

Macrae, Tess

Subject: FW: Ebay. [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
Attachments: ACCS submission.doc
ACCC Classification: SEC=UNCLASSIFIED

From: Roger [mailto:
Sent: Sunday, 29 June 2008 7:31 PM
To: Adjudication; Adjudication
Subject: Fw: Ebay.

EXCLUDED FROM
PUBLIC REGISTER

To whom it may concern.

I realise that this part of my submission will not be accepted as it past the acceptance date.

However I thought it should be brought to your attention. I noted with interest in one submission that someone stated that Ebay had introduced Paypal even following the ACCC decision. I thought how could this be.

It appears Ebay has manipulated the web site following a sale by directing them to Paypal.

I recently, 25/06/08, sold an item on Ebay and the buyer paid by Paypal even though my item description advised that Paypal was for international buyers only and pick up as stated By Ebay was an option

The buyer lives local so can pick up and pay cash. Please see attached quote from buyer when I asked why they paid Paypal.

"Hi

When I received Invoice for payment it directed me straight away to Paypal it was only after the transaction was approved that I noticed I could have paid cash for item on pick up"

Is this a manipulation of the system to their advantage????

The sale was \$11.99 to transfer that amount to my account Paypal will charge \$1.00
I listed 2 items the same Ebay fees \$4.01 total fees \$5.01.

Total as a percentage 41.78%

I listed to test the water and I'm afraid it's stagnant!!!!

Regards,

Roger Bampton.

-----Original Message-----

From: Roger
Date: 26/06/2008 2:59:32 PM

1/07/2008

To: adjudication@accc.gov.au

Subject: Ebay.

To whom it may concern,

I am a small seller on Ebay and have not used Paypal to sell due to the fees attached with the use.

Refer item 5.

I have no problems in using direct debit. The only problem I have is when a buyer does not pay this will not be rectified by being forced to use Paypal.

The following problems I see associated with Paypal.

Paypal can change their terms and condition. Once Paypal is forced onto us what changes are they likely to make?

Fees attached to Paypal decrease the small profit margin when buyers are DENIED a choice.

Any transfer under a \$ 100.00 incurs a \$1.00 fee.

Exchange rates are less 2.5% fee.

Paypal can freeze your account. **Refer item 4.**

Paypal refers all the time AT THEIR DISCRETION.

Many buyers will not be willing to sign up with Paypal. Loss of potential buyers.

Paypal not a member of the EFT code of conduct.

Paypal have the unfortunate pleasure of having an anti Paypal web site pointing out problems that people have had with them How can that be better for Ebay sellers.

Protection for sellers drops to \$400 when sellers feedback drops below \$98.

New Ebay feedback system reduce some sellers to within the 98%.

I have attached other items you may feel maybe of interest.

Regards,

Roger Bampton

Item 1

To further reduce the number of disputes, PayPal may delay the release of funds for up to 21 days or until a buyer leaves you positive feedback. This is targeted at a very small percentage of items which pose the greatest risk. The overwhelming majority of sellers will not be affected.

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- 1. 3.3 Release. eBay is not involved in the actual transaction between buyers and sellers and to the extent permitted by law eBay specifically disclaims all liability for any loss or damage, (actual, special, direct, indirect and consequential) of every kind and nature, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way connected with your transaction.**

eBay is not involved with or a party to any transactions that take place between members. eBay does not accept any liability in respect of your involvement in any mediation, arbitration, tribunal hearing, court proceeding or other proceedings (of whatever nature) with a buyer or a seller (as the case may be) in any way arising out of or in any way connected with your transaction. eBay may plead this Agreement in bar to any claim, action, proceeding or suit brought by you, against eBay for any matter arising out of any eBay transaction or otherwise in respect of this Agreement.

