

James A. Heagy  
P.O.Box 27397  
San Francisco, CA 94127

January 25, 2021 VIA EMAIL ([shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov))

SEC Division of Corporate Finance  
Office of Chief Counsel  
U.S Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Re: PayPal Holdings, Inc.  
Stockholder Proposal of James A. Heagy

Ladies and Gentlemen

This letter is submitted by James A. Heagy in response to a request by PayPal Holdings, Inc. for a no-action letter.

My proposal does not seek to micromanage day to day operations of the company. It merely asks that the company should follow their own Code of Business Conduct and Ethics, an approximately 50-page document. The suggestions of what they should do to achieve this goal are just suggestions or a starting point based on the perceived actions of the company. Anyone should realize that only the company itself has the complete knowledge of its actions and can change these actions so that they comply with their Code.

Their claim that the proposal is just the result of a personal grievance against the company is false. My original problem with the company resulted from an email, sent to me after using PayPal for 20 years with no complaints. The email said that my account was frozen, they would no longer do business with me, that my funds were seized for 180 days and this decision could not be appealed. This offended me as not only unethical but contrary to the American way of life... the fundamental right to face one's accusers and defend oneself. It started me on an odyssey during which I was told, among other things, that I **may** have done something wrong, there was no appeal and they were not obligated to tell me why because I gave up all rights due to their service agreement. I was indeed angry but I decided to pursue a shareholder proposal only after I saw that they were doing the same or similar things to tens of thousands of other PayPal users. One can see from the paypal-community web site that tens of thousands of people are being impacted severely and many even put out of business by seizure of their assets and freezing their accounts. Most people with frozen accounts are told of possible remedies, but they

complain that bad communications and problems with the company web site cause extensive delays in getting back to normal. There are many topics relating to this problem on the “community” site. People with a problem are supposed to go to the site and look for a solution and can leave a message with a plea for someone to help them. Just one of the topics has been accessed for help more than 56,000 times, and there are several similar topics.

**The Code states “managing and moving money is a right for all citizens. We believe that participation in the global economy is a right, not a privilege.”** I realize that PayPal has to monitor millions of accounts for many purposes and put thousands of accounts on hold for various reasons but if accounts are a right and not just a privilege I believe it creates a duty to restore the accounts which can be restored as rapidly as is reasonably possible. As I see it PayPal does not take the effect of putting people out of business or seizing money seriously enough to tackle the problem and get them back on track as fast as possible, and as a famous quote says, justice delayed is justice denied, so that too violates their Code. So, it was the grievance of many thousands that drove me to send in a proposal.

They claim that my proposal seeks to create stockholder oversight of ordinary business operations. They are selling my proposal short. The suggestion that they follow their own Code covers all operations of the company. I believe it is not only the right but the duty of the stockholders to see that the company they own is run in an ethical manner. I also believe that most stockholders want the company to be run in an ethical manner. The perception that the company is only run by computers is the result of the difficulties with communications and their web site and the replies given by the company to complaints like their answer to my complaint that they had put me out of business. The reply was that the **company was sorry if they may have inconvenienced me**. This does not sound like a reply from a human. My thought that things were being handled just by computer is shared by many others as is evidenced reading the PayPal-community web site. (URL quoted is shown in my suggestion.)

#### **“The proposal does not raise a significant social policy issue”**

The company claims that the social policy must be the focus of the proposal. I say that my proposal is **all** about the policy issue; that the company should follow their own stated business ethics.

The company lists several social problems it considers to be important enough to transcend ordinary business operations: global warming, animal cruelty, gun violence, nuclear power and safety. They claim that ethics is not an important consideration, but ethics plays some part in each of these. The most dangerous situation caused by man other than world war was the Chernobyl Nuclear meltdown, which came close to an even larger disaster than world war. It was the result of people with a lack of ethics who cut corners on safety when building the reactor in order to win promotions and medals for building it quickly and cheaply.

#### **Conclusion**

My proposal, put simply, is that PayPal should follow its own Code of Conduct. Everything else is just a group of examples illustrating, in my view, deviations from following that code. In my opinion most stockholders are interested Ethics. **You might note that nowhere in their arguments did PayPal make the claim that they are following the code.**

Should you have any questions, please contact me at

\*\*\*

Sincerely,

A handwritten signature in black ink that reads "James A. Heagy". The signature is written in a cursive style with a long, sweeping underline.

James A. Heagy

Stockholder

cc: Brian Y. Yamasaki  
byamasaki@paypal.com



2211 North First Street  
San Jose, CA 95131

January 22, 2021

VIA EMAIL ([shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov))

SEC Division of Corporation Finance  
Office of Chief Counsel  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: *PayPal Holdings, Inc.*  
*Stockholder Proposal of James A. Heagy*

Ladies and Gentlemen:

This letter is submitted by PayPal Holdings, Inc., a Delaware corporation (the “Company”), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934 (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude from its proxy materials for its 2021 Annual Meeting of Stockholders (the “2021 Proxy Materials”) a stockholder proposal (the “Proposal”) and statements in support thereof from James A. Heagy (the “Proponent”). The Company requests confirmation that the staff of the Division of Corporation Finance (the “Staff”) will not recommend an enforcement action to the Commission if the Company excludes the Proposal from its 2021 Proxy Materials in reliance on Rule 14a-8.

Pursuant to Rule 14a-8(j) and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), we have (i) submitted this letter and its exhibit to the Commission within the time period required under Rule 14a-8(j) and (ii) concurrently sent copies of this correspondence to the Proponent as notification of the Company’s intention to exclude the Proposal from its 2021 Proxy Materials.

Rule 14a-8(k) and SLB 14D provide that stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or Staff. Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

## **The Submission**

The Company received the Proposal on June 26, 2020. A full copy of the Proposal is attached hereto as Exhibit A. The Proposal includes the following:

Shareholders request that the PayPal Board of Directors take all necessary steps to insure that PayPal users do not have accounts frozen or the use of PayPal services terminated without giving specific, good and substantial reasons to the user for so doing. Fraud-modeling software should be used only for picking users to be examined by a human being and not for rejecting customers solely by computer algorithm.

## **Basis for Exclusion**

We hereby respectfully request the Staff concur in our view that the Proposal may be excluded from the 2021 Proxy Materials pursuant to Rule 14a-8(a)(8)(i)(7) because the Proposal relates to the Company's ordinary business operations and seeks to micromanage the Company's day-to-day business operations and Rule 14a-8(i)(4) because the Proposal relates to both a personal claim and a personal grievance against the Company.

## **Analysis**

### **I. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates to the Company's Ordinary Business Matters.**

Pursuant to Rule 14a-8(i)(7), a shareholder proposal may be excluded if it "deals with a matter relating to the company's ordinary business operations." According to the Commission, the term "ordinary business" refers to matters that are not necessarily "ordinary" in the common meaning of the word, but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission outlined two central considerations for determining whether the ordinary business exclusion applies: (1) whether the subject matter of the proposal relates to a task "so fundamental to management's ability to run a company on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight" and (2) "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." In seeking to dictate the how the Company monitors and applies anti-fraud measures in and related to its customer accounts, the Proposal implicates both of these central implications.

- a. The subject matter of the Proposal is within the ordinary business of the Company because it deals with procedures for handling customer accounts.*

The Proposal's request directly concerns the Company's procedures for handling customers' accounts, which is within the ordinary business of the Company, and is therefore

excludable under Rule 14a-8(i)(7). The Staff has consistently recognized that procedures for handling the accounts of a company's customers fall within the "ordinary business" exception. For example, in *Wells Fargo & Co.* (Jan. 17, 2017), the company received a shareholder proposal requesting the CEO assume the responsibility to cash checks and manage aspects of its brokerage customer accounts. The Staff agreed with excluding the proposal under Rule 14a-8(i)(7), noting that the proposal "relate[d] to procedures for handling customer accounts." Additionally, in *Zions Bancorporation* (Feb. 11, 2008), the Staff concurred in the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company's board to ensure that the "termination of any customer account by a subsidiary of the corporation's branch . . . be deferred until the matter can be heard in arbitration or by a civil court, in any event, termination to be deferred for 180 days pending such independent evaluation of the company's position," noting that the proposal related to "[the company's] ordinary business operations (i.e., procedures for handling customer accounts)." Furthermore, in *Citicorp* (Jan. 8, 1997), the Staff permitted exclusion of a proposal relating to the company's monitoring of illegal transfer through company accounts and noted that the proposal "deal[t] with [the company's] regular policies and procedures governing relationships with customers designed to prevent illegal banking transactions, a matter which relates to the conduct of [the company's] ordinary business operations."

In this case, the Proposal seeks to manage the Company's procedures for reviewing and handling its customer accounts by requesting that the Board take steps necessary to insure customer accounts are not frozen or terminated without giving "specific, good and substantial" reasons. The Proposal goes on to suggest that the Company's fraud-modeling software should be used "only for picking users to be examined by a human being and not for rejecting customers solely by computer algorithm," incorrectly alleging that the Company's decisions about customer accounts are entirely automated. In short, the Proposal seeks to dictate the Company's process for addressing activity involving customer accounts.

Customer accounts maintained by the Company are subject to suspension or termination for many reasons as required by law or Company policy. A current version of the Company's User Agreement, which is easily accessible through the "Legal" link on the landing page of the Company's website at [www.paypal.com](http://www.paypal.com), is attached as Exhibit B, and sets forth various provisions related to suspension and termination of accounts, as well as holds, limitations and reserves (see pages 41-49). The User Agreement also clearly states that the Company has "no obligation to disclose the details of our risk management or security procedures to you," when explaining that regulations or governmental authorities may preclude disclosure to customers about certain limitations on accounts (see the second paragraph under "What are holds, limitations and reserves" on page 45). These detailed policies are designed to balance the complex regulations and other considerations that enable the Company to meet both its obligations under applicable laws and the requirements of its customers. These provisions of the User Agreement put customers on notice of the rights and obligations that may affect the Company's actions and communications regarding customer accounts.

The Proposal's attempt to dictate the Company's procedures related to handling customer accounts is analogous to the proposals cited above because it attempts to dictate the Company's management of its customer accounts, including the design and administration of Company policies and procedures like those set forth in the User Agreement. Specifically, the Proposal

addresses communications with customers and the process used to identify and prevent fraud or other suspicious activity related to customer accounts, each of which is fundamental to the Company's day-to-day operations and therefore relates to the conduct of the Company's ordinary business operations. As in *Citicorp*, the Proposal is concerned with the Company's policies and procedures governing relationships with customers designed to prevent illegal or fraudulent transactions, and, as in *Zions Bancorporation*, the Proposal is concerned with processes for suspending or terminating customer accounts.

*b. The subject matter of the Proposal is within the ordinary business of the Company because it deals with customer relations.*

The Proposal is also excludable under Rule 14a-8(i)(7) because it directly implicates the Company's customer relations. Precedent makes clear that matters relating to customer relations include policies and practices that govern customer relations. For example, in *BellSouth Corp.* (Jan. 9, 2003), the Staff concurred that a proposal requesting that "directors and officers of Bell South [sic] Corporation . . . institute procedures to correct personnel [sic] and computer errors and omissions," stemming from the proponent's concern regarding "several uncorrected operating errors" in customer accounts, was excludable under Rule 14a-8(i)(7) because it concerned the company's "customer relations." Similarly, in *Prudential Financial* (Jan. 10, 2013), the Staff concurred that a proposal directing the company to correctly state "the fees and charges and the investment performance" in the quarterly statements provided to the company's annuity participants was excludable because it "concern[ed] customer relations" and "account information provided to customers." See also *Houston Industries, Inc.* (Mar. 1, 1999) (permitting the exclusion of a proposal requiring that the company respond to customer complaints within 10 business days); *AT&T Corp.* (Feb. 8, 1998) (permitting the exclusion of a proposal regarding policies for customer service); *The Bank of New York Co., Inc.* (Mar. 11, 1993) (permitting the exclusion of a proposal to require the company to appoint a special employee to provide customers and stockholders with information concerning their bank accounts when the company argued that the proposal related to day-to-day customer service operations).

Consistent with the precedents above, the Proposal is excludable because it requests that the Company adopt certain procedures for communicating with customers about certain matters involving customer accounts and the processes the Company uses to make decisions about customer accounts. The Company believes its communications policies and practices are currently designed to meet the needs of its customers. At the same time, the Company is committed to protecting customer accounts and ensuring compliance with applicable laws and regulations. As a result, it is a fundamental part of the Company's day-to-day operations to adopt and implement customer communications and account management oversight procedures that balance all of these considerations. The Proposal impermissibly seeks to create stockholder oversight of these areas. Accordingly, the Proposal is excludable under Rule 14a-8(i)(7) because it relates to the Company's ordinary business operations.

- c. *The Proposal does not raise a significant social policy issue for purposes of Rule 14a-8(i)(7).*

In the past, the Staff has made limited exceptions to the ordinary business exclusion rule for proposals that “focus[ed] on sufficiently significant social policy issues” that “transcend the day-to-day business matters.” See 1998 Release; Staff Legal Bulletin No. 14C (June 28, 2005). However, this exclusionary rule does not apply in this case because the Proposal does not raise, and the Proponent does not suggest that the Proposal is intended to raise, any significant social policy issue. In fact, the only mention of a broader policy issue in the Proposal is a brief reference in the supporting statement alleging that the Company’s fraud modeling system may include innocent users and fails to provide users a sufficient recourse, which the Proponent calls “unethical and un-American.” However, when compared to other social policy issues that the Staff has considered significant enough to “transcend ordinary business operations” (e.g., global warming, animal cruelty, gun violence, nuclear power and safety, etc.), it is clear that his purpose fails to qualify as a “sufficiently significant social policy” to warrant shareholder action.

Moreover, the Staff’s decisions make clear that the mere mention of a social policy issue is not enough for a proposal to avoid exclusion under Rule 14a-8(i)(7) – rather, the social policy issue must be the focus of the proposal. See, e.g., *Papa John’s International, Inc.* (Feb. 13, 2015) (permitting exclusion of a proposal encouraging the company to add vegan options to its menu, which touched on significant policy issues such as animal welfare and sustainability, because the proposal related to the company’s ordinary business and “[did] not focus on a significant policy issue”) (emphasis added); *McDonald’s Corp.* (Mar. 22, 2019) (permitting exclusion of a proposal that touched on concerns about animal cruelty because the proposal was “focuse[d] primarily on” the company’s ordinary business operations). Accordingly, because the text of the Proposal makes clear that it is primarily focused on the Company’s ordinary business operations (specifically, the manner in which the Company communicates with customers about certain account activity), the Proposal may be excluded under Rule 14a-8(i)(7).

## **II. The Proposal May Be Excluded Under Rule 14a-8(i)(4) Because It Relates Both To a Personal Claim and a Personal Grievance Against the Company.**

Rule 14a-8(i)(4) permits the exclusion of shareholder proposals that are related to a personal claim or grievance or designed to further the personal interest of a proponent where such interest is not shared with other shareholders at large. The policy underlying Rule 14a-8(i)(4) is to ensure that the shareholder proposal process is not “abused by proponents attempting to achieve personal ends that are not necessarily in the common interest of the [company’s] shareholders generally.” Exchange Act Release No. 34-20091 (Aug. 16, 1983). According to the Commission, “[t]he cost and time involved in dealing with” claims that further personal grievances or interests do “a disservice to the interests of the [company] and its security holders at large.” Exchange Act Release No. 34-19135 (Oct. 14, 1982) (the “1982 Release”).

Moreover, a proponent’s particular objectives need not be apparent from a proposal’s plain language in order to be excludable under Rule 14a-8(i)(4). Rather, proposals phrased in broad terms that “might relate to matters which may be of general interest to all security holders” may be omitted from a company’s proxy materials “if it is clear from the facts presented by the

[company] that the proponent is using the proposal as a tactic designed to redress a personal grievance or further a personal interest.” 1982 Release. Consistent with this interpretation, the Staff has consistently concurred in the exclusion of proposals that included facially neutral resolutions that arguably may be of interest to shareholders generally, but where the facts demonstrated the proposal’s true intent of furthering a personal interest. *See, e.g., State Street Corp.* (Jan. 5, 2007) (permitting exclusion under Rule 14a-8(i)(4) of a proposal requesting that the company separate the positions of CEO and chairman when brought by a former employee after the employee was ejected from the company’s previous annual meeting for disruptive conduct and engaged in a lengthy campaign of public harassment against the company and its CEO/chairman); *International Business Machines Corp.* (Jan. 31, 1995) (permitting exclusion under the predecessor to Rule 14a-8(i)(4) of a proposal requesting that the company institute an arbitration mechanism to settle customer complaints when brought by a customer who had an ongoing complaint against the company).

The Proponent submitted the Proposal to the Company after a hold was placed on the Proponent’s account in accordance with the Company’s policies and procedures. Decisions to implement a hold or otherwise suspend or terminate an account, such as the Proponent’s, involve human oversight by trained personnel of the Company. The Proponent expressed frustration regarding the suspension of his account and requested additional information. The Company communicated with the Proponent when and as contemplated by the Company’s policies.

