

## **The complaint**

Mr H complains that PayPal (Europe) Sarl et Cie SCA (PayPal) prevented him from withdrawing funds from his account.

## **What happened**

Mr H withdrew money from a betting account to his PayPal account, saying this was his only option, but hasn't been able to withdraw his funds from PayPal. He said in order to access his account PayPal required him to remember the card details of an old and expired card that was on the account, or the 10-year-old mobile number – neither of which he could recall.

Mr H said when he contacted PayPal his request to change his mobile number was refused. He said he was given no option to provide ID, prove address and identity. Mr H complained to PayPal but after 12 weeks had heard nothing and is still without access to his money. He said he wanted access to his funds and interest plus consideration of the inconvenience.

PayPal responded to Mr H about his difficulty logging in to his account to say it couldn't find any conversation about this. PayPal asked Mr H for his new phone number so this could be added to his PayPal account as well as an active bank account. It said this would remove his account from its current 'unverified status' and he would then be able to access his funds.

PayPal said Mr H's account holds a balance of £23 and he's not been able to complete the 'Strong Customer Authentication' (SCA) to access his PayPal account. PayPal said the SCA is a regulatory requirement for its UK accounts from the Payment Services Directive to help keep online card purchases more secure and prevent fraud. To assist Mr H PayPal asked him to provide his new mobile number, but hasn't received this information.

Mr H wasn't satisfied with PayPal's response to his complaint and referred it to our service. Our investigator didn't recommend that it be upheld. He said Mr H couldn't complete the SCA when trying to send a payment due to his mobile number being an old one and not being able to receive the code to complete the security process. He said PayPal followed the payment authentication rules correctly and asked Mr H to provide his new phone number.

Mr H disagreed with the investigator and requested an ombudsman review his complaint. He said the investigator had missed the point in that he had contacted PayPal to access his account and they were unhelpful and ignored his complaint. He said this had nothing to do with 'the payment request' as he's been unable to request payment without providing his old mobile number that he can't access. He said PayPal didn't help him with any new steps at all and didn't write to him in January 2023 asking for a new mobile number. He said if he'd been asked to provide an updated mobile number he would have done so immediately.

The investigator said PayPal's records show it responded to Mr H's complaint by email and this was opened. Mr H said it was impossible for him to have opened the email as he can't log into his PayPal account. The investigator resolved the login difficulties and Mr H was able to access his account. He requested his customer service complaint be considered.

## **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.

Mr H complains that PayPal didn't assist him to get his money back and blocked him from doing so. I'm pleased that Mr H was able to access his account funds of £23 from July 2023. He said this took hours of his time and caused him unnecessary distress.

I've looked carefully at how PayPal dealt with Mr H's payment request to see if it acted in accordance with the regulations and its User Agreement and to see if it has treated him fairly.

PayPal has described the regulatory requirements it must operate within in relation to customer accounts in order to minimise the risk to help keep online card purchases more secure and prevent fraud. PayPal said that it cannot override the SCA as the two-factor authentication for electronic payments is a regulatory requirement for UK PayPal accounts and it applied SCA to Mr H's account. PayPal has applied the regulations as required.

I have looked at the PayPal User Agreement that governs the relationship between Mr H and PayPal. The terms of the PayPal User Agreement apply and legally bind each user every time they use the PayPal service. From what I have seen the terms of the agreement have been followed by PayPal in its dealings with Mr H.

Nevertheless I was sorry to learn about Mr H's frustrating experience in trying to access his funds and in communication with PayPal's customer assistance advisers. He says he has received poor, unhelpful service. The calls and contact with PayPal were unsuccessful as he still couldn't access his account, but I don't think PayPal's staff were unhelpful. PayPal responded to Mr H's complaint in January 2023, but Mr H said he couldn't access this message. PayPal said that if Mr H provided his new mobile number, it would add this, and his account would be accessible. This was eventually achieved via our service in July 2023.

On a practical level I think PayPal tried to help Mr H overcome the security authentication by providing a new mobile phone number. However, a workaround would have been useful when it was clear that Mr H didn't know his old mobile number and couldn't log his new number via PayPal's online system. It wasn't PayPal's fault that Mr H didn't know his old mobile number or details of an expired card, or that it put SCA on to his account. I think the SCA meant that PayPal wasn't prepared to respond to Mr H by email directly or via a complaints system he used, but I think it needs to be creative when customer communications get stuck.

Mr H's experience made him very angry, but his account balance was only £23 and so the detriment to his financial situation was limited. I can see Mr H's frustration in trying to access his funds and in his communications with PayPal, but I haven't found that PayPal made a mistake. PayPal applied the security measures that are set out within its procedures as shown in the User Agreement and so I cannot require it to take any action with regards to Mr H's complaint.

## **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2024.

Andrew Fraser

**Ombudsman**