't refund him for payments he didn't authorise.

## **What happened**

After noticing five transactions debit his bank account, Mr E complained to his bank (who I'll call L). These payments had been made using PayPal. L initiated a chargeback which was rejected by PayPal.

Mr E complained to PayPal who believed he'd made these transactions. Mr E brought his complaint to the ombudsman service.

Our investigator reviewed the limited evidence. Mr E held a PayPal account which he used annually to pay his Microsoft software licences. The five disputed transactions had taken place in April 2023 and were purchases for games. Our investigator noted that Mr E didn't own a games console and the purchases resembled fraudulent transactions. He asked PayPal to refund Mr E.

PayPal wouldn't agree and have asked an ombudsman to consider Mr E's complaint.

## **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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr E's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence PayPal provided as well as what Mr E has told us.

I believe these transactions were carried out by a third party and not Mr E. I say this because:

- Mr E has no history of buying games or owning a games console. The five disputed transactions for £74.99 each are multiple purchases of the same game so this

immediately suggests it's unlikely Mr E would have made these transactions.

- PayPal has limited evidence to show how these transactions were made as they don't have access to IP data or similar. This is understandable as the transactions were made using Mr E's Microsoft account. Mr E used this account to pay for his annual software licences and this is backed up by the payment evidence PayPal has provided.
- I'm satisfied there's a possibility Mr E's Microsoft account could have been compromised. This means that any transactions would not have been authorised by Mr E.

I'm satisfied there isn't sufficient evidence as required by the PSRs to show Mr E made these disputed transactions.

### **Putting things right**

PayPal will need to refund the five transactions to Mr E. These total £374.95. They will also have to add 8% simple interest to this amount.

### **My final decision**

For the reasons given, my final decision is to instruct PayPal (Europe) Sarl et Cie SCA to:

- Refund £374.75 to Mr E; and
- Add 8% simple interest to this amount from 11 April 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 11 January 2024.

Sandra Quinn  
**Ombudsman**