The Proposal does not explicitly indicate that the Proponent has a specific grievance against the Company; however, the Proponent has made comments to the Company in other public forums similar to those set forth in the Proposal. Furthermore, the timing of the submission of the Proposal in relation to the customer’s inquiries makes clear that the Proponent is seeking to use the shareholder proposal process as means for expressing his personal displeasure with the Company’s actions pertaining to his account.

**Conclusion**

Based upon the foregoing analysis, we respectfully request that the Staff confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2021 Proxy Materials pursuant to Rule 14a-8. We would be happy to provide any additional information and answer any questions regarding this matter.

Should you have any questions, please contact me at [byamasaki@paypal.com](mailto:byamasaki@paypal.com) or (408) 967-1000.

Thank you for your consideration.

Sincerely,



Brian Y. Yamasaki  
Vice President, Corporate Legal and  
Secretary

cc: James A. Heagy  
P.O. Box 27397  
San Francisco, CA 94127  
Email: \*\*\*

**EXHIBIT A**

Proposal

## DEMAND FOR PAYPAL TO FOLLOW ITS CODE OF BUSINESS CONDUCT AND ETHICS

Shareholders request that the PayPal Board of Directors take all necessary steps to insure that PayPal users do not have accounts frozen or the use of PayPal services terminated without giving specific, good and substantial reasons to the user for so doing. Fraud-modeling software should be used only for picking users to be examined by a human being and not for rejecting customers solely by computer algorithm.

PayPal is misusing their fraud modeling system to find fraudulent users without proper human oversight because it is cheaper to sweep a few innocent users out than to properly manage their algorithms. Currently managers do not seem to understand their algorithms sufficiently to give any specific reasons for termination of service.

**PayPal now notifies some users that their accounts are frozen, their use of PayPal has been terminated and their money frozen, that the decision cannot be appealed, the users may have done something wrong and PayPal has no obligation to explain anything more. No charges of wrongdoing made, no trial, just sentenced to banishment and put out of business with no appeal allowed. If the users complain they are told that they gave up all rights when they agreed to PayPal's terms of service. This is unethical and un-American.**

The PayPal Code of Business Conduct and Ethics (the Code") says "... we believe that **managing and moving money is a right for all citizens. We believe that full participation in the global economy is a right, not a privilege.** "We must be bold and innovative and execute flawlessly..." But PayPal is not executing flawlessly, injuring people and small businesses.

The "Code" "is at the center of everything we do. It goes beyond policies, rules and laws .... **Behaving ethically and responsibly means doing the right thing in all situations**" This hardly seems compatible with putting people out of business to save the company money by not using proper human oversight.

The PayPal web site <https://www.paypal-community.com/t5/PayPal-Help-Community/ct-p/en-support> is replete with stories of persons put out of business by PayPal's actions. Many small businesses have great difficulty

due to having their funds frozen. The site has a very large number of PayPal users expressing great difficulty in dealing with PayPal because it is obvious, the users are just dealing with computer generated answers.

CEO Schulman: “We have a noble mission at PayPal, to democratize financial services... we work every day to improve the financial health of individuals and families and create economic opportunity for small businesses and merchants of all sizes” These high ideals are not currently being practiced as can be seen by visiting the PayPal-community web site. PayPal has put many innocent customers out of business. PayPal needs AI and fraud modeling, but it needs to be used more responsibly.

Please look carefully at the PayPal-community web site and you will see that **something at PayPal is broken and needs to be fixed.**

**EXHIBIT B**

User Agreement

# User Agreement

## PayPal User Agreement

### About Your Account

This user agreement will be effective for all users as of November 9, 2020.

Welcome to PayPal!

This user agreement is a contract between you and PayPal, Inc. governing your use of your PayPal account and the PayPal services. It applies to U.S. PayPal accounts only. If you are an individual, you must be a resident of the United States or one of its territories and at least 18 years old, or the age of majority in your state of residence to open a U.S. PayPal account and use the PayPal services. If you are a business, the business must be organized in, operating in, or a resident of, the United States or one of its territories to open a U.S. PayPal account and use the PayPal services.

By opening and using a PayPal account, you agree to comply with all of the terms and conditions in this user agreement. The terms include an [agreement to resolve disputes by arbitration](#) on an individual basis. You also agree to comply with each of the other agreements on the [Legal Agreements](#) page that apply to you and the following additional policies:

- [Acceptable Use Policy](#)
- [Electronic Communications Delivery Policy \(E-Sign Disclosure and Consent\)](#)

Please read carefully all of the terms and conditions of this user agreement, terms of these policies and each of the other agreements that apply to you.

We may revise this agreement and any of the policies listed above from time to time. The revised version will be effective at the time we post it, unless otherwise noted. If our changes reduce your rights or increase your responsibilities we will post a notice on the [Policy Updates](#) page of our website and provide you at least 21 days advance notice for personal accounts and at least 5 days advance notice for business accounts. By continuing to use our services after any changes to this user agreement, you agree to abide and be bound by those changes. If you do not agree with any changes to this user agreement, you may close your account.

### Opening a PayPal Account

We offer two types of PayPal accounts: personal PayPal accounts and business PayPal accounts, both covered by this user agreement.

All PayPal accounts let you do things like:

- [Send](#) and receive money.
- [Buy](#) things online, using mobile devices or in stores.
- Make payments using your credit card, debit card, bank account, or other payment options, including funds held as balance in a business PayPal account (if we have verified the [required identifying information](#) you provide to us) or funds held in a PayPal Cash or a PayPal Cash Plus account linked to a personal PayPal account if you choose to open a PayPal Cash or a PayPal Cash Plus account. The term “Cash Account” in this user agreement will be used to refer to either a PayPal Cash or a PayPal Cash Plus account. More information about Cash Accounts can be found in the [PayPal Cash and PayPal Cash Plus Account Terms and Conditions](#).
- Accept credit card, debit card, bank account, Cash Account and other payment methods from others.

You are responsible for maintaining adequate security and control of any and all IDs, passwords, personal identification numbers, or any other codes that you use to access your PayPal account and the PayPal services. You must keep your mailing address, email address and other contact information current in your PayPal account profile.

### **Personal PayPal accounts**

If you primarily need to make purchases and send money to family and friends, a personal PayPal account is probably right for you. With a personal PayPal account you can do things like:

- Send and request money from friends and family.
- Buy goods and services.

You can also use a personal PayPal account to receive money for the sale of goods and services and hold that money in a linked Cash Account or transfer it to a linked bank account or debit card if you do not open a Cash Account, but if you plan to use your personal PayPal account primarily to sell things, you should open a business PayPal account. You can also convert your personal PayPal account to a business PayPal account should circumstances change.

### **Business PayPal accounts**

We recommend business PayPal accounts for people and organizations that primarily use PayPal to sell goods or services or accept donations, even if your business is not incorporated. With a business PayPal account, you can do things like:

- Use a company or business name as the name on your business PayPal account.
- Allow employees access to some of the features of your business PayPal account.
- Sign up for [PayPal products](#) that meet your business needs.

Business PayPal accounts may be subject to fees that differ from the fees applicable to personal accounts.

**By opening up a business PayPal account or converting a personal PayPal account to a business PayPal account, you certify to us that you are using it primarily for a business or commercial purpose. You also consent to PayPal obtaining your personal and/or business credit report from a credit reporting agency at account opening and whenever we reasonably believe there may be an increased level of risk associated with your business PayPal account.**

### **Commercial Entity Status**

If the activity through any type of PayPal account you hold reaches certain thresholds or involves certain business segments or activities, you are required by the card networks to agree to a Commercial Entity Agreement to allow you to continue accepting Visa and MasterCard payments. In this case, these [Commercial Entity Agreements](#) will apply to any payment processed by PayPal on your behalf and will form part of this user agreement.

### **Closing Your PayPal Account**

You may close your PayPal account and terminate your relationship with us at any time without cost, but you will remain liable for all obligations related to your PayPal account even after the PayPal account is closed. When you close your PayPal account, we will cancel any scheduled or incomplete transactions. If you have a Cash Account linked to a personal PayPal account, you must [withdraw](#) or transfer any funds held in your Cash Account before closing your personal PayPal account, and closing a personal PayPal account will result in PayPal automatically closing any linked Cash Account. If you have a business PayPal account, you must [withdraw](#) or transfer any balance from your business PayPal account before closing it, and if you have not provided the [required identifying information](#) to us, or if we are unable to verify the [required identifying information](#) you provide, you must transfer any balance in your business PayPal account to a linked bank account or debit card. You cannot

withdraw or transfer digital gift certificates/cards that are purchased through [PayPal Digital Gifts](#) and linked to your personal or business PayPal account as payment methods. However, even without your PayPal account, you can still use the codes you received by email when you purchased the gift certificates/cards to make purchases.

In certain cases, you may not close your PayPal account, including:

- To evade an investigation.
- If you have a pending transaction or an open dispute or claim.
- If your PayPal account has a negative balance.
- If your PayPal account is subject to a hold, limitation or reserve.

### **Link or Unlink a Payment Method**

You can link or unlink certain payment methods such as a credit card, debit card, a U.S. bank account or PayPal Credit to your PayPal account. You can also link a Cash Account to your personal PayPal account as a payment method and unlink the Cash Account by withdrawing all funds and closing it. Please keep your payment method information current (e.g. credit card number and expiration date). If this information changes, we may update it using information and third party sources available to us without any action on your part. If you do not want us to update your card information, you may remove your payment method from your PayPal account. If we update your payment method, we will keep any preference setting attached to such payment method. You may choose to confirm your card, so that we can verify that the card is valid and that you are the card owner. To do this, we will charge \$1.95 to the card. After the card is confirmed, we will immediately refund this amount to the card.

### **Receiving Funds, Holding a Balance or Transferring Funds**

#### **Personal PayPal accounts**

Money sent to your personal PayPal account cannot be held as a balance in your personal PayPal account. When you receive money to your personal PayPal account, you can:

- transfer the money via a standard transfer to your bank account linked to your personal PayPal account for free;
- transfer the money via an Instant Transfer to an eligible debit card or bank account linked to your personal PayPal account, subject to the fees applicable to such transfers that can be found on the [Fees for Transferring Funds \(for](#)

[personal PayPal accounts](#)) table and that will be disclosed to you in advance each time you initiate such a withdrawal;

- request PayPal to send the money to you by check (subject to a non-refundable fee of \$1.50, which will be deducted from the amount of the withdrawal). If you request a paper check from us, you must cash it within 180 days of the date of issuance, or we will return the funds to your linked Cash Account if you have one or hold the funds on your behalf and retain the non-refundable fee of \$1.50. We will not send a check to a post office box, and we will only send a check to an address once we have confirmed that it belongs to you;
- open a Cash Account to hold the money as a balance in your Cash Account for purchases or to transfer funds to friends and family members. A Cash Account is separate account from your personal PayPal account. If you open a Cash Account, we will automatically link your Cash Account to your personal PayPal account. More information about Cash Accounts can be found in the [PayPal Cash and PayPal Cash Plus Account Terms and Conditions](#).

You also cannot transfer money to your personal PayPal account to be held as a balance in your personal PayPal account. You will need to open a Cash Account to hold the money as a balance in your Cash Account, which can be used for purchases or to transfer funds to friends and family members. More information about Cash Accounts can be found in the [PayPal Cash and PayPal Cash Plus Account Terms and Conditions](#).

Except as provided below, any balance in your Cash Account and any funds sent to you which have not yet been transferred to a linked bank account or debit card if you do not have a Cash Account represents an unsecured claim against PayPal and is not insured by the Federal Deposit Insurance Corporation (FDIC).

PayPal is not a bank and does not itself take deposits. You will not receive any interest on the funds held with PayPal. PayPal combines your PayPal funds with the PayPal funds of other PayPal users and invests those funds in liquid investments in accordance with state money transmitter laws. PayPal owns the interest or other earnings on these investments. These pooled amounts are held apart from PayPal's corporate funds, and PayPal will neither use these funds for its operating expenses or any other corporate purposes nor will it voluntarily make these funds available to its creditors in the event of bankruptcy.

If you have a PayPal Cash Card debit card as part of a Cash Account, have enrolled in Direct Deposit, or have established Goals in PayPal, such funds will have pass-through FDIC insurance as further detailed in the [PayPal Cash and PayPal Cash Plus Account Terms and Conditions](#).

## **Business PayPal accounts**

Money sent to a business PayPal account can be held directly as balance in the business PayPal account. The balance functionality in your business PayPal account will differ depending on whether we have been able to verify the [required identifying information](#) that you provide to us.

The required identifying information is:

- For sole proprietorships: name, physical address, date of birth and taxpayer identification number; or
- For other types of business legal entities: business name, business address, taxpayer identification number, and proof of business existence.

If we have not verified the [required identifying information](#), a balance in your business PayPal account can only be held in your business PayPal account and transferred to a linked bank account or debit card or you can request PayPal to send you the money by check (subject to a non-refundable fee of \$1.50, which will be deducted from the amount of the withdrawal). Your balance may also be used to fund payments or money owed to PayPal, such as payments on your PayPal Working Capital account or monies owed for [refunds or chargebacks](#).

If we have verified the [required identifying information](#), a balance can be held in your business PayPal account, transferred to a linked bank account or debit card, used to make purchases or send money to others.

If you have a business PayPal account and we have verified the [required identifying information](#) that you have provided to us, you may transfer money to the balance of your business PayPal account from any bank account linked to your business PayPal account by requesting an electronic transfer from your bank account. If we have not verified the [required identifying information](#) that you have provided to us, you cannot add funds to your balance in a business PayPal account.

You can withdraw balance from your business PayPal account by:

- transferring it via a standard transfer to a bank account linked to your business PayPal account for free,
- transferring it via an Instant Transfer to an eligible debit card or bank account linked to your business PayPal account, subject to the fees applicable to such transfers that can be found on the [Fees for Transferring Balance \(for business](#)

[PayPal accounts](#)) table and that will be disclosed to you in advance each time you initiate such a withdrawal,

- withdrawing it from an ATM (automated teller machine) if you have a PayPal-branded debit card (fees may apply), or
- Requesting a check from us (subject to a non-refundable fee of \$1.50, which will be deducted from the amount of the withdrawal). If you request a paper check from us, you must cash it within 180 days of the date of issuance, or we will return the funds to your balance in your business PayPal account and retain the non-refundable fee of \$1.50. We will not send a check to a post office box, and we will only send a check to an address once we have confirmed that it belongs to you.

Any balance you hold in your business account represents an unsecured claim against PayPal and is not insured by the Federal Deposit Insurance Corporation (FDIC).

PayPal is not a bank and does not itself take deposits. You will not receive any interest on the funds held with PayPal. PayPal combines your PayPal funds with the PayPal funds of other PayPal users and invests those funds in liquid investments in accordance with state money transmitter laws. PayPal owns the interest or other earnings on these investments. However, the claim against PayPal represented by your PayPal funds is not secured by these investments and you do not have any ownership interest (either legal or beneficial) in these investments. These pooled amounts are held apart from PayPal's corporate funds, and PayPal will neither use these funds for its operating expenses or any other corporate purposes nor will it voluntarily make these funds available to its creditors in the event of bankruptcy.

### **Restrictions on transfers or withdrawals from PayPal accounts**

To protect us and our users from loss, we may delay a withdrawal, in certain situations, including if we need to confirm that you have authorized the withdrawal or if other payments to your PayPal account have been subject to a reversal (for example, as a result of a [chargeback](#), bank reversal or [dispute by a buyer](#)). If we place a [limitation](#) on your PayPal account, a payment is subject to a hold, or your account or an associated account has a negative balance in any currency while a withdrawal from your PayPal account is pending, you will have to reinitiate the withdrawal once the limitation or hold has been lifted, or negative balance is fully paid off.

We may set limits on your withdrawals, and you can view any withdrawal limit by logging into your PayPal account. Completing two out of three of the following steps

can help us verify your PayPal account, which may allow us to remove any withdrawal cap:

- Verifying your bank account.
- Linking and confirming your credit or debit card information.
- Providing your social security number.

## **Managing Your Money in Multiple Currencies**

### **Holding currency other than U.S. dollars**

Your balance in your business PayPal account or in your Cash Account, if you have one, may be held in currencies other than U.S. dollars.

If you hold a balance in your business PayPal account or in your Cash Account:

- We may allow you to convert the funds to balance in another currency. If you convert funds in your account, PayPal's transaction exchange rate (including our [currency conversion spread](#)) will be used. We may, at our discretion, impose limits on the amount of money you can convert or the number of conversions you can perform.
- You may only withdraw the funds in U.S. dollars. In order to withdraw funds in your account held in another currency you will have to convert the currency to U.S. dollars, or it will be converted for you at the time of your withdrawal. PayPal's currency conversion rate, including our [currency conversion spread](#), will be used.

To receive money in a currency your account is not currently configured to accept, it may be necessary to create a balance in your business PayPal account or in your Cash Account, in that currency or convert the money into another currency. Certain currencies can only be received by converting the money into another currency that PayPal allows you to hold. If the money is converted, PayPal's transaction exchange rate (including our [currency conversion spread](#)) will be used.

