

**Roy, Lauren**

**From:** Petreski, Sonya on behalf of Adjudication  
**Sent:** Monday, 28 April 2008 10:02 AM  
**To:** Chisholm, Shane; Roy, Lauren  
**Subject:** FW: Ebay International AG and there notification N93365 & Paypal [SEC=UNCLASSIFIED]  
**Categories:** SEC=UNCLASSIFIED  
**ACCC Classification:** SEC=UNCLASSIFIED

**From:** Travis Lo Ricco [mailto: ]  
**Sent:** Sunday, 27 April 2008 5:20 PM  
**To:** Adjudication  
**Subject:** Ebay International AG and there notification N93365 & Paypal

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PUBLIC REGISTER**

To whom it may concern / ACCC adjudication department

Please accept the following letter as a public submission in regards to Ebay International AG and there notification N93365 to the ACCC of Exclusive dealing.

I would like to clearly state my strong opposition to Ebay's proposed changes and thus there notification/application to the ACCC.

I have been a buyer & seller on Ebay Australia for four years and during this time I have purchased and sold hundreds of items. As both a private buyer and a seller I have always preferred to make and accept payment via direct deposit and I have never experienced any problems using this payment option. I have only ever used Paypal to make payments to overseas sellers who do not accept any other payment system, this I find can be more complicated and can drastically hinder a transaction, therefore the speed at which the item is dispatched. I have also experienced problems with fraudulent sellers who know Paypal's conditions of use and buyer protection policies intimately and use this knowledge to find loopholes in the Paypal system;

e.g. A US seller I recently purchased AU\$500 worth of items from combined the four items and postage therefore making the total amount I owed him US\$90 less than the final auction price, therefore he sent me a payment request through Paypal for the total amount which I paid, I never received my items and being of the belief that I was protected by Paypal buyer protection I made a Paypal claim. 2-3 weeks later Paypal found in my favor but could not recover my payment because the seller had emptied his account, I called the 1800 number listed on Paypal's site and was connected to a US Paypal helpdesk. I was told that I had made my payment outside of Paypal's buyer protection policies and conditions of coverage and I would not be reimbursed, as I had essentially made "a transfer like Western Union money transfer" and that "Paypal makes no guarantee that they can recover 100% of customers' money 100% of the time".

My point is that whilst what I was told by Paypal is correct Paypal does nothing to make this a point for consumers to remember when making payments. They could issue a set of easy to follow safe payment guidelines to all of their members, but they probably feel this would breakdown the feeling of safety they have worked so hard to develop. Ebay have strongly promoted Paypal as a safe payment method when making purchases from people all over the world since they acquired Paypal in 2002, and have worked hard to build a belief in buyer's minds that if something goes wrong during the transaction they have Paypal's buyer protection there to back them up no matter what.

Consumers get the idea that they have nothing to lose and therefore develop a feeling of unfounded safety when making online payments. The only obvious guidelines Ebay & Paypal offer are “*eBay prohibits the use of instant cash transfer services such as Western Union or Moneygram*” or “*When you’re shopping on eBay, look for items that are covered by Paypal Buyer Protection. With it, you get free protection of up to \$3,000.00 AUD on your purchases. To determine if your item is eligible, look for Paypal Buyer Protection in the Seller Information box on the View Item page*” and on a recent Today Tonight program Ebay’s director of trust & safety Alistair McGibbon stated that the 3 simple rules are;

1. Get to know the seller of the item you are going to purchase by looking at their feedback score and comprehensively read the description of the item you are going to purchase
2. Pay smart using Paypal and you could be covered in the unlikely event that something goes wrong.
3. Follow Ebay’s safe trading advice

As you can see Ebay & Paypal are clearly trying to limit competition from other third party payment organizations. By introducing these new rules Ebay will severely restrict small scale sellers ability’s to compete, and in some cases they will be forced to remove themselves from Ebay, e.g. a seller who sells an item for \$400 with a total profit margin of \$25 will already be losing approximately \$15 in Ebay listing & commission fees thus making \$10 profit if forced to accept Paypal this seller has 2 choices keep the selling price at the currently competitive \$400 and after paying approximately \$9 in fees to Paypal make a total profit of \$1 or raise his items price to \$409 which will then be undercut by the large sellers that have bigger buying power (keeping in mind an Ebay buyer will buy from a competitor that offers an item even \$1 cheaper.

- **This is detrimental to consumers by effectively reducing competition.**

(Speculation) I believe Ebay plans to shed the smaller sellers keeping only the large scale sellers that make them large amounts of money in fees, commissions etc. once this is accomplished there would no longer be the self regulating competition in place to keep prices in check and the remaining sellers would be free to increase their prices.

As the site <http://paypalwarning.com/> states

Can Paypal hold my money with no explanation? The answer is YES.

Can Paypal freeze my account for no reason? The answer is YES.

Can Paypal take money out of my account without my knowledge?

The answer is YES.

- **This is clearly detrimental to all sellers.**

Take for example Coles supermarket if Coles decided that the only valid way of making a payment in any of its stores in Australia was with there Coles Source credit card, would the ACCC see this as being of benefit to consumers or detrimental.

Please keep in mind that the people who are sending you submissions are the same ones who like my self have supported Ebay over the years and helped it to grow into what it is today, by trading online and telling everyone how great it is. I hope this fact adds weight to all submissions made, and I sincerely hope that for Consumers and Sellers alike, you decide to uphold the Trade practices act and enforce it on Ebay to the fullest extent allowed to you under current law.

Thank you for taking the time to read this submission

Kindest Regards

Travis LoRizzo

For and on Behalf of the ebay sellers Forksavguy & Eastendsteel