

The complaint

Miss B complains about how PayPal (Europe) Sarl et Cie SCA ("PayPal") handled a fraud claim.

What happened

In July 2022, Miss B was selling a drone through an online marketplace. She was contacted by someone interested in purchasing the drone and they agreed on a sale price of £950.

The buyer sent the funds to Miss B's PayPal account and gave Miss B a shipping address to send the drone to. The buyer asked Miss B to send the drone to her son. Miss B posted the drone with tracked delivery and after receiving it, the buyer raised a dispute with PayPal claiming that she'd purchased a hot tub from Miss B which hadn't been received.

PayPal asked Miss B for evidence relating to the sale. Miss B provided screen shots of the messages between her and the buyer and proof of delivery. PayPal considered the evidence and closed the case in the buyer's favour, debiting Miss B's PayPal account.

Miss B raised a complaint with PayPal, but they declined to return the funds to her saying the transaction wasn't covered by the Sellers Protection Policy as the drone was shipped to a different address than the one registered to the buyer's account. A £12 fee was added to Miss B's account in relation to the dispute.

Miss B wasn't happy with PayPal's response, so she brought a complaint to our service.

Following the complaint coming to our service, PayPal agreed to write off the balance owed on Miss B's account.

An investigator put this offer to Miss B in resolution of her complaint, but she asked that PayPal pay compensation for the distress she experienced.

Having reviewed her case, the investigator recommended that PayPal pay Miss B £200 for the distress and inconvenience she was caused. The investigator highlighted that PayPal had chased Miss B for the repayment of the balance owed on her account despite knowing the claim was being disputed, and the length of time her PayPal account had been suspended for.

Miss B accepted the investigator's recommendation, however PayPal disagreed. PayPal said the claim against Miss B was opened on 24 July and they made their decision not to uphold it the next day. They felt they had reached the correct decision as she wasn't entitled to a refund under their Seller Protection Policy.

As the case couldn't be resolved, it was passed to me to review.

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.

As PayPal have already refunded Miss B for the funds she lost in relation to the sale of the drone and the dispute fee they charged her – I don't need to reach a decision on that part of her complaint. PayPal have done what I would've recommended if I agreed that Miss B had been the victim of a scam and that PayPal should be held liable for her loss.

So, I've focused my decision on whether Miss B is entitled to compensation for distress and inconvenience caused by PayPal's actions.

Miss B has told us about the worry she experienced due to the loss of £950 and the impact it would have on her financially if she had ended up without the drone and without the money. She's also talked about having multiple conversations with different PayPal advisors and being requested to provide the same information on more than one occasion.

From what I've seen, PayPal continued to chase Miss B for the outstanding balance on her account, despite her having brought a complaint to our service. I think it would've been fairer for PayPal to wait for us to complete an investigation. Especially due to the amount of money that was involved in this case and the evidence that Miss B had provided which directly contradicted what the buyer had told PayPal. Also, I think PayPal could've provided a better level of service by not repeatedly asking Miss B for the same information through different advisors.

But I'm conscious that a lot of Miss B's distress was caused by the fraudster who carried out the scam and I can't hold PayPal responsible for the impact of the fraudster's actions.

Having considered everything very carefully, I think PayPal should've provided a better level of service to Miss B and have added to the distress she experienced unnecessarily. On that basis, I'm satisfied that the £200 compensation awarded by the investigator is fair in the circumstances of this case.

Putting things right

To put things right PayPal (Europe) Sarl et Cie SCA should pay Miss B £200 compensation.

My final decision

My final decision is that I uphold this complaint against PayPal (Europe) Sarl et Cie SCA and require them to compensate Miss B as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 October 2023.

Lisa Lowe
Ombudsman