

The complaint

Miss R says PayPal (Europe) Sarl et Cie SCA dismissed her requests to write-off the debt on her account despite being aware of her vulnerabilities.

What happened

Miss R opened a PayPal credit account in November 2020. She was given a £2,000 credit limit. She contacted PayPal on 5 April 2022 to say she was unemployed and her mental health was poor. PayPal suspended interest and charges and all collections activity. It gave Miss R 30 days' breathing space and asked her to complete an income and expenditure form. On 5 May 2022 PayPal agreed a £1 per month repayment plan for three months. It emailed Miss R explaining how this would impact her credit file.

Miss R made the £1 repayment in May, August and October 2022 – the latter was her last repayment. The account had defaulted in July 2022. In December 2022 Miss R contacted PayPal giving more details about her difficult circumstances and asking for the balance to be written-off. PayPal did not agree to this but agreed to extend the £1 monthly repayment and retain the suspension of all collections activity. It offered to refund all interest and fees charged to her account since it opened (£375.21) as a gesture of goodwill.

Our investigator did not uphold Miss R's complaint. He found PayPal had responded fairly to Miss R's difficulties. Miss R disagreed and asked for an ombudsman's review. She said it must be remembered PayPal had acted unlawfully, closed her account without warning and she had also needed to complain to the ICO about PayPal. Our investigator explained that this complaint was about PayPal's refusal to write-off her debt and could not consider the issue Miss R had taken to the ICO, or the account closure as this was not part of Miss R's complaint to PayPal - or something she had asked us to investigate previously.

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.

I want to start by saying that I am sorry Miss R has experienced such challenging personal circumstances over recent years. I hope she now has the support she needs. StepChange (tel: 0330 055 2198) and MIND (tel: 0300 123 3393) are organisations that provide free assistance if not.

Miss R has said that she believes PayPal's general practices to be unlawful, but I can only look here at what it did in the individual circumstances of her case. And I note whilst she challenged the initial lending decision with PayPal, she has asked us to review its refusal to write-off her outstanding balance.

I can see that when Miss R applied she declared she was self-employed. But by April 2022 she was unemployed and struggling to make her repayments. When she contacted PayPal about this it immediately froze interest, charges and all attempts to recover the arrears. 30 days later it agreed a reduced payment plan. It then emailed Miss R clearly setting out the

implications of this arrangement. I find this response to be reasonable.

Equally, when Miss R later requested that her balance be written-off in full I think PayPal's response was fair. [REDACTED] and agreed to an ongoing reduced repayment of £1 a month.

I have considered PayPal's obligations and Miss R's vulnerabilities and I find that PayPal responded appropriately as soon as it was made aware of Miss R's situation. I say this as the evidence shows she received fair treatment, in so much as [REDACTED]

[REDACTED]

PayPal has offered to refund all interest and charges Miss R has paid since the inception of the account to recognise she has had a difficult experience. This means it is in essence offering to write-off part of her debt. In the circumstances I find this offer to be fair and PayPal should action this if it hasn't already.

I would add that whilst Miss R has not complained to this service about PayPal's initial lending decision – had she done so and had we found it to be irresponsible, we would most likely have instructed it to refund all interest and charges as it has offered to do so here – not to write-off the balance in full.

My final decision

I am not upholding Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 4 October 2023.

Rebecca Connelley
Ombudsman