Insertion Fees		Final Value Fees	
Starting or Reserve Price	Insertion Fee	Closing Price	Final Value Fee
AU\$0.01 - AU\$0.99	AU\$0.30	Item not sold	No final value fee
AU\$1.00 - AU\$19.99	AU\$0.50	AU\$0.01 - AU\$75.00	5.25% of the closing price
AU\$20.00 - AU\$49.99	AU\$0.75	AU\$75.01 - AU\$1,000.00	5.25% of the initial AU\$75.00 plus 2.75% of the remaining closing price (AU\$75.01 to AU\$1,000.00)
AU\$50.00 - AU\$99.99	AU\$1.50		
AU\$100.00 - AU\$399.99	AU\$2.50	Over AU\$1,000.01	5.25% of the initial AU\$75.00 plus 2.75% of the initial (AU\$75.01 to AU\$1,000.00) plus 1.50% of the remaining closing price (AU\$1,000.01 - closing)
Cars, Motorcycles, Boats, and Other Vehicles	AU\$5.00 (fixed) for Auction or Buy It Now formats, AU \$19.99 (fixed) for Classified Ads format		
Real Estate	AU\$49.95 (fixed)		
Services on eBay			

Format	Insertion Fee	Final Value Fee	Duration (Days)	Included Feature	Motorcycles	AUS\$30.00(fixed) for Auction or Buy It Now formats. No final value fee for Classified Ad format unless sold with Best Offer.
Auction or Buy It Now	\$5 flat fee	\$5 flat fee	3,5,7,10	Gallery, subtitle, listing designer		
Classified Ad	\$19.99	No Final Value Fee for Classified Ads	28	Gallery, subtitle, listing designer	Cars, Boats, and Other Vehicles	AUS\$40.00(fixed) for Auction or Buy It Now formats. No final value fee for Classified Ad format unless sold with Best Offer.
					Real Estate	No final value fee

Ebay Fees

Each additional Picture	AUS\$0.25
<u>Listing Designer</u>	AUS\$0.10
<u>Gallery:</u>	AUS\$0.50
AUS\$50.00 - AU\$99.99	AUS\$1.50
AUS\$100 - AU\$75.00	5.25% of the closing price
AUS\$75.01 - AU\$1,000.00	5.25% of the initial AUS\$75.00 plus 2.75% of the remaining closing price (AU\$75.01 to AU\$1,000.00)

Item 2

Policy changes Quote Ebay

We may amend the terms and conditions of this Agreement from time to time. Amended terms will be posted on our Site. The fact that amendments have been made to this Agreement will also be notified on our Announcements Board located at <http://www2.ebay.com/aw/marketing-au.shtml>. You will be alerted to announcements made on the Announcements Board through "My eBay". Except as stated in this Agreement, in a Policy, or as otherwise notified to you, all amended terms will automatically be effective 30 days after they are initially notified on our Site. You also have the option to receive email notices of any amendments to this Agreement as they are posted on our Site. To select this option go to the "Legal and Policy Notifications" page located under "Preferences" in "My Account", which can be accessed through "My eBay". If you do not agree with such changes to this Agreement (or any of our Policies), you must terminate your membership of eBay. If, after any such changes to this Agreement or any of our Policies you continue to be a member of our Site, you will be considered by us to have accepted the varied terms as part of the Agreement.

Item 3

Quoted from Paypal web site

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.

Item 4

Account holds, freezing or closure: In certain circumstances, PayPal may limit your ability to send money or make transfers from your PayPal Account. This may occur for a variety of reasons including suspected fraud, sudden changes in the amount or number of transactions by you, if you abuse the PayPal Service or if you breach the User Agreement, Acceptable Use Policy, or any other policy or agreement to which you have entered into with PayPal related to the PayPal Services.

Linked or Associated Accounts: PayPal may place a hold on your PayPal Account that it reasonably believes is tied to another PayPal Account that is in violation of the User Agreement or has a negative balance.

How to Release a Hold: If access to your PayPal Account has been limited by PayPal, PayPal will promptly investigate and attempt to resolve the issue. You may be required to provide information to PayPal as part of its investigation. If the investigation is resolved in your favour, PayPal will seek promptly to restore access to your PayPal Account. However, restoring access to your PayPal Account may take time and until it is restored you will not be able to use your PayPal Account to send, receive or withdraw funds. Please refer to the User Agreement and PayPal's [Closing Accounts and Limiting Account Access policy](#) for a detailed explanation of when PayPal can limit access to, or close, your PayPal account.

eBay Transaction Holds. In the event PayPal determines to place a hold on a payment you receive for an eBay transaction, due to the reasonable belief there may be a risk associated with the transaction, it will show as "pending" in your PayPal Account. PayPal will release the eBay transaction hold after 21 days, unless you receive a dispute, claim, chargeback, or reversal on the transaction subject to the hold, in which case PayPal may hold the payment until the matter is resolved pursuant to this Agreement. PayPal may choose to release the hold earlier if the buyer leaves positive feedback on eBay or where PayPal is otherwise satisfied that the transaction has completed successfully.