You are responsible for all risks associated with maintaining multiple currencies in a PayPal Cash Account or business PayPal account. You may not manage or convert multiple currencies for speculative trading purposes, conversion arbitrage, conversion options, or any other activity that PayPal determines is primarily for the purpose of gaining or making money based on currency conversion rates. PayPal may hold, cancel, or reverse any transaction we determine to violate this policy.

## **How we convert currency**

If PayPal converts currency, it will be completed at the transaction exchange rate we set for the relevant currency exchange. The transaction exchange rate is adjusted regularly and includes a [currency conversion spread](#) applied and retained by us on a base exchange rate to form the rate applicable to your conversion. The base exchange rate is based on rates within the wholesale currency markets on the conversion day or the prior [Business Day](#); or, if required by law or regulation, set at the relevant government reference rate(s).

For some uses of your PayPal accounts, PayPal may determine currency conversion is necessary. The applicable currency conversion spread can be found on our Fees page under the heading [Currency conversion](#).

## **Currency conversion choices**

When your payment is funded by a debit or credit card and PayPal determines a currency conversion is necessary, you consent to and authorize PayPal to convert the currency in place of your debit or credit card issuer. You may have the right to have your card issuer perform the currency conversion, if applicable for that card issuer and network. Currency preference selections may be presented to you in various forms, including a choice of which currency is used for the transaction, whether PayPal or your card issuer performs the conversion, or which conversion rate is used for the transaction, and may be made available individually for each card and for each automatic payment agreement. If your card issuer converts the currency, your card issuer will determine the currency conversion rate and what fees they may charge.

PayPal will always perform the conversion for transactions where your Cash Account balance, business PayPal account balance or linked bank account is the payment method.

## **Account Statements**

You have the right to receive an account statement showing your PayPal account activity. You may view your PayPal account statement by logging into your PayPal account. If you have a Cash Account linked to your personal PayPal account, you will receive two statements: one showing all transactions in your personal PayPal account and an additional statement showing only transactions involving your Cash Account.

## **Sending Money and Buying**

## **Sending Money to a Friend or Family Member**

### **Sending money**

You can send money to a friend or family member using the send money feature in your PayPal account (sometimes called “personal payments” or “peer-to-peer/P2P payments”). You can send money to a friend or family member even if they don’t have a PayPal account at the time you send them money, using their email address or mobile number in any currency that PayPal supports, and you can choose which [payment method](#) you want to use. If the person to whom you are sending money does not have a PayPal account, they can claim it by opening a PayPal account. If they don’t claim it, it will be refunded to you.

We may, at our discretion, impose limits on the amount of money you can send, including money you send for purchases. You can view any sending limit by logging into your PayPal account.

When you send money to a friend or family member who has a PayPal account, one of two things may happen: they may accept or decline the money. If they decline to accept the money, the money (including any fees you were charged) will be [refunded](#) to:

- The original payment method you used for the transaction, if you used a credit card, debit card, PayPal Credit, a Cash Account, or balance in a business PayPal account as the payment method, or
- The balance in your business PayPal account or the balance in your Cash Account linked to your personal PayPal account if you used a bank account as the payment method and we cannot refund it to your bank account.
- If you do not have a Cash Account linked to your personal PayPal account, the money will be waiting for you to claim by using one of the available transfer methods under [Receiving Funds, Holding a Balance or Transferring Funds](#) for personal PayPal accounts.

### **Fees for Sending Money to Friends and Family**

The fees applicable to sending money can be found on our [Fees for Sending Money to Friends and Family page](#) and will be disclosed to you in advance each time you initiate a transaction to send money to a friend or family member. If you convert money in your Cash Account balance or in your business PayPal account balance from one currency to another before sending money, PayPal’s transaction exchange rate (including our [currency conversion spread](#)) will be used. If you use your credit

card as the payment method when sending money, you may also be charged a cash-advance fee by your card issuer.

If you send money to a friend or family member from a third party (non-PayPal) website or by using a third party's product or service, then the third party will determine if the sender or recipient pays the fee. This will be disclosed to you by the third party before the payment is initiated.

You can also use the send money feature in your PayPal account to pay for goods or services. You will not be charged any transaction fee for sending money to purchase goods or services as long as you choose the "send money to pay for goods and services" feature in your PayPal account. In that case, the seller will pay a fee. You must not use the "send money to a friend or family member" feature in your PayPal account when you are paying for goods or services.

## **Buying Something From, or Returning Something to, a Seller Who Accepts PayPal**

### **How to buy something**

You can buy something from a seller who accepts PayPal, in any currency that the seller accepts and that PayPal supports using any [payment method](#) linked to your PayPal account. This includes, for example:

- Buying something at an online retailer's website and selecting PayPal as your payment method at checkout.
- Sending money to a seller for goods or services.
- Using your PayPal account to buy something at a seller's physical store using an electronic terminal, subject to certain limitations.
- Using your PayPal account to buy something at a seller's physical store using your own mobile device and a QR code, subject to certain limitations.

If the seller you are buying from sells goods or services and that seller does not already have a PayPal account, they can claim your payment by opening a PayPal account. If they don't open a PayPal account within 30 days, your purchase will be refunded.

In order to manage risk, PayPal may limit the payment methods available for a transaction when you buy something. In addition, payment methods may be limited

for certain sellers or if you make a PayPal payment through certain third party websites or applications.

When you authorize a payment to a seller who accepts PayPal, some sellers may take up to 30 days to complete the transaction. In these instances, your payment may appear as a pending order in your PayPal account. In that case, your authorization of the payment will remain valid until the seller completes the transaction (but no longer than 30 days). If you used a debit or credit card as the payment method, your debit or credit card issuer also may show a pending authorization for a period of time until they release the hold or receive a completed transaction. If your payment requires a currency conversion by us, PayPal's transaction exchange rate (including a [currency conversion spread](#)) will be used, and may be the rate at the time the payment is processed.

## **Fees**

When you buy something from a seller who accepts PayPal you don't pay a fee to PayPal. If PayPal performs a currency conversion for your purchase, PayPal's transaction exchange rate (including our [currency conversion spread](#)) will be used. Your debit or credit card issuer may also charge you a separate fee for non-U.S. transactions.

In addition you may be required to pay a fee to PayPal if you are making a purchase using PayPal [Business Payments](#) and the seller discloses to you that you, as the buyer, must pay the fee.

## **Payment review**

When PayPal identifies a potentially high-risk transaction, we review the transaction more closely before allowing it to proceed. When this happens, PayPal will place a hold on the transaction and notify the seller to delay shipping of the item. As a buyer, this may delay your receipt of the item you purchased. If we clear the transaction, we will notify the seller and direct them to ship the item. If we don't clear the transaction, we will cancel it and return the funds to you, unless we are legally required to take other action.

## **Automatic payments**

You can agree with a seller who accepts PayPal to use PayPal as the payment method for future purchases with that seller. This agreement is between you and the seller and allows you to pay the seller on a one-time, recurring or sporadic basis. Examples of automatic payments that can be arranged by you either with a seller or with PayPal include those that PayPal calls a “billing agreement,” “subscription,” “recurring payment,” “reference transaction,” “preauthorized transfer” or “preapproved payment.”

If you have a personal PayPal account, you may cancel a recurring automatic payment up to 3 [Business Days](#) before the date of the next scheduled payment from your account settings or by contacting us through the [PayPal Help Center](#), or by calling PayPal at (888) 221-1161.

Once your automatic payment is canceled, all future automatic payments under your agreement with that seller will be stopped. If you cancel an automatic payment, you may still owe the seller money for the purchase or have additional obligations to the seller for any goods or services that you receive but have not paid for.

If you have given advance authorization, either to a seller or to PayPal, that permits a seller to take or receive payments from your PayPal account on a regularly recurring basis (for example, every month or otherwise on a routine billing cycle), and if such payments will vary in amount, you have the right to advance notice of the amount and date of the transfer from the seller at least 10 days before the transfer is made. If the seller provides the option, you may choose to receive this advance notice only when the amount of your automatic payment will fall outside a range established between you and the seller.

If you have authorized an automatic payment and PayPal performs currency conversion for an automatic payment transaction, PayPal will use the transaction exchange rate (including PayPal’s [currency conversion spread](#)) in effect at the time the automatic payment transaction is processed.

## **Refunds**

When you buy something from a seller online using PayPal and the transaction is ultimately refunded, the money will typically be refunded to the original payment method you used for the transaction if you used a debit card, credit card, PayPal Credit, or a balance in your Cash Account or business PayPal account.

If you used a bank account linked to a personal PayPal account as the payment method for the transaction, we will attempt to refund the money to your bank account. If we are unable to do so, we will refund the money to your linked Cash Account if you have one. If you do not have a Cash Account, the money will be waiting for you to claim by using one of the available transfer methods under [Receiving Funds, Holding a Balance or Transferring Funds](#) for personal PayPal accounts.

If you used a bank account linked to a business PayPal account as the payment method for the transaction, we will attempt to refund the money to your bank account. If we are unable to do so, we will refund the money to your balance in your business PayPal account.

For purchases you make in a seller's store location that you paid for using your personal PayPal account and the transaction is ultimately refunded, the money will be refunded to your Cash Account if you have one. If you do not have a Cash Account, the money will be waiting for you to claim by using one of the available transfer methods under [Receiving Funds, Holding a Balance or Transferring Funds](#) for personal PayPal accounts.

For purchases you make in a seller's store location that you paid for using your business PayPal account and the transaction is ultimately refunded, the money will be refunded to your balance in your business PayPal account.

If you used Pay with Rewards to fund your transaction, your refund will be processed back as a dollar amount: depending on your card agreement with your issuer, your issuer may or may not credit your purchase back to your reward balance.

If PayPal performed currency conversion for your transaction and a refund is issued:

- Within 1 day of the date of the original payment, PayPal's transaction exchange rate (including a [currency conversion spread](#)) used at the time of the original payment will apply.
- Beyond 1 day of the date of the original payment, PayPal's transaction exchange rate (including a [currency conversion spread](#)) on the date of the refund will apply.

Money will be refunded in the currency you paid; or if we are unable to refund in the currency you paid, in your primary holding currency; or we are unable to refund in your primary holding currency, then in U.S. dollars.

### **Payment Method Used for My Transaction**

## **Selecting a preferred payment method**

You can choose any of the payment methods in your PayPal account as your preferred payment method. You can select a preferred payment method in your account preferences on [www.paypal.com](http://www.paypal.com) or in the PayPal app. There may be times when your preferred payment method cannot be used, for example, if you select a credit card that is expired.

You can set separate preferred payment methods for online transactions, in-store transactions, and each of your automatic payment agreements, as described below.

If you have chosen a preferred payment method, it will be shown as the primary method of payment.

If no preferred payment method, it's still your choice.

The availability of certain payment methods may be limited based on that particular seller or the third party website you are using to complete the transaction.

If you have not selected a preferred payment method, or your preferred payment method is unavailable, we will show you available payment methods, including the payment method you used most often or most recently, at the time of transaction. You can also click on the “Manage” link to see all of your available payment methods, or add a new one, and select a payment method during the transaction.

## **Backup payment method**

Certain one-time online transactions may require that a backup funding method be used in the event that your selected or preferred payment method is unavailable. In those instances, the backup funding method may be displayed to you on your transaction review page, before you complete the transaction. Note that this only applies for one-time, online transactions, and not for in-store or [automatic payments](#). If PayPal determines currency conversion is necessary for a transaction that also requires a backup payment method, you may not be able to separately choose whether PayPal or your card issuer performs the currency conversion on your backup payment method.

## **Sending money to friends and family**

When you send money to friends and family within the U.S. using balance in your Cash Account linked to your personal PayPal account, the balance in your business PayPal account, or your bank account, we waive all fees, so we always show you these payment options first, even if you have a set preferred payment method for your online purchases. Remember, you always have the choice to select any payment method in your PayPal account by clicking the “Change” link on the Send Money page. If you select a payment method with a fee, we will always show you the fee before you send money.

## **Automatic payments**

Some sellers allow you to store PayPal as the way you pay when making purchases on their site, so you can check out faster. Often, this entails creating an agreement with the seller that permits them to request that we charge your PayPal account each time you make a purchase. To help minimize disruptions in your automatic payments, we may update your Payment Method information; see [Link or Unlink a Payment Method](#).

When you first set up an automatic payment agreement, you may have the option to set up a preferred payment method for such agreement. You can review, set, or change a preferred payment method for an automatic payment agreement in your account settings on [paypal.com](#).

Your preferred payment method for an automatic payment agreement will be used for transactions with that seller. If you have available balance in a linked Cash or cash Plus account, that balance may be used before your preferred payment method.

If you have not set a preferred payment method for an automatic payment agreement, or if your preferred payment method for an automatic payment agreement is unavailable (for example, because it is expired or has insufficient funds) the payment method used will be in the following order, if applicable: 1. Cash Account (if one is linked to your personal PayPal account) or balance in your business PayPal account (if we’ve been able to verify the [required identifying information](#) you provide to us); 2. Bank account; 3. PayPal co-branded debit card; 4. PayPal co-branded credit card; 5. Debit card; 6. Credit card; and 7. E-check. This is also the order of payment methods that will be used if a previously selected payment method to be used in a seller agreement is unavailable.

## **Bank account transfers**

When you use your bank account as a payment method, you are allowing PayPal to initiate a transfer from your bank account to the recipient. For these transactions, PayPal will make electronic transfers from your bank account in the amount you specify. You authorize PayPal to try this transfer again if the initial transfer is rejected by your bank for any reason.

If you use your PayPal account to pay for an item and you select your bank account as the funding method for the transaction, remember that your PayPal account is issued to you by PayPal and not your bank. The terms, benefits, and protections associated with your PayPal account may vary from those that apply to your bank account. If you use your PayPal account to make a purchase that exceeds the balance in your linked bank account, you could incur overdraft fees, even if you chose not to allow overdrafts with your bank. Similarly, the liability limits applicable to your PayPal account may differ from those applicable to your bank account.

## **E-check**

E-check is a payment method where you use your bank account as your payment method, and the payment is not received by the recipient until the transaction is processed from the bank. This process usually takes 3-5 [Business Days](#), but this amount of time will increase if the payment is sent from a bank account located outside the United States.

## **Pay with Rewards**

PayPal may allow you to redeem rewards associated with your eligible card(s) when making a purchase with your PayPal account through PayPal's Pay with Rewards program. PayPal may share with and receive information from your issuer about your issuer accounts to complete the redemption of your rewards when using PayPal's Pay with Rewards program. The exchange of this information is necessary to complete the purchase when you select the Pay with Rewards redemption option.

All Pay with Rewards redemptions are subject to the terms of your card agreement with your card issuer. Pay with Rewards is only available for eligible purchases with certain merchants, and PayPal or your issuer may limit, suspend, or terminate your

ability to redeem rewards at any time in accordance with this user agreement and your card agreement. Your issuer determines the value of rewards redeemed through PayPal and available redemption methods (e.g., to pay for your purchase or for a statement credit).

There may be a delay between checkout and processing of your payment. Only rewards available upon processing of your payment will be used. Because your reward balance and/or transaction balance may change, whenever you request to redeem rewards for a purchase you also authorize PayPal to charge up to the full payment amount to your associated card if that happens. For more information on redeeming rewards and how it works, please see [About Payment Methods](#).

### **Debit card processing**

PayPal will process your debit or prepaid card funded transactions through either the ATM debit network or the Visa, MasterCard or Discover network. If we process your debit or prepaid card through an ATM debit network, we may provide you with the opportunity to switch to a Visa, MasterCard or Discover network by changing your preferences for that debit or prepaid card through your PayPal account profile.

### **Loyalty Cards**

If you use the PayPal application on your mobile phone, you may store loyalty card numbers or bar codes, where applicable, for certain sellers in your PayPal account. When you store your loyalty card numbers or bar codes in your PayPal account, you will earn any rewards, subject to the seller's loyalty card terms and conditions, at the time you make your payment to the merchant by presenting the stored loyalty card number or bar code to the seller at the point of sale. It is your responsibility to make sure you have entered your loyalty card information correctly and that you update it as necessary. It is also your responsibility to ensure that you are receiving the rewards to which you are entitled. PayPal is not responsible for managing your loyalty card account by offering this service and any questions about your loyalty card or associated rewards program should be directed to the seller who offers the card.

### **PayPal's Purchase Protection Program**

When you buy something from a seller who accepts PayPal, you may be eligible for a refund under PayPal's Purchase Protection program. When applicable, PayPal's Purchase Protection program entitles you to reimbursement for the full purchase price of the item plus the original shipping costs you paid, if any. PayPal determines, in its sole discretion, whether your claim qualifies for the Purchase Protection program.

PayPal's original determination is considered final, but you may be able to file an appeal of the decision with PayPal if you have new or compelling information not available at the time of the original determination or you believe there was an error in the decision-making process.

**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's Purchase Protection program does not entitle you to reimbursement for the return shipping costs that you may incur.

PayPal's Purchase Protection program may apply when you encounter these specific problems with a transaction:

- You didn't receive your item from a seller (referred to as an "Item Not Received" claim), or
- You received an item, but the item isn't what you ordered (referred to as a "Significantly Not as Described" claim).

