

The complaint

Mr R complains PayPal UK Ltd wouldn't let him access a refund.

What happened

Mr R was paid a refund of £103 in January. Mr R tried to withdraw the money but couldn't as he didn't have updated card or account details on file.

Mr R tried to add his details but couldn't, PayPal needed to send a text and Mr R doesn't have a phone. Mr R complained to PayPal but he didn't feel it resolved things.

Mr R brought his complaint here and an investigator began to look into things. PayPal said it would pay Mr R £25 to compensate for the problems he'd had. PayPal also gave some options for Mr R to access his money.

Mr R still couldn't access his money. The investigator felt PayPal hadn't done enough to help Mr R access his refund and said PayPal should pay a further £150, which it did.

But Mr R still couldn't access his money, and it took some time for PayPal to get the payment to Mr R. Mr R asked for an ombudsman to decide things.

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 R's now received the money from PayPal.

The issue Mr R encountered is because PayPal should use stronger customer authentication. This usually involves sending a message to Mr R with a one time passcode.

PayPal chooses to use texts for the passcodes. But Mr R doesn't have a phone, landline or mobile. Several options were put forward by PayPal, but most of these involved the use of a phone, for messages or authentication applications.

PayPal gave instructions on how to switch off passcodes, but it seems this didn't work.

I can understand how frustrating this was for Mr R. I've seen the messages between Mr R and the investigator and can see the gradually increasing annoyance with a simple request, send a refund to Mr R.

And PayPal needs to make exceptions for some consumers, not everyone has or can use a mobile. I think PayPal should have done much more to support Mr R, especially as he'd been very clear with PayPal from the start, he didn't have a phone.

Mr R said he could receive an email, but PayPal couldn't do this. And the investigator suggested options, some of which PayPal couldn't do.

Eventually, the investigator was able to get PayPal to send a direct payment to Mr R's bank account. Mr R feels the investigator did a great job getting the payment to him, and I agree.

The payment to Mr R was made in June, six months after the refunded credited Mr R's PayPal account. I think this was too long for PayPal to complete the payment to Mr R.

And I think most of the delay was PayPal's fault, offering solutions requiring a phone when it was clearly on notice Mr R didn't have a phone.

My role is to consider the effect PayPal's error had on Mr R. Mr R hasn't experienced any financial loss, so I need to look at the effort Mr R put into getting his refund and the inconvenience this caused.

PayPal's already paid Mr R £175 to compensate for this, and I think this is a fair amount. I'm aware Mr R was paid this before he received the money. And after he was paid the £175, into his PayPal account, there were further issues getting hold of this money.

But, even considering this further frustration and inconvenience I still think £175 a fair amount for PayPal to pay Mr R to compensate for the delay in getting his refund.

My final decision

My final decision is I uphold this complaint, but I think the £175 PayPal UK Ltd has already paid to Mr R is enough to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 July 2024.

Chris Russ
Ombudsman