Unavailability of the PayPal Service: Whilst PayPal makes every attempt to ensure that the PayPal Service is available to users at all times, it is possible that the PayPal Service may be rendered temporarily unavailable to some or all users from time to time. This may be caused by factors outside PayPal's control (such as general internet connection issues), as well as by PayPal's system.

Item 5

	Domestic Transactions	Multiple Currency Transactions
Open an Account	Free	Free
Payment or transfer to another PayPal Account	Free	Free, unless sender chooses to convert funds to alternative currency, then a 2.5% fee of the price at which PayPal obtains the currency***
Transfer funds to your Nominated Bank Account	Free for \$150.00 AUD or more, \$1.00 AUD for \$149.99 AUD or less to an Australian bank account.	Free for \$150.00 AUD or more, \$1.00 AUD for \$149.99 AUD or less
Transfer funds from your Nominated Bank Account into your PayPal Account	Free	Free
Receive funds from a PayPal Balance or Nominated Bank Account	Free	2.5% fee of the price at which PayPal obtains the currency ***
Receive funds from a Credit or Debit Card	3.4% + \$0.30 AUD	4.4%+ Flat Fee**

***** Multiple Currency Transactions:** If your transaction involves a currency conversion, the rate that will apply to your transaction will be displayed by PayPal. This is the rate at which PayPal bought the currency, adjusted to reflect PayPal's 2.5% fee. The foreign exchange rate is adjusted regularly based on market conditions.

****** Mass Payments** permits Premier and Business Account holders to send simultaneous payments to a number of recipients through a single process.

Fee Calculation Examples:

- **Example 1**

The following is an example of the fee payable by the holder of a Personal Account, Premier Account or Business Account for a Multiple Currency Transaction. This is an illustration only and each calculation will vary depending on the circumstances of the transaction.

Let's assume that:

- a PayPal Account holder wishes to send \$100 United States dollars ("USD");
- the account holder does not hold a USD PayPal Balance in his or her PayPal Account; and
- the account holder's funding source is denominated in Australian dollars ("AUD").

Upon recognising a USD denominated payment, the PayPal system will show the account holder the foreign currency amount that applies to the transaction - the price paid by PayPal including PayPal's 2.5% fee.

If the price at which PayPal obtains USD is \$1 AUD for 0.7472 USD, the rate applied to the account holder will be 0.7285 USD. (0.7285 USD is 0.7472 less PayPal's 2.5% fee.) Once the account holder confirms the transaction, the amount of \$137.27 will be

charged to the account holder equalling AUD \$133.83 the AUD equivalent of \$100 USD, plus PayPal's fee of AUD \$3.44.

- **Example 2**
AUD comprised of a \$0.30 AUD flat fee + \$2.40 AUD (being 2.4% of \$100 AUD).

Item 6

2. Dispute Resolution

PayPal is committed to dealing with customer complaints fairly and resolving issues in a timely manner in accordance with its procedures for the handling of complaints.

Complaints will be dealt with primarily by PayPal's Customer Service Centre in Omaha, Nebraska, USA.

3. Handling your complaints

PayPal's policy is to confirm receipt of a complaint from an Australian user within 10 business days and to propose a resolution of the complaint. Although every effort is made to do so, in some instances it will not be possible to resolve your complaint within this time frame.

We endeavour to resolve all complaints within a maximum time frame of 45 days. This may not be possible in circumstances where we require further time to conduct our investigation, for example, where information is being sought from a relevant credit card issuer. In instances where we cannot resolve a User's complaint within 10 business days we will send the User an email notifying them of the delay and the reason for the delay as well as an indication of when we expect to be able to respond.

If a complaint relates to the limiting of a PayPal Account, we will request the necessary verification details from the User, and where appropriate, lift the limitation on the PayPal Account as quickly as possible. For more information in this regard, please refer to PayPal's Closing Account and Limiting Account Access Policy.

Item 7

2.2 PayPal is only a Payment Service Provider. PayPal acts as a payment service provider by creating, hosting, maintaining and providing our Service to you via the Internet. We do not have any control over, and are not responsible or liable for, the products or services that are paid for with our Service. We cannot ensure that a buyer or a seller you are dealing with will actually complete the transaction.

Item 8

.2.5 Seller Protection Process.

