

Roy, Lauren

From: Petreski, Sonya on behalf of Adjudication
Sent: Monday, 28 April 2008 10:02 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Regarding EBay and Paypal Exclusive dealing Notification N93365
 [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: Stu White [mailto:] **EXCLUDED FROM PUBLIC REGISTER**
Sent: Sunday, 27 April 2008 6:20 PM
To: Adjudication
Subject: Regarding EBay and Paypal Exclusive dealing Notification N93365

Regarding EBay and Paypal Exclusive dealing Notification N93365

Dear Sir/Madam,

I wish to register my strong protest at the exclusive arrangement as proposed between Ebay and Paypal as notified by email to its members, and planned to be implemented on 21st May and 17th June 2008.

I believe that the action proposed by Ebay is unconscionable in only allowing buyers and sellers to make and receive payments through their wholly owned subsidiary company Paypal. This is the type of anti competitive and exclusive trading that the Trade Practices Act was set up to outlaw.

I believe that this would be deemed by most reasonable Australians as similar to Third Line Forcing which as I understand it is not permitted under Trade Practices Act 1974 where the supply of goods or services (Ebay) is on condition that the purchaser also acquires goods and services from a third party (Paypal)

Banks would be excluded from operating as a funds transfer agent under this arrangement, and the situation that Ebay proposes could be likened to Westfield Shopping centres insisting that you can only shop in the stores in their centre if you use the Westfield credit card, a situation all reasonable Australians would find abhorrent. Store owners would have to therefore pass on increased costs to consumers due to a lack of competition in Payment options. This is exactly what will happen on Ebay as sellers have to either absorb extra Paypal fees or pass them onto customers with increased cost of goods. Ebay prohibit charging the buyer extra for using the Paypal service, but the Paypal fees are charged on the whole transaction including postage/handling costs which do not occur if buyer uses Direct Deposit, Money Orders etc.

With Ebay proposing to only permit Paypal as a payment method, (which incidentally is owned by Ebay) will severely restrict trade and only serves to line Eba's pockets through additional fees. Ebay is proposing to do this under the guise of "Buyer Protection" but is in reality a commercial venture. In fact from Paypal's own product disclosure statement the following is included and could be construed that Paypal cannot offer buyer or seller security anyway.

There are also several Risks associated with using the PayPal Service

Unauthorised transactions: There is a risk your PayPal Account may be compromised and subject to an account takeover, unauthorised transactions, or other type of fraudulent activity.

I have used Ebay both as a buyer and seller for many years now and I have had no problems with any sales or purchases. In each case I have either used direct bank deposit or payment on pickup methods both of which are entirely acceptable to the general populace.

There are a lot of business's set up on Ebay, and they will find that only offering one way of payment truly restricts their business freedom and enterprise, and will have a negative effect on the business's they have built up over the years. The Paypal only system is too restrictive and does not recognise that there are other legitimate secure methods of payment. I strongly feel that this proposed action by Ebay will bring no benefit to the general public but in fact hinders access to goods and services through Ebay and will only serve to increase costs to the consumer with increased fees. I also understand that you will also need to have a credit card to transfer funds to Paypal as well and not all people have access to a credit card, further restricting peoples access to business and goods supplied through on line auctions. Paypal not being a bank is not covered by Banking regulations and as such can just hold your money at will, and have notified users that they may actually hold your funds for upto 21 days in case of a questionable payment.

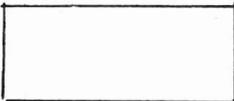
Unfortunately there are too many instances of Paypal seizing legitimate traders funds through their system and not releasing them, leaving the seller out of pocket and with no recourse to their funds. The internet abounds with forums and stories of people unwittingly caught up in this scam perpetuated by Paypal.

The ACCC needs to thoroughly investigate Ebay and Paypal and the relationship between these two entities and to disallow the proposal to only allow payments through Paypal on Ebay as it is anti-competitive and exclusive.

I trust that you give this matter your utmost attention and act in the interests of all Australians.

Thankyou

Stuart White



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