

Does PayPal Favor Buyers Over Sellers?



By Welly Mulia

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Does PayPal favor buyers over sellers?

My recent experience says yes to that question.

There were 2 incidents that led me to that conclusion.

The First Incident

I run a minisite design service called WOW Minisites and I use PayPal to take payments from customers.

One of my customers, let's call him X for simplicity, ordered a design package from us.

Not long (I'm talking about one day) after we've delivered the design to X to his satisfaction, he filed a PayPal dispute saying that the payment charged by us (for our design service) was without his consent and knowledge.

We then went ahead and explained to PayPal that this was not true and provided them (PayPal) with proof of our past communication with X where he provided us with feedback on how he want his site designed, and also showed them the minisite we've designed for X.

We even referred to X's website (yes his own domain which can be verified by a simple whois lookup) where he was using our minisite design and at the bottom of the page there's a "designed by wowminisites.com" small image.

Despite all the proof we've provided, we lost the case and X was credited back with his money. This means we've designed his minisite for free.

After this incident, PayPal said that "your account has been noted for future reference". I don't know about you, but for me this indirectly implies: "Hey you better behave yourself. We are constantly watching you. If your account continues to receive disputes, we may have to terminate your account."

The Second Incident

This time, PayPal decided to randomly investigate one of the payments I received from a buyer. They claimed that the investigation was completely random and was not an indication that my account was under constant surveillance because I was blacklisted or anything like that.

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To protect you from problematic transactions, we sometimes request additional information about PayPal payments.

We need more information about this transaction. Please log in to your PayPal account, click the "Resolution Center" tab, and provide more information by 4/28/2010.

Once again to make it clear, the investigation was initiated by PayPal and not by the buyer.

After some back and forth communication, PayPal once again deemed this payment to be inappropriate, resulting in the funds that we received from the buyer to be returned to him again.

We have conducted a review of a payment that you received. In this case, returning the funds to the sender was determined to be the appropriate action, and we have completed a reversal of the payment. Good selling practices like trackable shipping, prompt shipment, and communication between buyer and seller help prevent disputes.

Conclusion

During these 2 incidents, PayPal kept asking if I have shipped the product to the buyer and if so they need the tracking information for the shipment.

If you sell digital products like information or software where no physical items are actually shipped out to your customer, or if you sell intangible services (like my minisite design service), PayPal is not on your side. They are biased toward buyers, as can be seen from my 2 incidents.

Unfortunately, PayPal was not able to resolve the dispute between the two parties due to the item purchased being virtual or intangible. As a result, PayPal has taken no action on either account at this time. However, your account has been noted for future reference.

So does this mean that we should give up selling digital products and services altogether? Just because PayPal is in favor of buyers instead of sellers?

Of course not!

While I'm very unsatisfied with PayPal for how they handled my 2 incidents, the money I made via PayPal is much, much more compared to the losses I suffered.

In addition, there are other merchant accounts or payment processors out there that you can use. It would be foolish to give up on your business simply because of this small problem.

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Lessons Learned

In business, you need to learn to let go.

Most customers are good, honest people. Nonetheless, there are always going to be a few rotten eggs no matter what.

It's a numbers game. The more sales you make, the more rotten eggs you're going to have. You just need to treat this as a business cost and learn to let go instead of taking it too hard.

Don't waste your time fighting or arguing with cheaters like X above. It's not only a waste of time, but also a waste of energy. Let them go and move on to the next customer. Ban them from buying your products or services FOREVER.

Concentrate on your good paying customers.

Speaking of customers, do you know that you can deliver the best product and serve customers with the best service, yet there are always people who complain no matter what?

In this case, you also need to let go. These whiners are not worth your attention and time. Kindly refund their purchase and wish them the best of luck.

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