If you believe that a transaction made through your PayPal account was not authorized by you, this type of claim is different from the Purchase Protection program, and is described below under [Liability for Unauthorized Transactions and Other Errors](#).

### **QR Code Transactions**

If you buy something from a seller in person by using a PayPal goods and services QR code, your transaction may be eligible for PayPal's Purchase Protection program.

### **Item Not Received claims**

Your claim **will not** qualify for a refund under PayPal's Purchase Protection program for an Item Not Received claim, if:

- You collect the item in person, or arrange for it to be collected on your behalf, including if you use PayPal in a seller's physical store, except for in-person [PayPal QR code](#) goods and services transactions, or
- The seller has provided [proof of shipment](#) or [proof of delivery](#).

If the seller presents evidence that they delivered the goods to you, PayPal may find in favor of the seller for an Item Not Received claim even if you claim you did not receive the goods.

### **Significantly Not as Described claims**

An item may be considered Significantly Not as Described if:

- The item is materially different from the seller's description of it.
- You received a completely different item.
- The condition of the item was misrepresented. For example, the item was described as "new" but the item was used.
- The item was advertised as authentic but is not authentic (i.e. counterfeit).
- The item is missing major parts or features and those facts were not disclosed in the description of the item when you bought it.
- You purchased a certain number of items but didn't receive them all.
- The item was damaged during shipment.
- The item is unusable in its received state and was not disclosed as such.

An item may not be considered Significantly Not as Described if:

- The defect in the item was correctly described by the seller in its description of the item.
- The item was properly described but you didn't want it after you received it.
- The item was properly described but did not meet your expectations.
- The item has minor scratches and was described as "used."

### **Ineligible items and transactions under PayPal's Purchase Protection program**

Payments for the following are not eligible for reimbursement under PayPal Purchase Protection:

- Real estate, including residential property.
- Financial products or investments of any kind.
- Businesses (when you buy or invest in a business).
- Vehicles, including, but not limited to, motor vehicles, motorcycles, recreational vehicles, aircraft and boats.

- Significantly Not as Described claims for wholly or partly custom-made items or items picked up in person, except for in-person [PayPal QR code](#) goods and services transactions.
- Donations including payments on crowdfunding platforms.
- Items prohibited by the PayPal [Acceptable Use Policy](#).
- For Item Not Received claims, items which you collect in person or arrange to be collected on your behalf, including items bought in a seller's store location, except for in-person [PayPal QR code](#) goods and services transactions.
- Industrial machinery used in manufacturing.
- Anything purchased from, or an amount paid to, a government agency.
- Stored value items such as gift cards and pre-paid cards.
- Gambling, gaming and/or any other activity with an entry fee and a prize.
- Personal Payments.
- Payments sent using PayPal to any bill payment service.
- Payments made using PayPal Payouts and Mass Pay or guest checkout transactions (i.e. not sent using your PayPal account).
- Items intended for resale, including single item transactions or transactions that include multiple items.

### **Transaction eligibility for PayPal's Purchase Protection program**

To be eligible for PayPal Purchase Protection you must meet all of the following requirements:

- Have a PayPal account in good standing.
- Pay for the eligible item from your PayPal account.
- Attempt to contact the seller to resolve your issue directly before filing a claim through the Resolution Center.
- Respond to PayPal's request for documentation and other information within the time requested.
- Open a dispute in the Resolution Center within 180 days of the date you sent the payment and follow our online dispute resolution process.
- Not have received a recovery or agreed to an alternative resolution related to your purchase from another source.

### **Our online dispute resolution process**

If you're unable to resolve a transaction related issue directly with a seller, you must follow our online dispute resolution process through the [Resolution Center](#) to pursue a claim under our Purchase Protection program. You may also file a claim (Step 2 below) by calling us and speaking to an agent. The steps you must follow are described below, and if you do not follow these steps your claim may be denied:

**Step 1: Open a dispute** within 180 days of the date you made the payment. This might allow you to start a direct conversation with the seller regarding your issue with the transaction that may help resolve the dispute. If you are unable to resolve the dispute directly with the seller, proceed to Step 2. We will place a [hold](#) on all funds related to the transaction in the seller's PayPal account until the dispute is resolved or closed.

**Step 2: Escalate the dispute to a claim** for reimbursement within 20 days after opening the dispute, if you and the seller are unable to come to an agreement, or we will automatically close the dispute. You can escalate the dispute to a claim for reimbursement through the [Resolution Center](#). The seller or PayPal may also escalate the dispute to a claim at this point. PayPal may ask you to wait at least 7 days from the transaction date to escalate the dispute.

**Step 3: Respond to PayPal's requests for documentation or other information**, after you, the seller or PayPal escalates your dispute to a claim for reimbursement. PayPal may require you to provide receipts, third party evaluations, police reports or other documents that PayPal specifies. You must respond to these requests in a timely manner as requested in our correspondence with you.

**Step 4: Comply with PayPal's shipping requests in a timely manner**, if you're filing a Significantly Not as Described claim. PayPal may require you, at your expense, to ship the item back to the seller, to PayPal or to a third party (which will be specified by PayPal) and to provide proof of delivery.

Proof of delivery means:

- For transactions that total less than \$750 U.S. dollars (or the currency threshold in the table below), confirmation that can be viewed online and includes the delivery address showing at least city/state or zip code, delivery date, and the identity of the shipping company you used.
- For transactions that total \$750 U.S. dollar (or the currency threshold in the table below) or more, you must provide signature confirmation of delivery. If the transaction is in a currency not listed in the table, then signature confirmation is required when the payment exceeds the equivalent of \$750

USD at the PayPal exchange rate that applies at the time the transaction is processed.

#### Signature confirmation currency thresholds

<b>Currency</b>	<b>Transaction value</b>	<b>Currency</b>	<b>Transaction value</b>
Australian Dollar:	850 AUD	New Zealand Dollar:	950 NZD
Brazilian Real:	1,750 BRL	Norwegian Krone:	4,600 NOK
Canadian Dollar:	850 CAD	Philippine Peso:	34,000 PHP
Czech Koruna:	15,000 CZK	Polish Zloty:	2,300 PLN
Danish Krone:	4,100 DKK	Russian Ruble:	48,000 RUB
Euro:	550 EUR	Singapore Dollar:	950 SGD
Hong Kong Dollar:	6,000 HKD	Swedish Krona:	4,950 SEK
Hungarian Forint:	170,000 HUF	Swiss Franc:	700 CHF
Israeli Shekel:	2,700 ILS	Taiwan New Dollar:	23,000 TWD
Japanese Yen:	77,000 JPY	Thai Baht:	24,500 THB
Malaysian Ringgit:	3,100 MYR	U.K. Pounds Sterling:	450 GBP
Mexican Peso:	10,000 MXN	U.S. Dollar:	750 USD

**Step 5: PayPal will make a final decision** (including automatically closing any dispute or claim), in its sole discretion, based on the coverage and eligibility requirements set forth above, any additional information provided during the online dispute resolution process or any other information PayPal deems relevant and appropriate under the circumstances.

Note that when you are making [Digital Goods Micropayments Purchases](#), there are special rules that apply and that include pre-determined thresholds where we may, at our discretion, reverse the transaction without requiring you to take further action. We may limit the number of automatic reversals that you benefit from, but, even if that is the case, you will still be able to follow PayPal's standard dispute resolution processes described above.

#### **Dispute with us or your card issuer**

If you used a debit or credit card as the payment method for a transaction through your PayPal account and you are dissatisfied with the transaction, you may be entitled to dispute the transaction with your card issuer. Applicable card chargeback rights may be broader than those available to you under PayPal's Purchase Protection program. For example, if you dispute a transaction with your card issuer, you may be

able to recover amounts you paid for unsatisfactory items even if they don't qualify for protection under a Significantly Not as Described claim with us.

You must choose whether to pursue a dispute with PayPal under our Purchase Protection program, or to pursue the dispute with your card issuer. You can't do both at the same time or seek a double recovery. If you pursue a dispute/claim with us and you also pursue a dispute for the same transaction with your card issuer, we'll close your dispute/claim with us. This won't affect the dispute process with your card issuer. In addition, if you pursue a dispute with your card issuer, you cannot pursue a dispute/claim with us later.

If you choose to dispute a transaction with PayPal and we decide against you, you can seek to pursue the dispute with your card issuer later. If PayPal does not make a final decision on your claim until after your card issuer's deadline for filing a dispute, and because of our delay you recover less than the full amount you would have been entitled to recover from the card issuer, we will reimburse you for the remainder of your loss (minus any amount you have already recovered from the seller or your card issuer).

Before contacting your card issuer or filing a dispute with PayPal, you should contact the seller to attempt to resolve your issue in accordance with the seller's return policy.

## **Selling and Accepting Payments**

### **Accepting Payments From Buyers for Goods and Services**

#### **Receiving personal payments**

If you use your PayPal account to receive payments for the sale of goods or services or accept donations, you must:

- Pay any applicable fees for receiving the funds.
- Not ask your buyer to send you money using the "send money to a friend or family member." If you do so, PayPal may remove your PayPal account's ability to accept payments from friends or family members.

By integrating into your online checkout/platform any functionality intended to enable a payer without a PayPal account to send a payment to your PayPal account, you agree to all further terms of use of that functionality which PayPal will make available to you on any page on the PayPal or Braintree website (including any page for

developers and our [Legal Agreements](#) page) or online platform. Such further terms include the [PayPal Alternative Payment Methods Agreement](#).

### **No surcharges**

You agree that you will not impose a surcharge or any other fee for accepting PayPal as a payment method. You may charge a handling fee in connection with the sale of goods or services as long as the handling fee does not operate as a surcharge and is not higher than the handling fee you charge for non-PayPal transactions.

### **Presentation of PayPal and Pay with Venmo**

You must treat PayPal and/or Venmo as payment methods or marks at least on par with any other payment methods offered at your points of sale where PayPal or Venmo branded services are integrated, including your websites or mobile applications. This includes at least equal or better: logo placement, position within any point of sale, and treatment in terms of payment flow, terms, conditions, restrictions, and fees, in each case as compared to other marks and payment methods at your points of sale. Further, you must not present any payment method or mark upstream (or at an earlier point in the checkout experience) from the presentment of any of PayPal or Venmo services or marks.

In representations to your customers or in public communications, you must not mischaracterize any PayPal or Venmo services or exhibit a preference for other payment methods over PayPal or Venmo services. Within all of your points of sale, you agree not to try to dissuade or inhibit your customers from using PayPal or Venmo services or encourage the customer to use an alternate payment method. If you enable your customers to pay you with PayPal or Venmo, whenever you display or exhibit the payment methods that you accept (either within any point of sale or in your marketing materials, advertising, and other customer communications) you agree to display the PayPal or Venmo services payment marks at least as prominently, and in at least as positive a manner, as you do for all other payment methods.

### **Taxes and information reporting**

Our fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes,

assessable by any jurisdiction (collectively, “taxes”). It is your responsibility to determine what, if any, taxes apply to the payments you make or receive, and it is solely your responsibility to assess, collect, report and remit the correct taxes to the appropriate authority. PayPal is not responsible for determining whether any taxes apply to your transaction, or for calculating, collecting, reporting or remitting taxes arising from any transaction.

You acknowledge that we may make certain reports to tax authorities regarding transactions that we process. For example, PayPal is required to report to the Internal Revenue Service the total amount of payments for goods and services you receive each calendar year into all of your PayPal accounts associated with the same tax identification number if you receive more than \$20,000 in payments for good and services and process more than 200 transactions involving goods or services through those PayPal accounts in the same calendar year.

#### **Your customer service information, refunds and returns policy, and privacy policy**

You must publish customer service information with clear instructions on how your customers can contact you. Such instructions must include at least: (1) one active customer service email address or active customer service URL to file tickets for assistance and/or (2) one active customer service telephone number. Such information must be readily accessible for review by your customers.

You must publish a refunds and returns policy.

You must publish a privacy policy, where required by law.

#### **Payment review**

PayPal reviews certain potentially high-risk transactions. If PayPal determines, in its sole discretion, that a transaction is high-risk, we place a hold on the payment and provide notice to you to delay shipping of the item. PayPal will conduct a review and either complete or cancel the payment. If the payment is completed, PayPal will provide notice to you to ship the item. Otherwise, PayPal will cancel the payment and the funds will be returned to the buyer, unless we are legally required to take other action. All payments that complete this payment review will be eligible for PayPal's Seller Protection coverage if they meet the PayPal's Seller Protection requirements.

We will notify you about payment reviews by email and/or through your PayPal account.

### **In-store payments and QR code transactions**

If you accept PayPal payments at your physical store, you must communicate the total amount of the transaction to the customer before it takes place. You may charge your customer's account only for transactions that they have authorized. You must also provide customers with a physical receipt if they request one. You agree that any transaction that you make shall have an accurate and true description of the goods and services being purchased.

If you use a QR code to accept payments in your physical store, you must use a QR code intended for goods and services transactions. You must also not use QR codes intended for in-person transactions as a method of accepting payment for goods and services transactions occurring online. For any buyer claims related to QR code transactions, you may be required to provide us with alternative evidence of delivery or such additional documentation or information relating to the transaction.

### **Marketplace sellers**

If you're a seller on a marketplace or through a third party application where PayPal is offered, you must comply with any rules that apply to the marketplace's or the third party application's buyer protection program for sales you make through that forum. Any such protections may require you to take certain actions and may impact how claims are processed.

### **PayPal Giving Fund**

If you are a charity and hold a PayPal account, you may be eligible to participate in PayPal Giving Fund programs. PayPal Giving Fund is a Donor Advised Fund (DAF) recognized by the Internal Revenue Service (IRS) under Section 501(c)(3) of the Code as a tax-exempt public charity (Federal Tax ID: 45-0931286). If you meet the eligibility requirements in the [Nonprofit Certification Policy](#) and are either a "Public Charity" under Section 509(a) of the Code or a "Private Operating Foundation" under IRS regulations, you may be automatically enrolled with PayPal Giving Fund upon acceptance of this user agreement. You will receive an email from us confirming your

enrollment. Your relationship with PayPal Giving Fund will be governed by the [Nonprofit User Agreement](#), including receiving email communications from PayPal Giving Fund about its current and future partners about its programs. You can opt out of email communications at any time in your [PayPal Giving Fund profile](#). If you don't want to be enrolled or receive donations from PayPal Giving Fund, you can opt-out at any time by [contacting us](#). For more information, please see [PayPal Giving Fund's Policies](#).

### **Card not present transactions**

Whenever a buyer uses a debit or credit card as the payment method for a transaction using their account to buy something from you as a seller, the transaction will be processed as a "card not present" transaction, even if the buyer is at your store location.

### **Accepting preauthorized payments**

As a seller, you can accept payments from a buyer's account through preauthorized transfers either on a one-time, regular or sporadic basis. This type of transaction is sometimes called a "billing agreement," "subscription," "recurring payment," "reference transaction," "pre-approved payment " or "automatic payment."

If you receive preauthorized payments from buyers:

You must:

You must not:

Get each buyer's prior authorization for the amount, frequency, and duration of any such payment.

Provide a simple and easily accessible online cancelation procedure, if buyers sign up for preauthorized payments online.

Provide buyers the ability to stop any such payment up to 3 [Business Days](#) before the date scheduled for payment.

Notify the buyer at least 10 days in advance of the amount and date of each preauthorized payment if the preauthorized payment will vary from the preauthorized amount or (at the buyer's option) any payment that is in an amount that falls outside of the pre-determined range.

Restart future payments without the buyer's written authorization, if a buyer has stopped or canceled a preauthorized payment.

### **Transaction Fees for Online and In-Store Payments**

Your PayPal transaction fees depend on:

- the country of the buyer's account or the currency of their card;
- whether you are registered as a charitable organization and have active 501(c)(3) status. Your 501(c)(3) status must be documented with PayPal to receive the rates applicable to charitable organizations, and those rates will apply only after you document your status with us.

### **Standard transaction fees**

The fees you pay when selling goods or services and the buyer pays using their PayPal account (or using another authorized wallet) can be found on the [Standard Transaction Fees table](#), with the fees applicable to charitable organizations found on the [Standard Transaction Fees for Charitable Organizations](#) table for the charitable fees. Please note that:

- We may adjust the fees applicable to future transactions that you process using PayPal. We will provide you at least 21 days' advance notice for personal PayPal accounts and at least 5 days' advance notice for business PayPal accounts of any fee increase or the introduction of a new type of fee.
- If you refund a transaction to a buyer or a donation to a donor, there are no fees to make the refund, but the fees you originally paid as the seller are not returned.
- If you accept payments using a PayPal product (like [PayPal Here](#) or [PayPal Payments Pro](#)), the fees applicable to those products will apply to your transactions.

### **Micropayments fees**

You may qualify to receive micropayments pricing for the sale of goods and services through your PayPal account, if your transactions typically average less than \$10. In order to qualify, you must have a PayPal account that is in good standing (for example, no limitations or negative balance), you may not be processing payments using [PayPal Payments Pro](#) and you must submit an application and have it approved by us.