- a. If a Seller Protection Reversal occurs for a specific transaction, PayPal will send you an email to let you know **that it will place a temporary hold on the funds** in your PayPal account to cover the amount of the Seller Protection Reversal and will ask you to provide Proof of Shipment and any other information that PayPal may require to enable it to assess and determine if the transaction meets the eligibility requirements set out at section 4.2.3 above.
- b. **If PayPal determines in its sole discretion** that the transaction meets the eligibility requirements, then PayPal will lift the temporary hold and restore the funds to your PayPal account.
- c. **If PayPal determines that the transaction does not meet the eligibility requirements, then PayPal will return the funds to the buyer's account or other**

rightful owner and the funds which have been on temporary hold will be debited from your PayPal account, together with any fees imposed on or incurred by PayPal as a result of the Seller Protection Reversal. If there are not sufficient funds in your PayPal balance, PayPal reserves the right to collect your debt to PayPal by any other legal means.

- d. In the event that you receive an excessive or unreasonable number of Seller Protection Reversals, as determined by PayPal in PayPal's sole discretion, having regard to all the relevant circumstances, PayPal may notify you that you are hereby excluded from this policy and take any other actions pursuant to the User Agreement.
- e. **PayPal reserves the right, in its absolute discretion, to terminate or amend the terms and conditions of the Seller Protection Policy or the transaction eligibility requirements at any time.**

Item 9

Termination or Closing Your Account. You can close your account at any time by clicking the **Close Account** link in your Profile on the PayPal website. When an account closes, any pending transactions will be cancelled. Any funds that we are holding for you at the time of closure, less any applicable fees, will be paid to you by direct deposit to your bank account or should this fail, by cheque, assuming all withdrawal-related authentication requirements have been fulfilled (for example, you may not use closure of your account as a means of evading withdrawal limits on new Unverified users). You cannot use closure of your account as a means of evading investigation: if an investigation is pending at the time you close your account, **PayPal may continue to hold your funds for up to 180 days** as

appropriate to protect PayPal against the risk of reversals. If you are later determined to be entitled to some or all of the funds in dispute, PayPal will release those funds to you. You will remain liable for all obligations related to your account even after such account is closed. If you do not access your account for a period of three years, it may be terminated. After the date of termination, we will use the information you provided to try to send you any funds that we are holding for you. If that information is not correct, and we are unable to complete the payment to you, your funds will be subject to applicable laws regarding unclaimed monies.

Item 10

PayPal's Right to Hold Funds. In order to ensure the integrity of a transaction PayPal reserves the right to hold funds or proceeds from transactions by placing them in a "pending" or hold status beyond the normal distribution period. PayPal may do this in order to mitigate risk related to transactions it considers suspicious.

Item 11

eBay Transaction Holds. PayPal may, in its sole discretion, determine to place a hold on a payment you receive for an eBay transaction, based on the reasonable belief that there may be a risk associated with the transaction. Such a hold will show as "pending" in your PayPal Account. PayPal will release the eBay transaction hold after 21 days from the date the hold is placed, unless you receive a dispute, claim, chargeback, or reversal on the transaction subject to the hold, in which case PayPal may hold the payment until the matter is resolved pursuant to this Agreement. PayPal may choose to release the hold earlier if the buyer leaves positive feedback on eBay or where PayPal is otherwise satisfied that the transaction has completed successfully.

Item 12

Quoted from a seller on the Ebay post

12.1

"I used to have pride in my 100% rating - it has now been downgraded to 98.7% because I have ONE(1) YES that is right ONE(1) neutral and NO NEGATIVES."

12.2

"Tuesday - i have customer that purchased bra and its has been in mail system as at end of yesterday for 4 days... 4 working days... she has sent abusive email today saying she has not received the item. (its a bra worth \$20) i said its only been in mail system for 3 days.. she spat it and has now asked for 'charge back' via paypal..(another new thing the scumbag buyers can do now) and because she paid just regular mail... i have no way of proving to paypal that it was posted - as used stamps and parcel posted as par usual.. so she is going to now get the bra and the full refund??? how on earth is this fair.. i have had it and have pulled all my items of ebay tonight, thats it finished after about 7 years on there. stuff em. thats pathetic that thes destructive buyers have the power to do all this and sellers have absolutely no rights now. check out my 'about me' page - wonder how long ebay leaves it there. "

12.3

"I sold an item for \$100 plus \$48 freight on ebay. The paypal fees to me, the seller, came to \$6.65 by the time the \$148 was in my account. This was actually more than my ebay listing and selling fees combined."

