

## The complaint

Mr S complains PayPal UK Ltd won't refund him in full for an incorrect item.

## What happened

Mr S bought an item online and paid via PayPal. The item was delayed, and Mr S was sent a payment by the retailer. When the item arrived it was the wrong item, so Mr S approached PayPal for a refund.

PayPal asked Mr S to send the item back to the retailer, but this would cost a lot to return the item overseas, where the retailer was. Mr S refused to return the item at his cost.

Mr S then contacted the retailer and it gave Mr S a partial refund.

Mr S complained to PayPal as he hadn't received a full refund for an incorrect item. PayPal responded to Mr S' complaint after he'd brought his complaint to this service. PayPal said Mr S had been refunded in full.

PayPal then told our investigator Mr S hadn't been refunded in full, and it offered to pay Mr S £60.36, the difference between the price of the item and the two payments Mr S had received from the retailer.

The investigator thought this was a fair offer. Mr S disagreed and said PayPal had an obligation to deal appropriately with the retailer. Mr S said it was a question of legality of him having to pay to return the item.

Mr S said the Consumer Rights Act should protect him, and it's not within PayPal's terms and conditions he has to pay to return the items. Mr S also said he'd had £120 withheld from his refund. And Mr S had used PayPal credit.

Mr S 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.

I don't think there's much dispute Mr S was sent the wrong item. When Mr S raised this with PayPal it started a claim under its buyer protection agreement.

In PayPal's buyer protection it says:

*IMPORTANT: You may be required to return the item to the seller or other party we specify as part of the settlement of your claim. PayPal Buyer Protection does not entitle you to reimbursement for the shipping costs that you may incur in returning an item for refund/repair.*

I think PayPal's terms are clear, Mr S could be asked to return the item at his cost. Mr S was asked to do this, and I can see his response was the retailer should send someone to collect the item. I don't think it's for PayPal to force the retailer to do this.

I can understand why Mr S didn't want to return the item, it would have cost a lot of money. But I don't think this specific term in PayPal's buyer protection is unfair. And I don't think it runs contrary to the Consumer Rights Act.

I don't think the Consumer Rights Act applies to PayPal when a buyer protection claim is processed. PayPal facilitated the payment, it's not the retailer itself. And I don't think PayPal needed to compel the retailer to collect Mr S' item.

Because Mr S didn't return the item PayPal closed the buyer protection claim. Mr S was then able to get a refund from the retailer, but this wasn't a full refund. Mr S says the retailer reduced the refund by its own delivery cost.

Mr S says he's around £120 short of a full refund, and PayPal's only offered a little over £60. It seems Mr S considers the first payment from the retailer as compensation for the delay.

I think it's more likely this payment was made as a reduction of the price of the item, because it was late. So, I think the £60.36 offered by PayPal does give Mr S a full refund.

But even if the payment was compensation, the fair position for Mr S to be left in is the one he was prior to the purchase being made. With the two payments from the retailer, and the offer from PayPal, this brings Mr S back to where he was prior to the purchase.

Mr S says he was told by the retailer he could keep the wrong item, so Mr S is probably in a better position than prior to the purchase. Mr S has, with PayPal's offer, received back all the money he paid out and ended up with an item, albeit an unwanted one.

Mr S used PayPal credit, which can give him protection under section 75 of the Consumer Credit Act (1974). And had PayPal considered Mr S' claim under section 75 it probably wouldn't have asked him to send the item back.

But PayPal would have needed to consider whether there was a breach of contract, and would have likely needed far more information from Mr S. Mr S raised the buyer protection claim on 21 December and received the refund from the retailer on 12 January.

I don't think PayPal would have settled a section 75 claim sooner than this. And I don't think PayPal would have offered more than a partial refund, taking into account the previous payment from the retailer.

I don't believe Mr S would be in a different position had PayPal considered a section 75 claim. I believe any claim would have refunded him the difference between purchase price and what he'd already been paid, the same position Mr S is in now.

It's fair PayPal pays Mr S the difference now. Mr S shouldn't be at a loss because of a purchase he made where he's been sent the wrong item.

I believe the payment of £60.36 offered by PayPal brings Mr S back to the position he was prior to the purchase. Because of this, I think the offer is fair, I don't think PayPal needs to do any more to resolve Mr S' complaint.

## **My final decision**

My final decision is I uphold this complaint and PayPal UK Ltd should pay Mr S £60.36 to fully refund him for his purchase.

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

Chris Russ  
**Ombudsman**