A fine of over PLN 106 million for PayPal

* **PayPal Europe applies prohibited provisions - the President of UOKiK has ruled in a recent decision.**
* **A very general catalogue of prohibited activities and severe sanctions for users, including financial ones, for violating the terms of the agreement - these are just some of the challenged provisions.**
* **For such serious violations, the company was fined more than PLN 106 million.**

**[Warsaw,** **15 July 2024]** PayPal is an online payment service that enables online payments worldwide and acts as an electronic wallet integrated with a bank account. After the [conducted proceedings](https://archiwum.uokik.gov.pl/news.php?news_id=19080), the President of UOKiK issued a decision declaring that PayPal uses prohibited clausesandbanned them. **The fine was PLN 106.6 million (PLN 106,689,453)**.

The President of UOKiK questioned the provisions in the “PayPal User Agreement”. Doubts concerned clauses containing 34 prohibited activities for users and a catalogue of sample sanctions. Among them were provisions stating that a user would be punished even for merely attempting to use a blocked account. PayPal also stipulated that one must not “**violate any law, statute, ordinance or regulation** (e.g. those concerning financial services, consumer protection, unfair competition, non-discrimination and unfair advertising)”, as it could end up with unspecified sanctions. In practice, violation of any regulation in any country entitled PayPal to apply sanctions. The violation could even be unrelated to the use of a PayPal account, leaving consumers unaware that they have done something inconsistent with the contractual provisions.

The open-ended catalogue of contractually stipulated sanctions, which were additionally not linked to individual violations, meant that the company’s decisions were arbitrary. For example, it could **“at any time” and“at its discretion”** block the user’s money “**in the amount as high and for a period as long as necessary”**. Moreover, PayPal could impose up to several sanctions on a single consumer at the same time: payment of USD 2,500 or more, closure of the account without notice, and denial of future services.

According to the President of UOKiK, the application of the questioned terms and conditions could lead to a situation in which the consumer was, on the one hand, unaware of what action might be considered prohibited by the company, while on the other hand, they were unable to foresee the sanctions that might be applied to them. As a result, they could even have been deprived of access to the money stored in the PayPal account for an indefinite period.

Provisions in regulations or contracts must be unambiguous and understandable to the consumer.

- *The nature of the violations is unprecedented.* *For a consumer, using PayPal's services under the disputed clauses is unpredictable. PayPal's clauses are generic, ambiguous and incomprehensible. When reading these provisions, a consumer cannot predict which of their actions may be considered prohibited, or what sanctions may be imposed on them by the entrepreneur. As a result, PayPal has unlimited discretion to decide whether a user has committed a prohibited act and what punishment he or she will face for it, which could be, for example, the blocking of money in the account* - says UOKiK President Tomasz Chróstny.

The abusive clauses should be treated in the way as if they have never been inserted in agreements. More details on the challenged practices can be found in the decision by the President of UOKiK. PayPal (Europe) is to inform consumers on its website once the decision becomes final. The decision is not final and the entrepreneur has the option of filing an appeal with a court.

**Consumer Support:**

Consumer Helpline: 801 440 220 or 222 66 76 76   
E-mail: [porady@dlakonsumentow.pl](mailto:porady@dlakonsumentow.pl)  
[Consumer Ombudsmen](https://uokik.gov.pl/pomoc.php) – in your town or poviat