If your PayPal account is approved to accept micropayments, then the fees found on the [Micropayment Fees table](#) will apply to all transactions for the sale of goods or

services processed through your PayPal account, instead of [Standard Transaction Fees](#). If you have multiple PayPal accounts, you must route your micropayments transactions through the appropriate account. Once a transaction is processed, PayPal will not re-route the transaction through a different account.

### **PayPal Payouts and Mass Pay fees**

PayPal's Payouts and Mass Pay services let you send multiple payments in one batch to send commissions, rebates, rewards, and general payments. You may be able to choose to send payments to PayPal accounts, Venmo accounts, or both. In order to use these services, you must have:

- a business PayPal account in good standing and with no withdrawal limits; and
- applied for and received our permission to use these services.

We may remove your ability to use Payouts or Mass Pay at any time if there is a higher than acceptable level of risk associated with your use of those services.

The amount you will pay us for these services differs according to whether you use the Payouts service or Mass Pay service, how you send the payments, and the currency of the payment. These fees can be found in the [PayPal Payouts and Mass Pay Fees](#) table.

You can send money through Payouts or Mass Pay even if your receiver does not have a PayPal or Venmo account, as applicable, using their email address or mobile number. If the person to whom you are sending money does not have a relevant account, they can claim it by opening one. If they don't claim it, it will be refunded to you in thirty (30) days. PayPal is not liable for amounts sent by you in error. PayPal shall have no responsibility to reverse any payout payment.

### **Your responsibility to notify PayPal of pricing or fee errors**

Once you have access to any account statement(s) or other account activity information made available to you by PayPal with respect to your business account(s), you will have ninety (90) days to notify PayPal in writing of any errors or discrepancies with respect to the pricing or other fees applied by PayPal. If you do not notify PayPal within such timeframe, you accept such information as accurate, and PayPal shall have no obligation to make any corrections. For the purposes of this

provision, such pricing or fee errors or discrepancies are different than [Unauthorized Transactions](#) and other electronic transfer [Errors](#) which are each subject to different notification timeframes as set forth herein.

## **Refunds, Reversals and Chargebacks**

### **General information**

If you receive a payment for selling goods or services that is later refunded or invalidated for any reason, you are responsible for the full amount of the payment sent to you plus any fees (including any applicable [chargeback fee](#) or [Dispute fee](#)). Whenever a transaction is refunded or otherwise reversed, PayPal will refund or reverse the transaction from your PayPal account. If a currency conversion is necessary (for example if the balance in your Cash Account or your business PayPal account for a particular currency is insufficient to cover the amount of a refund or reversal, or if the buyer paid in a different currency), PayPal will perform a currency conversion in order to refund or reverse the transaction. PayPal's transaction exchange rate (including our [currency conversion spread](#)) at the time the refund or reversal is processed will be used.

If you refund a payment for goods or services, there are no fees to make the refund, but the fees you originally paid as the seller are not returned to you. The amount of the refunded payment will be deducted from your PayPal account.

### **Payments that are invalidated and reversed**

Payments to you may be invalidated and reversed by PayPal if:

- You lose a PayPal Purchase Protection claim submitted to us by a buyer, including as a result of your failure to respond in a timely manner.
- You lose a Venmo Protected Purchase Program claim.
- Your buyer pursues a chargeback related to a card-funded transaction and the transaction is not eligible for [PayPal's Seller Protection](#). The card issuer, not PayPal, determines whether a buyer is successful when they pursue a chargeback related to a card-funded transaction.
- You do not fulfill the transaction as promised or you cannot provide [proof of shipment or proof of delivery](#) when required.

- eBay decides against you under its money back guarantee program (and you haven't opted out).
- Our investigation of a bank reversal made by a buyer or the buyer's bank finds that the transaction was fraudulent.
- PayPal sent the payment to you in error.
- The payment was unauthorized
- You received the payment for activities that violated this user agreement or any other agreement between you and PayPal.

When you receive a payment, you are liable to PayPal for the full amount of the payment sent to you plus any fees if the payment is later invalidated or reversed for any reason. If the buyer paid in another currency, the full amount of that payment may be calculated in that currency, using the PayPal transaction exchange rate (including our [currency conversion spread](#)) that applies at the time the refund or reversal is processed. If the balance in your Cash Account or business PayPal account doesn't cover the payment amount due plus the fees, we may use any of the payment methods linked to your PayPal account to cover the amount due. If the payment methods linked to your PayPal account don't cover the amount due, this will result in a negative balance. A negative balance represents an amount that you owe to us, and, in this situation, you must immediately add funds to your balance to resolve it. If you don't, PayPal may:

- engage in collection efforts to recover the amount due from you;
- take any or all action as outlined under [Amounts owed to PayPal](#); or
- place a limitation or take other action on your PayPal account as outlined under [Restricted Activities and Holds](#).

## **Dispute fees**

PayPal will charge a [Dispute fee](#) to sellers for facilitating the online dispute resolution process for transactions that are processed either through a buyer's PayPal account or through a PayPal guest checkout. The [Dispute fee](#) applies when the buyer pursues a claim directly with PayPal, a chargeback with their card issuer, or a reversal with their bank. The [Dispute fee](#) will be charged at either the [Standard Dispute fee](#) rate or the [High Volume Dispute fee](#) rate. The [Dispute fee](#) will be charged in the currency which you selected for the original transaction listing. If the transaction was in a currency not listed in the [Dispute fee](#) table, then the fee charged will be in your primary holding currency. The [Dispute fee](#) will be deducted from your PayPal account after the claim is decided.

The **Dispute fee** amount will be determined when the dispute case is created. The fee is based on the ratio of the total transaction amount of your claims compared to the total amount of your sales for the previous three calendar months. For example, for a dispute raised in September, your dispute ratio will be calculated by considering your total claims to sales ratio over June, July, and August. Your total claims include all claims filed directly with and escalated to PayPal, except claims for **Unauthorized Transactions**; and all chargebacks from the buyer's card issuer or reversals from the buyer's bank.

If your dispute ratio is 1.5% or more and you had more than 100 sales transactions in the previous three full calendar months, you will be charged the **High Volume Dispute fee** for each dispute. Otherwise, you will be charged the **Standard Dispute fee** for each dispute.

You will **not** be charged a **Standard Dispute fee** for disputes that are:

- Inquiries in PayPal's **Resolution Center** that are not escalated to a claim with PayPal.
- Resolved directly between you and the buyer and not escalated to a claim with PayPal.
- Filed by the buyer directly with PayPal as an **Unauthorized Transaction**.
- Eligible for **PayPal's Seller Protection** program.
- Claims with a transaction value that is less than twice the amount of a Standard Dispute fee.
- Decided in your favor by PayPal or your issuer.

You will **not** be charged a **High Volume Dispute fee** for disputes that are:

- Inquiries in PayPal's **Resolution Center** and not escalated to a claim with PayPal.
- Resolved directly between you and the buyer and not escalated to a claim with PayPal.
- Filed by the buyer directly with PayPal as an **Unauthorized Transaction**.

Sellers charged **High Volume Dispute fees** may be required to provide a remediation plan which includes an explanation of the cause of the increased dispute rate, the actions taken to reduce disputes, and the timelines for those actions.

Disputes listed above may be excluded from being charged a **Standard Dispute fee** or a **High Volume Dispute fee**, but the claim itself may still be included in the overall calculation of your dispute ratio.

## **Chargeback fees**

For transactions that are not processed either through a buyer's PayPal account or through a guest checkout, and where the buyer pursues a chargeback for the transaction with their card issuer, then PayPal will charge you a [Chargeback fee](#) for facilitating the chargeback process. This fee will apply regardless of whether the buyer is successful in pursuing the chargeback with the card issuer.

The applicable chargeback fee will be deducted from your PayPal account. The chargeback fee is applied as specified in the [Chargeback Fee table](#) and will be charged in the currency which you selected for the original transaction listing. If the transaction was in a currency not listed in the **Chargeback fee** table, the fee charged will be in your primary holding currency.

## **Impact of various purchase protection processes on sellers**

You should read and understand PayPal's Purchase Protection program, Venmo's Protected Purchase Program, and if you sell goods and services to buyers with PayPal accounts in countries other than your own, you also should be familiar with the purchase protection available to buyers in each of those countries. Buyers' rights under these programs may impact you as a seller. You can find information about PayPal's protection programs on the [Legal Agreements](#) page by selecting your buyer's location at the top of the page and referring to the corresponding user agreement. You can find information on Venmo's Protected Purchase Program in [Venmo's user agreement](#).

If you lose a claim under [PayPal's Purchase Protection](#) program in any country, or under Venmo's Protected Purchase Program:

- You must forfeit the full purchase price of the item plus the original shipping cost. In some cases you may not receive the item back.
- You will not receive a refund of the PayPal fees that you paid in connection with the sale.
- If the claim was that the item received was Significantly Not as Described, you may not receive the item back, or you may be required to accept the item back and pay for the return shipping costs.

- If the claim was that the item received was Significantly Not as Described and related to an item you sold that is counterfeit, you will be required to provide a full refund to the buyer and you may not receive the item back.

If you accept PayPal payments from buyers for goods or services you sell through eBay, then you need to read and understand the eBay Money Back Guarantee program. Unless you opt out by calling eBay, PayPal will treat eBay's decisions in favor of your buyers under that program as a basis for reversing a PayPal payment made to you. If the balance in your Cash Account or business PayPal account is insufficient to cover the amount, we may:

- place a [hold](#) on your PayPal account until sufficient funds become available in your PayPal account to cover the amount; or
- create a negative balance in your PayPal account.

## **PayPal's Seller Protection Program**

### **What's eligible**

If you sell something to a buyer and the transaction is later disputed or reversed under [Reversals, Claims or Chargebacks](#), you may be eligible for reimbursement under PayPal's Seller Protection program. When it applies, PayPal's Seller Protection program entitles you to retain the full purchase amount for debit and credit card-funded transactions. There is no limit on the number of payments for which you can receive coverage. By accessing the transaction details page in your PayPal account you can determine whether or not your transaction is eligible for protection under this program.

PayPal's Seller Protection program may apply when a buyer claims that:

- They did not authorize, or benefit from, funds sent from their PayPal account (referred to as an "[Unauthorized Transaction](#)" claim), and the Unauthorized Transaction occurs in an environment hosted by Paypal; or
- They didn't receive the item from you (referred to as an "[Item Not Received](#)" claim).

PayPal's Seller Protection program may also apply when a transaction is reversed because of a successful chargeback by a buyer or when a bank funded payment is reversed by the buyer's bank.

This section describes PayPal’s Seller Protection program as it applies to you, but you should also be familiar with the [Impact of various purchase protection processes on sellers](#).

## Basic requirements

To be eligible for PayPal’s Seller Protection, all of the following basic requirements must be met, as well as any applicable additional requirements:

- The primary address for your PayPal account must be in the United States.
- The item must be a physical, tangible good that can be shipped, except for items subject to the [Intangible Goods Additional Requirements](#). Transactions involving items that you deliver in person in connection with payment made in your physical store, may also be eligible for Seller Protection so long as the buyer paid for the transaction in person by using a PayPal goods and services QR code.
- You must ship the item to the shipping address on the transaction details page in your PayPal account for the transaction. If you originally ship the item to the recipient's shipping address on the transaction details page but the item is later redirected to a different address, you will not be eligible for PayPal's Seller Protection. We therefore recommend not using a shipping service that is arranged by the buyer, so that you will be able to provide valid proof of shipping and delivery.
  - The shipping requirement does not apply to eligible transactions involving items that you deliver in person; provided, however, that you agree to provide us with alternative evidence of delivery or such additional documentation or information relating to the transaction that we may request.
- You must respond to PayPal's requests for documentation and other information in a timely manner as requested in our email correspondence with you or in our correspondence with you through the [Resolution Center](#). If you do not respond to PayPal’s request for documentation and other information in the time requested, you may not be eligible for Seller Protection.
- If the sale involves pre-ordered or made-to-order goods, you must ship within the timeframe you specified in the listing. Otherwise, it is recommended that you ship all items within 7 days after receipt of payment.
- Provide [proof of shipment or delivery](#).
- The payment must be marked “eligible” or “partially eligible” in the case of Unauthorized Transaction claims, or “eligible” in the case of Item Not Received claims, for PayPal's Seller Protection on the Transaction Details page.

PayPal determines, in its sole discretion, whether your claim qualifies for the Seller Protection program. PayPal will make a decision, in its sole discretion, based on the coverage and eligibility requirements, any information or documentation provided during the resolution process, or any other information PayPal deems relevant and appropriate under the circumstances.

### **Item Not Received additional requirements**

To be eligible for PayPal's Seller Protection program for a buyer's Item Not Received claim, you must meet both the [basic requirements](#) and the additional requirements listed below:

- Where a buyer files a chargeback with the issuer for a card-funded transaction, the payment must be marked "eligible" for PayPal's Seller Protection on the Transaction Details page.
- You must provide [proof of delivery](#) as described below.

### **Intangible Goods additional requirements**

For the sale of intangible goods and services to be eligible for PayPal's Seller Protection, the sale must meet the [basic requirements](#) and the following additional requirements:

- Integration requirements
  - Where you have integrated a PayPal checkout product, you must be using the current version of that product if you are accepting payments directly via a website or mobile optimized website; or
  - Ensure you are passing session information to PayPal at checkout if you are integrated with PayPal via a third party or if you have a native app integration.
  - Other integration requirements may apply depending on your business model. We will let you know those requirements ahead of time, if needed.
- Paid [Standard Transaction Fees](#) on the sale.
- Delivered the item and provide [Proof of shipment or delivery for Intangible Goods](#).
- Provide signature confirmation when the full amount of the payment (including shipping and taxes) exceeds the amount listed in the [signature](#)

[confirmation threshold table](#) (based on the currency of the payment). If the full amount of the payment (including shipping and taxes) is in a currency not listed in the table, then signature confirmation is required when the payment exceeds the equivalent of \$750 USD at the PayPal exchange rate that applies at the time the transaction is processed.

### Establishing proof of delivery or proof of shipment

The following is required as proof of shipment or delivery for physical goods:	
Proof of shipment	Proof of delivery
<p>Online or physical documentation from a shipping company that includes:</p> <ul style="list-style-type: none"> <li>• Date of shipment</li> <li>• An address for the recipient that matches the shipping address on the Transaction Details page</li> <li>• An address for the recipient showing at least the city/state, city/country, or zip/postal code (or international equivalent).</li> </ul>	<p>Online or physical documentation from a shipping company that includes:</p> <ul style="list-style-type: none"> <li>• Date of delivery and ‘delivered’ status</li> <li>• An address for the recipient that matches the shipping address on the Transaction Details page</li> <li>• An address for the recipient showing at least the city/state, city/country, or zip/postal code (or international equivalent).</li> <li>• Signature confirmation when the full amount of the payment (including shipping and taxes) exceeds the amount (based on the currency of the payment) listed in the <a href="#">signature confirmation threshold table</a> Signature confirmation is online documentation, viewable at the shipping company’s website, indicating that the item was signed for.</li> </ul> <p><b>IMPORTANT:</b> Your choice of carrier and shipment options with that carrier can have a big impact on your ability to meet the proof of delivery requirements. Please ensure, especially when shipping goods internationally, that your carrier can provide ‘delivered’ status at the correct address, or your Seller Protection claim may be denied.</p>
The following is required as proof of shipment or delivery for intangible goods:	The following is required as proof of shipment or proof of delivery:
For intangible or digital goods, proof of shipment or delivery means compelling evidence to show the item was delivered or the purchase order was fulfilled.	For QR code transactions, you may be required to provide us with alternative evidence of delivery or

<p>Compelling evidence could include a system of record showing the date the item was sent and that it was either:</p> <ul style="list-style-type: none"> <li>• Electronically sent to the recipient, including the recipient’s address (email, IP, etc.), where applicable; or</li> <li>• Received or accessed by the recipient.</li> </ul>	<p>such additional documentation or information relating to the transaction.</p>
--	--

Signature confirmation currency thresholds			
Currency	Transaction value	Currency	Transaction value
Australian Dollar:	850 AUD	New Zealand Dollar:	950 NZD
Brazilian Real:	1,750 BRL	Norwegian Krone:	4,600 NOK
Canadian Dollar:	850 CAD	Philippine Peso:	34,000 PHP
Czech Koruna:	15,000 CZK	Polish Zloty:	2,300 PLN
Danish Krone:	4,100 DKK	Russian Ruble:	48,000 RUB
Euro:	550 EUR	Singapore Dollar:	950 SGD
Hong Kong Dollar:	6,000 HKD	Swedish Krona:	4,950 SEK
Hungarian Forint:	170,000 HUF	Swiss Franc:	700 CHF
Israeli Shekel:	2,700 ILS	Taiwan New Dollar:	23,000 TWD
Japanese Yen:	77,000 JPY	Thai Baht:	24,500 THB
Malaysian Ringgit:	3,100 MYR	U.K. Pounds Sterling:	450 GBP
Mexican Peso:	10,000 MXN	U.S. Dollar:	750 USD

### Ineligible items and transactions

Your sale *is not* eligible for coverage under PayPal’s Seller Protection program if:

- The buyer claims (either with us or their card issuer) that the item you sent isn’t what was ordered (referred to as a “Significantly Not as Described” claim).
- It involves an item that PayPal determines, in its sole discretion, is a counterfeit item.
- It involves an item that you deliver in person, including in connection with a payment made in your physical store, unless the buyer paid for the transaction in person by using a PayPal goods and services QR code.
- It involves sales that are not processed either through a buyer’s PayPal account or a PayPal guest checkout transaction. For example, if the sale was made using

the [PayPal Payments Pro/VT](#) product, [PayPal business payments](#) or using [PayPal Here](#), then it is not eligible for coverage.

