

## complaint

Miss A is unhappy that PayPal Europe Sarl & Cie, SCA issued a refund for a car she had sold. Her complaint has been brought by Mr H.

## background

Miss A sold a car in August 2017. The buyer made the payment to her through PayPal. Two weeks later the buyer made a complaint about the car. PayPal refunded the buyer the £2,000 he'd paid for the car in September 2017. It told Miss A that it had decided in the buyer's favour because she had failed to respond to three emails it had sent to her about the matter.

Miss A complained to PayPal that she had not received any of the emails. She asked for copies of the emails but says PayPal never sent these to her. She also believes that PayPal was wrong to make the refund because vehicle purchases are not covered by its Buyer Protection Policy.

One of our investigators reviewed the complaint and agreed with Miss A that PayPal was wrong to pay the refund. PayPal disagreed – it said that, because Miss A did not adhere to its User Agreement, she was not eligible for reimbursement under its Seller Protection Policy.

## my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I uphold this complaint. I explain why below.

I have to consider whether or not PayPal has applied its policies appropriately in this matter. PayPal says that Miss A was not eligible for reimbursement under its Seller Protection Policy because she did not respond to its requests for information, as required in the PayPal User Agreement. It also said that the item she sold was not eligible for seller protection because it could not be posted.

Both Miss A and our investigator relied on the terms of the Buyer Protection Policy, which, like the Seller Protection Policy, forms part of the User Agreement. Paragraph 13.4 of the PayPal User Agreement sets out the conditions for reimbursement under the Buyer Protection scheme. This clearly excludes motor vehicles. It states (the underlined emphasis is mine):

### **13.4 Conditions for reimbursement**

*You may be reimbursed under PayPal Buyer Protection for a problem with a purchase only if all of the following requirements are met:*

- a. **Your purchase is an eligible purchase.** *Purchases of most goods and services are eligible (including travel tickets, intangible items such as rights of access to digital content and other licences), except for the following transactions:*
  1. *purchases of real estate (including, without limitation, residential property);*
  2. *purchases of any interest in a business (including, without limitation, any items or services forming part of a business or corporate acquisition);*

3. *purchases of vehicles (including, without limitation, motor vehicles, motorcycles, caravans, aircraft and boats), except for personally portable light vehicles used for recreational purposes like bicycles and wheeled hoverboards;*

PayPal's case is that Miss A did not respond to its requests for information. It appears to me that if it had applied its own terms correctly it would not have sent the emails that Miss A claims she never received. When it received the complaint from the buyer, I think PayPal should simply have told him that it could not refund any money as the purchase of a motor vehicle is not covered by the Buyer Protection Policy.

This is confirmed in paragraph 13.7 of the user agreement. It tells the buyer that if the purchase is not eligible for reimbursement under PayPal Buyer Protection you can look to resolve a problem directly with the seller by filing a dispute through its Resolution Centre. It also states that if the payment is not eligible under PayPal Buyer Protection, "*PayPal is not obliged to make a decision on the Claim*".

PayPal says that it encourages both parties to work together when a buyer reports a problem with a purchase. It said that when this happened it contacted both parties. It said that in both the correspondence it sent and in the User Agreement, it made it clear that both parties need to respond or PayPal may close the case in the other party's favour.

It points out that its policies enable it to make a full decision at its sole discretion. This ignores the fact that its own terms clearly state when an item is not covered by the Buyer Protection Policy. It has not explained to me why it ignored its own terms and conditions when it should've told the buyer that this purchase was not covered by PayPal Buyer Protection.

I am satisfied that PayPal should not have refunded Miss A's money to the buyer and should therefore repay this to her. I also agree with our investigator that PayPal should pay Miss A £100 as compensation for the trouble and upset caused by its errors.

### **my final decision**

For the reasons given above, I uphold this complaint and require PayPal Europe Sarl & Cie, SCA to pay Miss A:

- £2,000 plus 8% annual simple interest (less any tax lawfully deductible) from the date it reversed the funds, 10 September 2017, to the date of settlement.
- £100 for the upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 7 January 2019.

Gordon Ramsay  
**ombudsman**