12.4

"how are so called "neutral" scores affecting our feedback? i dont understand why i've dropped from 99.3% to 97.8% ?????? holy cow!!!

12.5

"paypal must be cheering, they wouldnt have to give any of my buyers \$20k cover ---- if i hadnt already ditched them and closed my paypal account!!!!"

12.6

"absolute carp 99.6% to now 98% a load of bollocks!"

12.7

"Hello Guys,

I'm a UK powerseller,

First of all let me offer my sympathy and that of all the other UK sellers.

A Link to this thread has already been posted on the UK seller boards.

We can't believe the pop up message that ebay have chose to put in the face of buyers logging on.

We'll be in the same boat as you guys in two days time and the Paypal thing looks as if it is following too.

I know a few sellers who are trying to organise numbers to start negotiations

with ebay or alternatives.

We are totally shocked at the effect that this feedback is having so soon.

Good lucks guys (& gals) keep in touch.

cheers"

12.8

"One of the 5 million is my son - he wasn't able to attend as he passed away 5 years ago.

It's also worth noting that the invitation was posted on the site at 4.06 pm on SATURDAY 19 April with a closing date for acceptances of COB Monday 21 April, and limited places available.

Pathetic "going through the motions" stuff, probably grounds for appeal if the decision goes in favour of eBay."

12.9

<http://forums.ebay.com.au/thread.jspa?threadID=500084947&tstart=80&mod=1212370085728>

"I create names according to what mood I am in. I have over 200 eBay names and over 900 email addresses."

"I have one ID for buying and selling and one for boarding and bitching." Judging by some of the behavior on message boards and chat forums, it doesn't surprise us that people want a second identity for posting versus buying/selling!"

12.10

"I have used Pay Pal for a number of years but only just realised that they not only charge 3.4% plus 30c to receive a payment on your behalf but if the payment is in USD they also charge an extra 2.5% to convert the money into AUD. In future all of my buyers will be asked to pay me in AUD."

12.11

"If you type in PAYPAL PROBLEMS on Google you get 583,000. Incredible"

12.12

Just more articles demonstrating the problems that occur with PayPal although mainly to do with online merchants it still shows that Paypal have long delays fixing issues.

http://www.channelregister.co.uk/2008/05/27/paypal_glitch_weighs_on_merchants/

Up to 12 day to resolve problems if Banks or other financial organisations where in this situation they would be out of business.

How would the following give buyers a "Good Buying Experience"
*This latest malfunction comes two weeks after a separate **meltdown in PayPal's instant notification system** made it impossible for many merchants to process international transactions. Making matters worse, the **problem caused credit card holders to be billed even though they were unable to take delivery of the goods or services they had purchased.***

Also the communication failures:

*In addition to the misbehaving handling cart, some PayPal customers are also reporting their inboxes are being hit by a **deluge of confirmation messages.** **Reg reader <name excluded> counted 9,013 confirmations for a single transaction.** The irony is that two weeks ago, PayPal was having difficulty sending confirmation emails at all. Now, it's sending thousands of them where one would work just fine.*

12.13

"How come my paypal protection is only \$400.00 & im 98.2% & other sellers are \$3000.00 & they are 98%, i really dont understand this, QUOTE FROM PAULINE PLEASE EXPLAIN!!!!!"

12.14

"When reading through the post it is obvious why eBay changed the feedback rules.

I noticed severel postings complaining that they had 100% feedback and 1 negative and a nuetral now places them at around 98.5%

Wouldn't take much to get to below 98%

Paypal cover then reduces to \$400. (Very beneficial for the buyer)

Significantly reducing Paypal's exposure.

Paypal terms and condition covering eligibility for coverage.

"For your item to be eligible for up to \$3,000, you must meet all the following requirements at the time of listing:

You have a feedback score of 50 or more with a 98% or more positive rating"

A lot of thought gone into this change. Shame the same hasn't gone into others.

Don't you love the smiling face when you log on!!!!!! " "

12.14

<http://www.prweb.com/releases/2008/04/prweb889334.htm>

Philip Druce, General Manager for OZtion commented "The fact that OZtion has seen significant growth across most metrics shows that Australians are looking for alternatives to eBay and will not be forced

into only using PayPal. Our internal data shows that 79% of buyers prefer to pay by bank deposit."