- It involves items equivalent to cash including gift cards.
- It involves a donation.
- It relates to the purchase of a financial product or investment of any kind.
- It involves a payment sent using PayPal's friends and family functionality.
- It involves a payment made using PayPal Payouts and Mass Pay.
- The item is a vehicle, including, but not limited to a motor vehicle, motorcycle, recreational vehicle, aircraft or boat.
- Payments made in respect of gold (whether in physical form or in exchange-traded form).

## PayPal Advertising Program

The PayPal Advertising Program enables you to promote PayPal services, including PayPal's pay later offers, through PayPal-hosted banners and buttons on your websites or in your customer emails. PayPal may change the content provided through this program at any time for any reason, and PayPal may choose to discontinue the PayPal Advertising Program at any time.

If you participate in this program:

You must:

Comply with all integration requirements provided by PayPal or each authorized third party, including those with respect to accurate presentation of all PayPal related information.

Only use the code for PayPal content as provided by PayPal.

Use the PayPal content in its entirety with all the links and language provided by PayPal and without modification by you.

Immediately remove all PayPal content from your sites and customer communications and/or cooperate with PayPal or your third party provider to do so, if you stop using a qualifying PayPal payments solution.

Keep all PayPal content current and up to date, including by cooperating with PayPal to manually update the PayPal content as it appears on your sites or in your communications and repair or reinstall the code to facilitate future updates.

Comply with applicable advertising laws, regulations and standards issued by governmental authorities or advertising self-regulatory bodies including but not limited to the digital

You must not:

Modify any PayPal content or its presentation in any way.

Copy PayPal content from other websites.

Create, display or host your own PayPal content, unless authorized by PayPal in writing.

Post PayPal content on social media networks or platforms or anywhere else, unless authorized by PayPal in writing.

Display any non-current PayPal content.

advertising standards issued by the Network Advertising Initiative.

If you promote the use of PayPal's pay later offers on your sites and customer communications through the PayPal Advertising Program, there are additional requirements that [apply](#). If you receive customer inquiries relating to:

- PayPal Credit, then you must direct the customer to PayPal Credit Customer Service at (844) 373-4961.
- PayPal, then you must direct the customer to [PayPal Customer Service](#).

You are responsible for any damages suffered by PayPal or any third parties resulting from your failure to follow the rules of the PayPal Advertising Program, and if you violate these rules, PayPal may modify or remove the PayPal content you are presenting or require you to remove or modify it immediately. If you fail to follow these rules, we may limit or close your PayPal account.

## PayPal User Agreement

### Restricted Activities and Holds

#### Restricted Activities

In connection with your use of our websites, your PayPal account, the PayPal services, or in the course of your interactions with PayPal, other PayPal customers, or third parties, you must not:

- Breach this user agreement, the PayPal [Acceptable Use Policy](#), the [Commercial Entity Agreements](#) (if they apply to you), the [PayPal Cash and PayPal Cash Plus Account Terms and Conditions](#) (if it applies to you), or any [other agreement](#) between you and PayPal;
- Violate any law, statute, ordinance, or regulation (for example, those governing financial services, consumer protections, unfair competition, anti-discrimination or false advertising);
- Infringe PayPal's or any third party's copyright, patent, trademark, trade secret or other intellectual property rights, or rights of publicity or privacy;
- Sell counterfeit goods;

- Act in a manner that is defamatory, trade libelous, threatening or harassing;
- Provide false, inaccurate or misleading information;
- Send or receive what we reasonably believe to be potentially fraudulent funds;
- Refuse to cooperate in an investigation or provide confirmation of your identity or any information you provide to us;
- Attempt to double dip during the course of a dispute by receiving or attempting to receive funds from both PayPal and the seller, bank or card issuer for the same transaction;
- Control an account that is linked to another account that has engaged in any of these restricted activities;
- Conduct your business or use the PayPal services in a manner that results in or may result in;
  - complaints;
  - requests by buyers (either filed with us or card issuers) to invalidate payments made to you;
  - fees, fines, penalties or other liability or losses to PayPal, other PayPal customers, third parties or you;
- Use your PayPal account or the PayPal services in a manner that PayPal, Visa, MasterCard, American Express, Discover or any other electronic funds transfer network reasonably believes to be an abuse of the card system or a violation of card association or network rules;
- Allow your PayPal account to have a negative balance;
- Provide yourself a cash advance from your credit card (or help others to do so);
- Access the PayPal services from a country that is not included on PayPal's [permitted countries list](#);
- Take any action that imposes an unreasonable or disproportionately large load on our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf or the PayPal services;
- Facilitate any viruses, trojan horses, malware, worms or other computer programming routines that attempts to or may damage, disrupt, corrupt, misuse, detrimentally interfere with, surreptitiously intercept or expropriate, or gain unauthorized access to any system, data, information or PayPal services;

- Use an anonymizing proxy; use any robot, spider, other automatic device, or manual process to monitor or copy our websites without our prior written permission; or use any device, software or routine to bypass our robot exclusion headers;
- Interfere or disrupt or attempt to interfere with or disrupt our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf, any of the PayPal services or other users' use of any of the PayPal services;
- Take any action that may cause us to lose any of the services from our Internet service providers, payment processors, or other suppliers or service providers;
- Use the PayPal services to test credit card behaviors;
- Circumvent any PayPal policy or determinations about your PayPal account such as temporary or indefinite suspensions or other account holds, limitations or restrictions, including, but not limited to, engaging in the following actions: attempting to open new or additional PayPal account(s) when an account has a negative balance or has been restricted, suspended or otherwise limited; opening new or additional PayPal accounts using information that is not your own (e.g. name, address, email address, etc.); or using someone else's PayPal account; or
- Harass and/or threaten our employees, agents, or other users.

### **Actions We May Take if You Engage in Any Restricted Activities**

If we believe that you've engaged in any of these activities, we may take a number of actions to protect PayPal, its customers and others at any time in our sole discretion. The actions we may take include, but are not limited to, the following:

- Terminate this user agreement, limit your PayPal account (and any linked Cash Account), and/or close or suspend your PayPal account (and any linked Cash Account), immediately and without penalty to us;
- Refuse to provide the PayPal services to you in the future;
- Limit your access to our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf, your PayPal account or any of the PayPal services, including limiting your ability to pay or send money with any of the payment methods linked to your PayPal account, restricting your ability to send money or make withdrawals;

- Hold the balance in your Cash Account, the balance in your business PayPal account, or any money waiting to be claimed through your personal PayPal account if you do not have a Cash Account linked to your personal PayPal account, for up to 180 days if reasonably needed to protect against the risk of liability or if you have violated our [Acceptable Use Policy](#);
- Suspend your eligibility for PayPal's Purchase Protection program and/or PayPal's Seller Protection program;
- Contact buyers who have purchased goods or services from you using PayPal, your bank or credit card issuer, other impacted third parties or law enforcement about your actions;
- Update inaccurate information you provided us;
- Take legal action against you;
- If you've violated our [Acceptable Use Policy](#), then you're also responsible for damages to PayPal caused by your violation of this policy; or
- If you are a seller and you violate the Acceptable Use Policy, then in addition to being subject to the above actions you will be liable to PayPal for the amount of PayPal's damages caused by your violation of the Acceptable Use Policy. You acknowledge and agree that \$2,500.00 U.S. dollars per violation of the Acceptable Use Policy is presently a reasonable minimum estimate of PayPal's actual damages considering all currently existing circumstances, including the relationship of the sum to the range of harm to PayPal that reasonably could be anticipated because, due to the nature of the violations of the Acceptable Use Policy, actual damages would be impractical or extremely difficult to calculate. PayPal may deduct such damages directly from any existing balance in any PayPal account you control.

If we close your PayPal account or terminate your use of the PayPal services for any reason, we'll provide you with notice of our actions and make any unrestricted funds held in the balance of your Cash Account linked to your personal PayPal account or in the balance of your business PayPal account, or any money waiting to be claimed through your personal PayPal account if you do not have a Cash Account linked to your personal PayPal account, available for withdrawal.

You are responsible for all reversals, chargebacks, claims, fees, fines, penalties and other liability incurred by PayPal, any PayPal customer, or a third party caused by or arising out of your breach of this agreement, and/or your use of the PayPal services.

## **Holds, Limitations, and Reserves**

### **What are holds, limitations and reserves**

Under certain circumstances, in order to protect PayPal and the security and integrity of the network of buyers and sellers that use the PayPal services, PayPal may take account-level or transaction-level actions. Unless otherwise noted, if we take any of the actions described here, we'll provide you with notice of our actions, but we retain the sole discretion to take these actions. To request information in connection with an account limitation, hold or reserve, you should visit the [Resolution Center](#) or follow the instructions in our email notice with respect to the limitation, hold or reserve.

Our decision about holds, limitations and reserves may be based on confidential criteria that are essential to our management of risk and the protection of PayPal, our customers and/or service providers. We may use proprietary fraud and risk modeling when assessing the risk associated with your PayPal account. In addition, we may be restricted by regulation or a governmental authority from disclosing certain information to you about such decisions. We have no obligation to disclose the details of our risk management or security procedures to you.

In order to facilitate PayPal's actions described above and allow us to assess the level of risk associated with your PayPal account, you agree to cooperate with PayPal's reasonable requests for financial statements and other documentation or information in a timely fashion.

### **Holds**

A hold is an action that PayPal may take under certain circumstances either at the transaction level or the account level. When PayPal places a temporary hold on a payment, the money is not available to either the sender or the recipient. PayPal reviews many factors before placing a hold on a payment, including: account tenure, transaction activity, business type, past customer disputes, and overall customer satisfaction. Some common situations where PayPal will hold payments include:

- New sellers or sellers who have limited selling activity.
- Payments for higher-risk categories like electronics or tickets.
- Sellers who have performance issues, or a high rate of buyer dissatisfaction or disputes.

## **Holds based on PayPal's risk decisions**

We may place a hold on payments sent to your PayPal account if, in our sole discretion, we believe that there may be a high level of risk associated with you, your PayPal account, or your transactions or that placing such a hold is necessary to comply with state or federal regulatory requirements. We make decisions about whether to place a payment hold based on a number of factors, including information available to us from both internal sources and third parties. When we place a hold on a payment, the funds will appear in your PayPal account with an indication that they are unavailable or pending. We'll notify you, either through your PayPal account or directly by phone or email, whenever we place a hold.

Risk-based holds generally remain in place for up to 21 days from the date the payment was received into your PayPal account. We may release the hold earlier under certain circumstances (for example, if you've uploaded shipment tracking information related to the transaction), but any earlier release is at our sole discretion. The hold may last longer than 21 days if the payment is challenged as a payment that should be invalidated and reversed based on a disputed transaction as discussed in the following paragraph below. In this case, we'll hold the payment in your PayPal account until the matter is resolved (but no longer than 180 days).

## **Holds related to Marketplace transactions**

If you're a seller on a marketplace or through a third-party application where PayPal is offered, a hold may be placed on a payment sent to you at the instruction of the applicable marketplace or third party. This is done once you have granted us permission to have your funds held and will be in accordance with your agreement with the third party. These holds will appear in your PayPal account. If you have questions about why the applicable marketplace or third party instructed PayPal to put these holds in place, you will need to contact the marketplace or third party directly.

## **Holds based on disputed transactions**

If a payment sent to you as a seller is challenged as a payment that should be invalidated and reversed, we may place a temporary hold on the funds in your PayPal account to cover the amount that could be reversed. Any of the situations described under [Refunds, Reversals and Chargebacks](#) are situations that could result in us placing a hold on a payment. If we determine the transaction should not be reversed, we'll lift the temporary hold. If we determine the transaction should be reversed, we'll remove the funds from your PayPal account.

## Account Limitations

Limitations are implemented to help protect PayPal, buyers and sellers when we notice [restricted activities](#), an increased financial risk, or activity that appears to us as unusual or suspicious. Limitations also help us collect information necessary for keeping your PayPal account open.

There are several reasons why your PayPal account could be limited, including:

- If we suspect someone could be using your PayPal account without your knowledge, we'll limit it for your protection and look into the fraudulent activity.
- If your debit or credit card issuer alerts us that someone has used your card without your permission. Similarly, if your bank lets us know that there have been unauthorized transfers between your PayPal account and your bank account.
- In order to comply with applicable law.
- If we reasonably believe you have breached this agreement or violated the [Acceptable Use Policy](#).
- Seller performance indicating your PayPal account is high risk. Examples include: indications of poor selling performance because you've received an unusually high number of claims and chargebacks, selling an entirely new or high-cost product type, or if your typical sales volume increases rapidly.

You will need to resolve any issues with your account before a limitation can be removed. Normally, this is done after you provide us with the information we request. However, if we reasonably believe a risk still exists after you have provided us that information, we may take action to protect PayPal, our users, a third party, or you from reversals, fees, fines, penalties, legal and/or regulatory risks and any other liability.

## Reserves placed on business PayPal accounts

We may place a reserve on your business PayPal account at any time if we believe there may be a high level of risk associated with you, your business PayPal account, your business model, or your transactions. When we place a reserve on your business PayPal account, it means that all or some portion of the money in your business PayPal account is reserved as unavailable for withdrawal in order to protect against the risk of transactions made by you being reversed or invalidated or any other risk related to your business PayPal account or use of the PayPal services. We make

decisions about whether to place a reserve based on a number of factors, including information available to us from both internal sources and from third parties.

PayPal considers a list of non-exclusive factors and whether and how these factors have changed over time, including:

- How long you have been in business.
- Whether your industry has a higher likelihood of chargebacks.
- Your payment processing history with PayPal and other providers.
- Your business and/or personal credit history.
- Your delivery time frames.
- Whether you have higher than average number of returns, chargebacks, claims or disputes.

There are two types of reserves that may be placed on your business PayPal account, and one or both may be applied at the same time:

- **A Rolling reserve** is a reserve where a percentage of each transaction you receive each day is held and then released later on a scheduled basis. For example, your reserve could be set at 10% and held for a 90-day rolling period – meaning 10% of the money you receive on day 1 is held and then released on day 91, 10% of the money you receive on day 2 is held until day 92, etc. Rolling reserves are the most common type of reserve.
- **A Minimum reserve** is a specific minimum amount of money that you're required to keep available in the balance of your business PayPal account at all times. The minimum reserve is either taken as an upfront amount deposited all at once or is established on a rolling basis from percentages of sales until the minimum reserve is achieved, much like a rolling reserve.

If we place a reserve on funds in your account, the funds will be shown as "pending" and we'll notify you of the terms of the reserve.

If we change the terms of the reserve due to a change in our risk assessment, we'll notify you of the new terms.

### **Court Orders, Regulatory Requirements or Other Legal Process**

If we are notified of a court order or other legal process (including garnishment or any equivalent process) affecting you, or if we otherwise believe we are required to do so in order to comply with applicable law or regulatory requirements, we may be required to take certain actions, including holding payments to/from your PayPal account, placing a reserve or limitation on your PayPal account, or releasing your funds. We will decide, in our sole discretion, which action is required of us. Unless

the court order, applicable law, regulatory requirement or other legal process requires otherwise, we will notify you of these actions. We do not have an obligation to contest or appeal any court order or legal process involving you or your PayPal account. When we implement a hold, reserve or limitation as a result of a court order, applicable law, regulatory requirement or other legal process, the hold, reserve or limitation may remain in place longer than 180 days.

## **PayPal User Agreement**

### **Liability for Unauthorized Transactions and Other Errors**

#### **Protection from Unauthorized Transactions**

To protect yourself from unauthorized activity in your PayPal account, you should regularly log into your PayPal account and review your PayPal account statement. PayPal will notify you of each transaction by sending an email to your primary email address on file. You should review these transaction notifications to ensure that each transaction was authorized and accurately completed.

PayPal will protect you from unauthorized activity in your PayPal account. When this protection applies, PayPal will cover you for the full amount of the unauthorized activity as long as you cooperate with us and follow the procedures described below.

#### **What is an Unauthorized Transaction**

An “Unauthorized Transaction” occurs when money is sent from your PayPal account that you did not authorize and that did not benefit you. For example, if someone steals your password, uses the password to access your PayPal account, and sends a payment from your PayPal account, an Unauthorized Transaction has occurred.

#### **What is not considered an Unauthorized Transaction**

The following are NOT considered Unauthorized Transactions:

- If you give someone access to your PayPal account (by giving them your login information) and they use your PayPal account without your knowledge or permission. You are responsible for transactions made in this situation.

