

Roy, Lauren

From: Blanch, Belinda on behalf of Adjudication
Sent: Monday, 21 April 2008 10:45 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Paypal.com and Ebay.com [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: Robert Hurley [redacted]
Sent: Saturday, 19 April 2008 9:42 PM
To: Adjudication
Subject: Paypal.com and Ebay.com

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PUBLIC REGISTER**

Dear Sirs

I would like to make a complaint about Ebay's intention to force all sellers to use paypal.com (the only other option being pickup in person).

The conduct substantially lessens competition in the market for "methods of making online purchases." Currently (ie prior to the changes) consumers can usually pay for Ebay purchases by a variety of methods inc paypal.com, cheque, postal orders and direct deposit. The availability to consumers of these alternative payment methods (or substitutes) serves to provide a "limit" to the fees paypal.com can charge - if paypal.com fees increase too much consumers can choose to use these alternative payment methods. Should these alternative payment methods no longer be available (ie no substitutes) then paypal.com will be much less restricted in their ability to raise fees. I have no doubt this will "substantial lessening of competition".

Although not directly related to the ACCC's area of interest, Ebay's effective refusal to accept "legal tender" (I say "effective" because in today's global economy it is highly likely that buyer and seller will be thousands of miles apart) - ie not allowing consumers to send or courier payment by cash (or possibly money orders/cash cheques - depending on the definition of "Legal tender") my be unlawful.

Many people using paypal.com choose to pay using Mastercard and Visa. If the new changes come into effect almost all transactions will end up being paid through Paypal.com. Obviously this will generate a lot more business for Mastercard and Visa.

Have you considered the possibility that Ebay.com/Paypal.com may have stuck a "deal" with Mastercard/Visacard whereby in return for agreeing to only accepting paypal.com (which will increase business for the credit card companies) Mastercard/Visa will charge a lower commission for Paypal.com transactions? Certainly if I "was Ebay" this is what I would try and do. Obviously any such agreement would be an "agreement likely to substantially lessen competition" - and in breach of the TPA.

Finally, are you aware that sellers using Paypal.com have to "guarantee" delivery of an item sold on Ebay? If a buyer "claims" to have not received an item his purchase price will be refunded from the seller's Paypal.com account unless the seller can "prove" that delivery has occurred. The only "proof" of delivery accepted by Paypal.com is "tracking". "Tracking" using Australia Post for domestic services is only available using registered post with a proof of delivery slip. "Tracking" options offer by Australia Post for international services are either very limited or not available.

If "tracking" is used it is very time consuming and expensive for consumers. If "tracking" is not used the seller is very susceptible to fraud - all a buyer has to do is say they didn't receive the item and they get a refund. Fraud from overseas buyers is even more likely as "tracking" to many countries is not available.

I would be more than happy to assist in anyway possible in regard to preventing the proposed changes.

23/04/2008

regards

Robert Hurley