

## The complaint

Mr M complains that he was charged a late payment fee by PayPal (Europe) Sarl et Cie SCA (PayPal); and his credit file was marked.

## What happened

Mr M has a credit account with PayPal. His limit was £2,250. On his statement dated 25 December 2022, he was charged a late payment fee of £12 and his credit file was marked with a late payment note.

The transactions on his PayPal account were:

Statement date	Balance	Minimum payment due date / Amount	Credits received to PayPal account/ date
25 October 2022	£1,385.32	19 November 2022 - £45.27	£47.80 - 1 October 2022
25 November 2022	£1,361.89	20 December 2022 - £45.21	£45.27 - 30 October 2022  <b>£50 - 25 November 2022</b>
25 December 2022	£1,332.61	19 January 2023 - £109.43	None – late payment fee £12
25 January 2023	£1,699.26	19 February 2023 - £54.72	£109.43 - 13 January 2023

Mr M complained. He said he paid the minimum amount due for December 2022 early. He paid £50 on 25 November 2022 – and therefore he had not missed the December 2022 payment. He said the late payment fee was unfair, as was the late payment marker added to his credit file. He also said he was told by PayPal he had two late payment marks on his credit file – but this couldn't be correct.

Mr M argued that PayPal's terms and conditions do not say he had to make the minimum payment within the statement cycle, but just that it must be paid by the due date – which was by 20 December 2022. And – he had done that as he'd paid in the minimum on 25 November 2022. He said PayPal had breached the contract. He told us the late payment fee had been refunded by PayPal, but he wants the late payment marker removed from his credit file, and compensation for the trouble and time taken by what happened.

PayPal said Mr M didn't make the necessary payment to his account by 20 December 2022, and was therefore charged a late payment fee, and his credit file was marked. Mr M's statement for December 2022 showed no payment was received in that period.

Mr M brought his complaint to us. Our investigator didn't uphold it. She said PayPal's terms

and conditions required him to make the minimum payment by the due date shown on the statement, and it also said that any missed payments would be reflected on his credit file. PayPal said the credit of £50 was paid during the November 2022 statement period, and not in December 2022 – this was PayPal's process. There wasn't a payment made in the December 2022 period.

She noted that PayPal had sent Mr M a payment reminder on 15 December 2022 – to his email address. This said the payment was due soon, but Mr M hadn't contacted PayPal at that time.

Mr M asked that an ombudsman looks at his complaint. He said again that PayPal's terms and conditions don't cover the circumstances of what happened. So – his complaint has come to me to look at and make 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.

The crux of Mr M's complaint is (in summary) that PayPal's terms and conditions don't say that the minimum payment must be paid within the statement period – i.e. in this case, after 25 November 2022 but before 20 December 2022. He argues that the terms and conditions simply say (in summary) that the minimum payment must be paid by 20 December 2022 – and he says the £50 credit (25 November 2022) was that payment.

So, I looked at PayPal's terms and conditions. They say: *"We will make monthly Credit Account statements available online at paypal.co.uk and will send you an email reminder when a statement becomes available. Each statement shows all amounts added to the Credit Account or paid to us in the period covered by the statement, the minimum monthly payment and the due date for payment."*

*... 'Payment Due Date' means the payment due date shown on your statement. This date will be at least 25 days after the statement date.*

*...Each month you must pay at least the minimum monthly payment on or before the date shown on your statement. This date will be at least 25 days after your statement date, unless we tell you otherwise..."*

I've then considered what these say in the context of Mr M's complaint. I think the important clause here is *"Each statement shows all amounts added to the Credit Account or paid to us in the period covered by the statement..."*. In Mr M's case, the credit of £50 was shown on his November 2022 statement (it was credited on 25 November 2022) - i.e. it counted towards payments in November 2022 – and couldn't be considered a payment due the following month.

There is a practical point to consider here – Mr M could've simply decided to pay in a further credit (of £50) in November 2022 – to reduce his balance and the interest he was paying. That would've been an understandable thing to do, and of course a lot of customers pay in extra amounts of money over and above the minimum due for that reason. I don't think it's reasonable to expect PayPal to distinguish between those overpayments and contractual minimum payments.

Moreover, I also noted that PayPal emailed Mr M on 15 December 2022 to advise him the December 2022 payment was due and hadn't been paid. The advice said *"A payment for your PayPal Credit account is due on 20 December 2022..."* It went on to describe ways to

pay. So - PayPal did advise Mr M that he still needed to make the payment due in December 2022. And therefore, it's reasonable to have expected him to realise that the payment made on 25 November 2022 wasn't considered to be the payment due by 20 December 2022.

Mr M told us that PayPal refunded the late payment fee in any case. Turning to the mark on Mr M's credit file, PayPal are obliged to report accurate information to the credit reference agencies – they can only change that if there is an error. And in this case, I don't consider PayPal have made an error or acted unreasonably. Mr M has said he has two late payment marks on his credit file, but PayPal told us that one relates to a missed payment in May 2019 – which isn't part of the complaint Mr M brought to us.

Going forward, it would seem sensible for Mr M to set up a direct debit for PayPal to take the minimum payments and in line with the statements issued – then there won't be any further, similar issues.

Mr M has argued passionately and in detail in support of his complaint, which I appreciate. He will therefore be disappointed by my decision, which is that PayPal don't have to do anymore here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2024.

Martin Lord  
**Ombudsman**