- Invalidation and reversal of a payment as a result of the actions described under [Refunds, Reversals and Chargebacks](#).

## **Reporting an Unauthorized Transaction**

If you believe your PayPal login information has been lost or stolen, please [contact PayPal customer service](#) immediately or call: (888) 221-1161 or write: PayPal, Attn: Error Resolution Department, P.O. Box 45950, Omaha, NE 68145-0950.

Tell us AT ONCE if you believe that an electronic fund transfer has been made without your permission using your login information or by other means. You could lose all the money in your PayPal account. If you tell us within 60 days after we provide you your PayPal account statement showing transfers you did not make, you will be eligible for 100% protection for Unauthorized Transactions.

Also, if your PayPal account statement shows transfers that you did not make, including those made with your PayPal login information or by other means, tell us at once. If you do not tell us within 60 days after we provided the statement to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we may extend the time periods.

## **Error Resolution**

### **What is an Error**

An “Error” means the following:

- When money is either incorrectly taken from your PayPal account or incorrectly placed into your PayPal account, or when a transaction is incorrectly recorded in your PayPal account.
- You send a payment and the incorrect amount is debited from your PayPal account.
- An incorrect amount is credited to your PayPal account.

- A transaction is missing from or not properly identified in your PayPal account statement.
- We make a computational or mathematical error related to your PayPal account.
- You request receipt or periodic statement documents that PayPal is required to provide to you.
- You request information concerning preauthorized (recurring) transfers to your PayPal account that PayPal is required to provide to you.
- You request additional information or clarification concerning a transfer to or from your PayPal account, including a request you make to determine whether an error has occurred.
- You inquire about the status of a pending transfer to or from your PayPal account.
- You request documentation or other information, unless the request is for a duplicate copy for tax or other record-keeping purposes.

### **What is not considered an Error**

The following are NOT considered Errors:

- If you give someone access to your PayPal account (by giving them your login information) and they use your PayPal account without your knowledge or permission. You are responsible for transactions made in this situation.
- Invalidation and reversal of a payment as a result of the actions described under [Refunds, Reversals and Chargebacks](#).
- Routine inquiries about the balance in your Cash Account or business PayPal account, or any money waiting to be claimed through your personal PayPal account if you do not have a Cash Account linked to your personal PayPal account.
- Requests for duplicate documentation or other information for tax or other recordkeeping purposes.

### **In case of Errors or questions about your electronic transfers**

Telephone us at (888) 221-1161, contact us through the PayPal [Resolution Center](#); or write us at PayPal, Attn: Error Resolution Department, P.O. Box 45950, Omaha, NE 68145-0950.

Notify us as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 [Business Days](#).

We will determine whether an error occurred within 10 [Business Days](#) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your PayPal account within 10 [Business Days](#) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 [Business Days](#), we may not credit your PayPal account.

For errors involving new PayPal accounts, point-of-sale transactions, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new PayPal accounts, we may take up to 20 [Business Days](#) to credit your PayPal account for the amount you think is in error.

We will tell you the results within 3 [Business Days](#) after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

## **Processing Errors**

We will rectify any processing error that we discover. If the error results in:

- You receiving less than the correct amount to which you were entitled, then we will credit your PayPal account for the difference between what you should have received and what you actually received.

- You receiving more than the correct amount to which you were entitled, then we will debit your PayPal account for the difference between what you actually received and what you should have received.
- Our not completing a transaction on time or in the correct amount, then we will be responsible to you for your losses or damages directly caused by this failure, unless:
  - through no fault of ours, you did not have enough available funds to complete the transaction;
  - our system was not working properly and you knew about the breakdown when you started the transaction; or
  - the error was due to extraordinary circumstances outside our control (such as fire, flood or loss of Internet connection), despite our reasonable precautions.

Processing errors are not:

- Delays that result from PayPal applying [holds, limitations or reserves](#).
- Delays based on a [payment review](#).
- Delays described under [How to buy something](#) related to the time it may take for a purchase transaction to be completed in some situations.
- Your errors in making a transaction (for example, mistyping an amount of money that you are sending).

## **Remittance Transfer Errors**

### **What is a Remittance Transfer**

You may be protected for certain errors when you send money using a PayPal account outside of the U.S. A “Remittance Transfer” is a transaction that meets the following criteria:

- The payment is sent from a personal PayPal account that is used primarily for personal, family or household purposes,
- The payment is made for personal, family or household purposes,
- The payment is made using the send money feature through your PayPal account,
- The payment amount equals or exceeds \$15 USD (excluding fees charged to you) or the foreign currency equivalent calculated using exchange rates in effect at the time of the transaction, and
- The recipient of the payment has a PayPal account in a country outside the U.S.

Payments that you make at a merchant website or location by selecting PayPal as a payment option are not “Remittance Transfers.”

### **What qualifies as a Remittance Transfer Error**

A “**Remittance Transfer Error**” occurs if:

- You paid an incorrect amount to send the Remittance Transfer. For example, you were charged more than the total shown on the remittance transfer receipt you received (unless the total shown on the receipt was an estimate, and the difference results from application of the actual exchange rate, fees, and taxes).
- PayPal made a computational or bookkeeping error, such as a miscalculation of the amount the recipient received.
- The amount stated in the remittance transfer receipt was not made available to the recipient, unless:
  - we stated in the remittance transfer receipt that we used estimates and the difference in the amount received and the amount stated in the remittance transfer receipt results from application of the actual exchange rate, fees, and taxes, or
  - the problem was caused by extraordinary circumstances outside our control.
- Funds were available to the recipient later than the date of availability that was disclosed to you on the remittance transfer receipt or were not delivered, unless:
  - extraordinary circumstances outside our control caused the delay, and we could not reasonably anticipate those circumstances,
  - delays resulted from fraud screenings, or were caused by requirements of the Office of Foreign Assets Controls or similar requirements, or
  - you (or someone assisting you) made the transfer with fraudulent intent.
- You request documentation or information concerning the Remittance Transfer, such as information required to determine if a Remittance Transfer Error occurred.

### **What is not considered a Remittance Transfer Error**

The following are NOT considered Remittance Transfer Errors:

- An inquiry about the status of a Remittance Transfer, except where the funds from the transfer were not made available to a designated recipient by the disclosed date of availability,
- A request for information for tax or other recordkeeping purposes,
- A change requested by the designated recipient, or
- A change in the amount or type of currency received by the designated recipient from the amount or type of currency stated in the disclosure provided you, if we relied on information provided by you in making the disclosure.

### **What to do if you think there has been a Remittance Transfer Error or problem**

If you think there has been a Remittance Transfer Error or problem with your Remittance Transfer:

- Call us at: (888) 221-1161.
- Write us at: PayPal, Attn: Error Resolution Department, P.O. Box 45950, Omaha, NE 68145-0950.
- Log in to your PayPal account at paypal.com and go to the [Resolution Center](#) and dispute a transaction.

You must contact us within 180 days of the date we promised to you that funds would be made available to the recipient. When you do, please tell us:

- Your name, address and telephone number,
- The error or problem with the transfer, and why you believe it is an error or problem,
- The name of the person receiving the funds, and if you know it, his or her telephone number or address,
- The dollar amount of the transfer, and
- The confirmation code or number of the transaction.

We will determine whether an error occurred within 90 days after you contact us and we will correct any error promptly. We will tell you the results within 3 [Business Days](#) after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of any documents we used in our investigation.

## **PayPal User Agreement**

## Other Legal Terms

### Communications Between You and Us

If you provide us your mobile phone number, you agree that PayPal and its affiliates may contact you at that number using autodialed or prerecorded message calls or text messages to: (i) service your PayPal branded accounts, (ii) investigate or prevent fraud, or (iii) collect a debt. We will not use autodialed or prerecorded message calls or texts to contact you for marketing purposes unless we receive your prior express written consent. We may share your mobile phone number with service providers with whom we contract to assist us with the activities listed above, but we will not share your mobile phone number with third parties for their own purposes without your consent. You do not have to agree to receive autodialed or prerecorded message calls or texts to your mobile phone number in order to use and enjoy the products and services offered by PayPal. You can decline to receive autodialed or prerecorded message calls or texts to your mobile phone number in several ways, including in your PayPal account settings at [www.paypal.com](http://www.paypal.com), by contacting [customer support](#) or by calling us at 1-844-629-9108. Standard telephone minute and text charges may apply.

PayPal may communicate with you about your PayPal account and the PayPal services electronically as described in our [Electronic Communications Delivery Policy](#). You will be considered to have received a communication from us, if it's delivered electronically, 24 hours after the time we post it to our website or email it to you. You will be considered to have received a communication from us, if it's delivered by mail, 3 [Business Days](#) after we send it.

Unless you're communicating with us about a matter where we've specified another notice address (for example, our [Liability for Unauthorized Transactions and Other Errors](#) process), written notices to PayPal must be sent by postal mail to: PayPal, Inc., Attention: Legal Department, 2211 North First Street, San Jose, California 95131.

You understand and agree that, to the extent permitted by law, PayPal may, without further notice or warning, monitor or record telephone conversations you or anyone acting on your behalf has with PayPal or its agents for quality control and training purposes or for our own protection. You acknowledge and understand that while your communications with PayPal may be overheard, monitored, or recorded not all telephone lines or calls may be recorded by PayPal, and PayPal does not guarantee that recordings of any particular telephone calls will be retained or retrievable.

### PayPal's Rights

## **PayPal suspension and termination rights**

PayPal, in its sole discretion, reserves the right to suspend or terminate this user agreement, access to or use of its websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf or some or all of the PayPal services for any reason and at any time upon notice to you and, upon termination of this user agreement, the payment to you of any unrestricted funds held in your PayPal account.

## **Security interest**

As security for the performance of your obligations under this user agreement, you grant to PayPal a lien on, and security interest in and to, funds held in your PayPal account.

## **Amounts owed to PayPal**

If the balance in your PayPal account becomes negative for any reason, that negative balance represents an amount that you owe to PayPal. PayPal may deduct these amounts from funds that are added to your PayPal account later, either by you or from payments you receive. If you have more than one PayPal account, we may set off a negative balance in one PayPal account against a balance in your other PayPal account(s), including a Cash Account. If you continue using your PayPal account when it has a negative balance, you authorize PayPal to combine the negative balance with any debit or transaction sent from your account when that combination is disclosed to you in advance of initiating the debit or transaction.

If you hold funds in a PayPal account in multiple currencies, and the balance for one of the currencies becomes negative for any reason, PayPal may set off the negative balance by using funds you maintain in a different currency. If you have a negative balance in non-U.S. dollars for a period of 21 days or longer, PayPal will convert this negative balance to U.S. dollars. In either case, a [currency conversion](#) will be necessary, and PayPal's transaction exchange rate (including our [currency conversion spread](#)) will be used.

In addition to the above, if you have a past due amount owed to us, our affiliates, or eBay, PayPal may debit your PayPal account to pay any amounts that are past due.

This includes amounts owed by using our various products such as Venmo, Xoom or Braintree.

### **Insolvency proceedings**

If any proceeding by or against you is commenced under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, we'll be entitled to recover all reasonable costs or expenses (including reasonable legal fees and expenses) incurred in connection with the enforcement of this user agreement.

### **Assumption of rights**

If PayPal invalidates and reverses a payment that you made to a recipient (either at your initiative or otherwise), you agree that PayPal assumes your rights against the recipient and third parties related to the payment, and may pursue those rights directly or on your behalf, in PayPal's discretion.

### **No waiver**

Our failure to act with respect to a breach of any of your obligations under this user agreement by you or others does not waive our right to act with respect to subsequent or similar breaches.

### **Indemnification and Limitation of Liability**

In this section, we use the term "PayPal" to refer to PayPal, Inc., our parent PayPal Holdings, Inc., and our affiliates, and each of their respective directors, officers, employees, agents, joint venturers, service providers and suppliers. Our affiliates include each entity that we control, we are controlled by or we are under common control with.

### **Indemnification**

**You must indemnify PayPal for actions related to your PayPal account and your use of the PayPal services.** You agree to defend, indemnify and hold PayPal harmless from any claim or demand (including reasonable legal fees) made or incurred by any third party due to or arising out of your breach of this user agreement, your improper use of the PayPal services, your violation of any law or the rights of a third party and/or the actions or inactions of any third party to whom you grant permissions to use your PayPal account or access our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf, or any of the PayPal services on your behalf.

### **Limitation of liability**

**PayPal's liability is limited with respect to your PayPal account and your use of the PayPal services.** In no event shall PayPal be liable for lost profits or any special, incidental or consequential damages (including without limitation damages for loss of data or loss of business) arising out of or in connection with our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf, any of the PayPal services, or this user agreement (however arising, including negligence), unless and to the extent prohibited by law.

Our liability to you or any third parties in any circumstance is limited to the actual amount of direct damages. In addition, to the extent permitted by applicable law, PayPal is not liable, and you agree not to hold PayPal responsible, for any damages or losses (including, but not limited to, loss of money, goodwill, or reputation, profits, or other intangible losses or any special, indirect, or consequential damages) resulting directly or indirectly from: (1) your use of, or your inability to use, our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf, or any of the PayPal services; (2) delays or disruptions in our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf and any of the PayPal services; (3) viruses or other malicious software obtained by accessing our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf or any of the PayPal services or any website or service linked to our websites, software or any of the PayPal services; (4) glitches, bugs, errors, or inaccuracies of any kind in our websites, software, systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf or any of the PayPal services or in the information and graphics obtained from them; (5) the content, actions, or inactions of third parties; (6) a suspension or other action taken with respect to your

PayPal account; or (7) your need to modify your practices, content, or behavior, or your loss of or inability to do business, as a result of changes to this user agreement or PayPal's policies.

## **Disclaimer of Warranty and Release**

### **No warranty**

**The PayPal services are provided “as-is” and without any representation or warranty, whether express, implied or statutory. PayPal specifically disclaims any implied warranties of title, merchantability, fitness for a particular purpose and non-infringement.**

PayPal does not have any control over the products or services provided by sellers who accept PayPal as a payment method, and PayPal cannot ensure that a buyer or a seller you are dealing with will actually complete the transaction or is authorized to do so. PayPal does not guarantee continuous, uninterrupted or secure access to any part of the PayPal services, and operation of our websites, software, or systems (including any networks and servers used to provide any of the PayPal services) operated by us or on our behalf may be interfered with by numerous factors outside of our control. PayPal will make reasonable efforts to ensure that requests for electronic debits and credits involving bank accounts, debit cards, credit cards, and check issuances are processed in a timely manner but PayPal makes no representations or warranties regarding the amount of time needed to complete processing because the PayPal services are dependent upon many factors outside of our control, such as delays in the banking system or the U.S. or international mail service. Some states do not allow the disclaimer of implied warranties, so the foregoing disclaimers may not apply to you.

### **Release of PayPal**

If you have a dispute with any other PayPal account holder, you release PayPal from any and all claims, demands and damages (actual and consequential) of every kind and nature, known and unknown, arising out of or in any way connected with such disputes. In entering into this release you expressly waive any protections (whether statutory or otherwise, for example, California Civil Code § 1542) that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.

## Agreement to Arbitrate

You and PayPal agree that any claim or dispute at law or equity that has arisen or may arise between us will be resolved in accordance with the Agreement to Arbitrate provisions set forth below. Please read this information carefully. Among other things it:

- Affects your rights and will impact how claims you and we have against each other are resolved.
- Includes a [Prohibition of Class and Representative Actions and Non-Individualized Relief](#) pursuant to which you agree to waive your right to participate in a class action lawsuit against us.
- Requires you to follow the [Opt-Out Procedure](#) to opt-out of the Agreement to Arbitrate by mailing us a written notice and the opt-out notice must be postmarked no later than 30 days after the date you accept this user agreement for the first time.

If a dispute arises between you and PayPal, acting as either a buyer or a seller, our goal is to learn about and address your concerns. If we are unable to do so to your satisfaction, we aim to provide you with a neutral and cost effective means of resolving the dispute quickly. Disputes between you and PayPal regarding the PayPal services may be reported to customer service online through the [PayPal Help Center](#) at any time, or by calling (888) 221-1161 from Mon-Fri 5:00 AM to 10:00 PM PT and Sat-Sun 6:00 AM to 8:00 PM PT.

### Agreement to Arbitrate

You and PayPal each agree that any and all disputes or claims that have arisen or may arise between you and PayPal, including without limitation federal and state statutory claims, common law claims, and those based in contract, tort, fraud, misrepresentation or any other legal theory, shall be resolved exclusively through final and binding arbitration, rather than in court, except that you may assert claims in small claims court, if your claims qualify and so long as the matter remains in such court and advances only on an individual (non-class, non-representative) basis. This Agreement to Arbitrate is intended to be broadly interpreted. The Federal Arbitration Act governs the interpretation and enforcement of this Agreement to Arbitrate.

### *Our Agreement*

### *Prohibition of Class and Representative Actions and Non-Individualized Relief*

You and PayPal agree that each of us may bring claims against the other only on an individual basis and not as a plaintiff or class member in any purported class or representative action or proceeding. Unless both you and PayPal agree otherwise, the arbitrator(s) may not consolidate or join more than one person's or party's claims and may not otherwise preside over any form of a

consolidated, representative or class proceeding. Also, the arbitrator(s) may award relief (including monetary, injunctive and declaratory relief) only in favor of the individual party seeking relief and only to the extent necessary to provide relief necessitated by that party's individual claim(s). Any relief awarded cannot affect other PayPal customers.

Arbitration is more informal than a lawsuit in court. Arbitration uses a neutral arbitrator or arbitrators instead of a judge or jury, and court review of an arbitration award is very limited. However, the arbitrator(s) can award the same damages and relief on an individual basis that a court can award to an individual. The arbitrator(s) also must follow the terms of this user agreement as a court would. All issues are for the arbitrator(s) to decide, except that issues relating to arbitrability, the scope or enforceability of this Agreement to Arbitrate, or the interpretation of the [Prohibition of Class and Representative Actions and Non-Individualized Relief](#) section above, shall be for a court of competent jurisdiction to decide.

### ***Arbitration Procedures***

The arbitration will be conducted by the American Arbitration Association (referred to as the "AAA") under its rules and procedures, including the AAA's Consumer Arbitration Rules (as applicable), as modified by this Agreement to Arbitrate. The AAA's rules are available at [www.adr.org](http://www.adr.org). A party who intends to seek arbitration must first send the other party, by certified mail, a completed [Notice of Dispute](#). You should send this notice to PayPal at: PayPal, Inc., Attn: Litigation Department, Re: Notice of Dispute, 2211 North First Street, San Jose, CA 95131. PayPal will send any notice to you to the address we have on file associated with your PayPal account; it is your responsibility to keep your address up to date. All information called for in the notice must be provided including a description of the nature and basis of the claims the party is asserting and the relief sought.

If you and PayPal are unable to resolve the claims described in the notice within 30 days after the notice is sent, you or PayPal may initiate arbitration proceedings. A form for initiating arbitration proceedings is available on the AAA's website at [www.adr.org](http://www.adr.org).

The arbitration shall be held in the county in which you reside or at another mutually agreed location. If the value of the relief sought is \$10,000 or less, you or PayPal may elect to have the arbitration conducted by telephone or based solely on written submissions, which election shall be binding on you and PayPal subject to the discretion of the arbitrator(s) to require an in-person hearing, if the circumstances warrant. In cases where an in-person hearing is held, you and/or PayPal may attend by telephone, unless the arbitrator(s)

require otherwise. Any settlement offer made by you or PayPal shall not be disclosed to the arbitrator(s).

The arbitrator(s) will decide the substance of all claims in accordance with applicable law, including recognized principles of equity, and will honor all claims of privilege recognized by law. The arbitrator(s) shall not be bound by rulings in prior arbitrations involving different PayPal customers, but is/are bound by rulings in prior arbitrations involving the same PayPal customer to the extent required by applicable law. The award of the arbitrator(s) shall be final and binding, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Payment of all filing, administration, and arbitrator fees will be governed by the AAA's rules, unless otherwise stated in this Agreement to Arbitrate. If the value of the relief sought is \$10,000 or less, at your request, PayPal will pay all filing, administration, and arbitrator fees associated with the arbitration. Any request for payment of fees by PayPal should be submitted by mail to the AAA along with your Demand for Arbitration and PayPal will make arrangements to pay all necessary fees directly to the AAA. If the value of the relief sought is more than \$10,000 and you are able to demonstrate that the costs of accessing arbitration will be prohibitive as compared to the costs of accessing a court for purposes of pursuing litigation on an individual basis, PayPal will pay as much of the filing, administration, and arbitrator fees as the arbitrator(s) deem necessary to prevent the cost of accessing the arbitration from being prohibitive. In the event the arbitrator(s) determine the claim(s) you assert in the arbitration to be frivolous, you agree to reimburse PayPal for all fees associated with the arbitration paid by PayPal on your behalf that you otherwise would be obligated to pay under the AAA's rules.

***Costs of Arbitration***

With the exception of any of the provisions in the [Prohibition of Class and Representative Actions and Non-Individualized Relief](#) section above, if a court decides that any part of this Agreement to Arbitrate is invalid or unenforceable, the other parts of this Agreement to Arbitrate shall still apply. If a court decides that any of the provisions in the [Prohibition of Class and Representative Actions and Non-Individualized Relief](#) section above is invalid or unenforceable because it would prevent the exercise of a non-waivable right to pursue public injunctive relief, then any dispute regarding the entitlement to such relief (and only that relief) must be severed from arbitration and may be litigated in court. All other disputes subject to arbitration under the terms of the Agreement to Arbitrate shall be arbitrated under its terms.

***Severability***

If you are a new PayPal customer, you can choose to reject this Agreement to Arbitrate by mailing us a written opt-out notice. The

***Opt-Out Procedure***

opt-out notice must be postmarked no later than 30 days after the date you accept this user agreement for the first time. You must mail the opt-out notice to PayPal, Inc., Attn: Litigation Department, 2211 North First Street, San Jose, CA 95131.

For your convenience, we are providing an [opt-out notice](#) form you must complete and mail to opt out of this Agreement to Arbitrate. You must complete this form by providing all the information it calls for, including your name, address, phone number, and the email address(es) used to log in to the PayPal account(s) to which the opt-out applies. You must sign the opt-out notice for it to be effective. This procedure is the only way you can opt out of the Agreement to Arbitrate. If you opt out of this Agreement to Arbitrate, all other parts of the user agreement will continue to apply. Opting out of this Agreement to Arbitrate has no effect on any previous, other, or future arbitration agreements that you may have with us.

Notwithstanding any provision in the user agreement to the contrary, you and we agree that if we make any amendment to this Agreement to Arbitrate (other than an amendment to any notice address or website link provided herein) in the future, that amendment shall not apply to any claim that was filed in a legal proceeding against PayPal prior to the effective date of the amendment. The amendment shall apply to all other disputes or claims governed by this Agreement to Arbitrate that have arisen or may arise between you and PayPal. We will notify you of amendments to this Agreement to Arbitrate by posting the amended terms on [www.paypal.com](http://www.paypal.com) at least 30 days before the effective date of the amendments and by providing notice through email. If you do not agree to these amended terms, you may close your PayPal account within the 30-day period and you will not be bound by the amended terms.

***Future Amendments to this Agreement to Arbitrate***

## **Intellectual Property**

### **PayPal's trademarks**

"PayPal.com," "PayPal," and all logos related to the PayPal services are either trademarks or registered trademarks of PayPal or PayPal's licensors. You may not copy, imitate, modify or use them without PayPal's prior written consent. In addition, all page headers, custom graphics, button icons, and scripts are service marks, trademarks, and/or trade dress of PayPal. You may not copy, imitate, modify or use them without our prior written consent. You may use HTML logos provided by PayPal for the purpose of directing web traffic to the PayPal services. You may not alter, modify or change these HTML logos in any way, use them in a manner that

mischaracterizes PayPal or the PayPal services or display them in any manner that implies PayPal's sponsorship or endorsement. All right, title and interest in and to the PayPal websites, any content thereon, the PayPal services, the technology related to the PayPal services, and any and all technology and any content created or derived from any of the foregoing is the exclusive property of PayPal and its licensors.

### **License grants, generally**

If you are using PayPal software such as an API, developer's toolkit or other software application, which may include software provided by or integrated with software, systems or services of our service providers, that you have downloaded or otherwise accessed through a web or mobile platform, then PayPal grants you a revocable, non-exclusive, non-sublicensable, non-transferable, royalty-free limited license to access and/or use PayPal's software in accordance with the documentation accompanying such software. This license grant applies to the software and all updates, upgrades, new versions and replacement software. You may not rent, lease or otherwise transfer your rights in the software to a third party. You must comply with the implementation, access and use requirements contained in all documentation accompanying the PayPal services. If you do not comply with implementation, access and use requirements you will be liable for all resulting damages suffered by you, PayPal and third parties. PayPal may update or discontinue any software upon notice to you. While PayPal may have (1) integrated certain third party materials and technology into any web or other application, including its software, and/or (2) accessed and used certain third party materials and technology to facilitate providing you with the PayPal Services, you have not been granted and do not otherwise retain any rights in or to any such third party materials. You agree not to modify, alter, tamper with, repair, copy, reproduce, adapt, distribute, display, publish, reverse engineer, translate, disassemble, decompile or otherwise attempt to create any source code that is derived from the software or any third party materials or technology, or otherwise create any derivative works from any of the software or third party materials or technology. You acknowledge that all rights, title and interest to PayPal's software are owned by PayPal and any third party materials integrated therein are owned by PayPal's third party service providers. Any other third party software application you use on the PayPal websites is subject to the license you agreed to with the third party that provides you with this software. You acknowledge that PayPal does not own, control nor have any responsibility or liability for any such third party software application you elect to use on any of our websites, software and/or in connection with the PayPal services.

### **License grant from you to PayPal; intellectual property warranties**

PayPal does not claim ownership of the content that you provide, upload, submit or send to PayPal. Nor does PayPal claim ownership of the content you host on third-party websites or applications that use PayPal services to provide payments services related to your content. Subject to the [next paragraph](#), when you provide content to PayPal or post content using PayPal services, you grant PayPal (and parties that we work with) a non-exclusive, irrevocable, royalty-free, transferable, and worldwide license to use your content and associated intellectual property and publicity rights to help us improve, operate and promote our current services and develop new ones. PayPal will not compensate you for any of your content. You acknowledge that PayPal's use of your content will not infringe any intellectual property or publicity rights. Further, you acknowledge and warrant that you own or otherwise control all of the rights of the content you provide, and you agree to waive your moral rights and promise not to assert such rights against PayPal.

### **License grant from sellers to PayPal**

Notwithstanding the provisions of the [prior paragraph](#), if you are a seller using the PayPal services to accept payments for goods and services, you hereby grant PayPal and its affiliates a worldwide, non-exclusive, transferable, sublicensable (through multiple tiers), and royalty-free, fully paid-up, right to use and display publicly, during the term of this user agreement, your trademark(s) (including but not limited to registered and unregistered trademarks, trade names, service marks, logos, domain names and other designations owned, licensed to or used by you) for the purpose of (1) identifying you as a merchant that accepts a PayPal service as a payment form, and (2) any other use to which you specifically consent.

### **Miscellaneous**

#### **Assignment**

You may not transfer or assign any rights or obligations you have under this user agreement without PayPal's prior written consent. PayPal may transfer or assign this user agreement or any right or obligation under this user agreement at any time.

#### **Business Days**

“Business Day(s)” means Monday through Friday, excluding holidays when PayPal’s offices are not considered open for business in the U.S. Holidays include New Year's Day (January 1), Martin Luther King, Jr.’s Birthday (the third Monday in January), George Washington's Birthday (the third Monday in February), Memorial Day (the last Monday in May), Independence Day (July 4), Labor Day (the first Monday in September), Columbus Day (the second Monday in October), Veterans Day (November 11), Thanksgiving Day (the fourth Thursday in November) and Christmas Day (December 25). If a holiday falls on a Saturday, PayPal observes the holiday on the prior Friday. If the holiday falls on a Sunday, PayPal observes the holiday on the following Monday.

### **Consumer fraud warning**

We’re always looking for ways to help keep you even more secure. So stay on the lookout for some of these common scams:

- **Spoofing:** a scammer sends forged or faked electronic documents or emails falsely claiming to be PayPal or coming from PayPal but asks you to send money outside your PayPal account.
- **Relative in Need:** a scammer impersonates a family member (commonly grandchildren) and claims there is an emergency requiring you to send money.
- **Lottery or Prize:** a scammer informs you that you’ve won a lottery or prize and must send money in order to claim it.
- **Debt Collection:** a scammer impersonates a debt collector and induces you to send money using threats or intimidation.
- **Employment Related:** a scammer instructs you to send money in connection with a fraudulent offer of employment.

Always use common sense when sending money. If something sounds too good to be true, it probably is. Only send money for yourself and not for others. Remember that if you don’t send the payment through your PayPal account, you’re not covered by PayPal Purchase Protection. Please let us know immediately if you believe someone is trying to scam or defraud you by [contacting us](#).

### **Dormant accounts**

If you do not log in to your PayPal account for two or more years, PayPal may close your PayPal account and send any funds in the PayPal account, including any balance

in a linked Cash Account to your primary address (if we have verified the [required identifying information](#) that you have provided to us) or, if required, escheat (send) those funds to your state of residency. PayPal will determine your state of residency based on the state listed in the primary address for your PayPal account. If your address is unknown or registered in a foreign country, the funds in your PayPal account, including any balance in a linked Cash Account will be escheated to the State of Delaware. Where required, PayPal will send you a notice prior to escheating any funds in your PayPal account, including any balance in a linked Cash Account. If you fail to respond to this notice, the funds in your PayPal account, including any balance in a linked Cash Account will be escheated to the applicable state. If you would like to claim any escheated funds from the applicable state, please contact the applicable state's unclaimed property administrator.

### **Governing law**

You agree that, except to the extent inconsistent with or preempted by federal law and except as otherwise stated in this user agreement, the laws of the State of Delaware, without regard to principles of conflict of laws, will govern this user agreement and any claim or dispute that has arisen or may arise between you and PayPal.

### **Identity authentication**

You authorize PayPal, directly or through third parties, to make any inquiries we consider necessary to verify your identity. This may include:

- asking you for further information, such as your date of birth, a taxpayer identification number, your physical address and other information that will allow us to reasonably identify you;
- requiring you to take steps to confirm ownership of your email address or financial instruments;
- ordering a credit report from a credit reporting agency, or verifying your information against third party databases or through other source; or
- requiring you to provide your driver's license or other identifying documents.

Anti-money laundering and counter-terrorism financing laws may require that PayPal verify the [required identifying information](#) if you use certain PayPal services. PayPal reserves the right to close, suspend, or limit access to your PayPal account and/or the

PayPal services in the event that, after reasonable enquiries, we are unable to obtain information about you required to verify your identity.

### **PayPal is only a payment service provider**

We act as a payment service provider only. We do not:

- Act as an escrow agent with respect to any funds kept in your account;
- Act as your agent or trustee;
- Enter into a partnership, joint venture, agency or employment relationship with you;
- Guarantee the identity of any buyer or seller;
- Determine if you are liable for any taxes; or
- Unless otherwise expressly set out in this agreement, collect or pay any taxes that may arise from your use of our services.

### **Privacy**

Protecting your privacy is very important to us. Please review our [Privacy Statement](#) in order to better understand our commitment to maintaining your privacy, as well as our use and disclosure of your information.

### **State disclosures**

In addition to reporting complaints against PayPal directly to PayPal as described above, if you are a California resident, you may report complaints to the California Department of Business Oversight by mail at Department of Business Oversight, Attn: Consumer Services, 1515 K Street, Suite 200, Sacramento, CA 95814 or online through its website at <http://www.dbo.ca.gov/Consumers>. The California Department of Business Oversight offers assistance with its complaint form by phone at 866-275-2677. If you are a California resident, you have a right to receive communications about your PayPal account and the PayPal services by email. To make such a request, send a letter to PayPal to: PayPal, Inc., Attention: Legal Department, 2211 North First Street, San Jose, California 95131), include your email address, and your request for that information by email.

Florida residents may contact the Florida Department of Financial Services in writing at 200 East Gaines Street, Tallahassee, Florida, 32399, or by telephone at 1-800-342-2762.

### **Translation of agreement**

Any translation of this user agreement is provided solely for your convenience and is not intended to modify the terms of this user agreement. In the event of a conflict between the English version of this user agreement and a version in a language other than English, the English version shall control.

### **Unlawful internet gambling notice**

Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through your PayPal account or your relationship with PayPal. Restricted transactions generally include, but are not limited to, transactions in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with unlawful Internet gambling.

### **Your use of information; Data protection laws**

If you receive information about another PayPal customer, you must keep the information confidential and only use it in connection with the PayPal services. You may not disclose or distribute any information about PayPal users to a third party or use the information for marketing purposes unless you receive that user's express consent to do so. You may not send unsolicited emails to a PayPal customer or use the PayPal services to collect payments for sending, or assist in sending, unsolicited emails to third parties.

To the extent that you (as a seller) process any personal data about a PayPal customer pursuant to this agreement, you agree to comply with the requirements of any applicable privacy and data protection laws. You have your own, independently determined privacy policy, notices and procedures for any such personal data that you hold as a data controller, including a record of your activities related to processing of personal data under this agreement.

The privacy and data protection laws that may apply include any associated regulations, regulatory requirements and codes of practice applicable to the provision of the services described in this agreement. If you process personal data from Europe pursuant to this agreement, you must comply with the EU Directive 95/46/EC or the General Data Protection Regulation (EU) 2016/679 (GDPR).

In complying with such laws, you will:

- implement and maintain all appropriate security measures for the processing of personal data; and
  - not knowingly do anything or permit anything to be done which might lead to a breach of any privacy data protection laws by PayPal.
- 
- © 1999–2020
  - [Privacy](#)
  - [Legal](#)
  - [Feedback](#)