

SELLING GOODS SAFELY ON EBAY

How to auction off your unwanted items and get the best bids for them. Plus how to avoid Ebay fraudsters

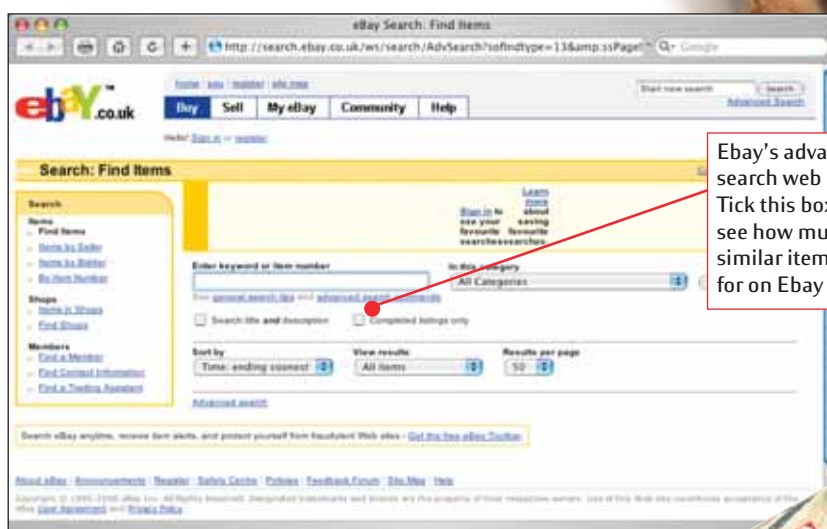
Clearing out household junk may not be your first choice of weekend activity but it can now be a lucrative one. Thanks to Ebay, the world's largest online auction website, items that would previously have been consigned to the dustbin can now achieve surprising prices. You may have heard about the Christmas dinner Brussels sprout, for example, that went for a whopping £1,500 on Ebay, the leaky tent bought for a mere £10 and sold on for £200, or the air guitar that went for over £50 – at least there were no postage costs to pay.

These are exceptions, of course, but there are plenty of everyday things that will make money. An amazing three million items are available for sale on Ebay UK at any one time, ranging from toys, CDs and second-hand clothes to cars and bathroom suites. It's perfect for offloading unwanted items because it advertises your goods to millions of buyers across the country and even worldwide.

Unfortunately, it's also a perfect haven for criminal activity, as our sister magazine, *Computing Which?* reported last month. For example, stolen goods are flogged to unsuspecting buyers and goods are bought that never materialise. While the vast majority of Ebuyers (Ebay users) are honest, an estimated one in 10,000 sales are dodgy. But it's not just buyers that need to beware – sellers can be hoaxed, too. Fraudsters target unsuspecting sellers with phishing emails in an attempt to steal their account details and passwords. For more on this, see 'Beware of fraud', p20. That said, if you keep your wits about you, there's no reason why you shouldn't enjoy Ebay safely.

GETTING STARTED

You'll need to register with Ebay if you want to sell or buy anything. Most Ebuyers will tell you that it's a cinch to use, but anyone who hasn't used the site may rightfully feel a bit overwhelmed by it all at first. Follow the prompts to register from www.ebay.co.uk and create a seller's account. Choose a unique ID (your name or a nickname that everyone will see on the site) and a password, and input your email address. You'll usually have to give



Ebay's advanced-search web page. Tick this box to see how much similar items sold for on Ebay

credit or debit card details for ID purposes. Then you state whether you want to pay your Ebay fees (see 'What it costs to advertise', opposite) by direct debit, credit or debit card.

HOW TO VALUE YOUR GOODS

Once you are registered, you can use Ebay as a reference tool to find out how much your goods might fetch by seeing what similar items have recently sold for. From the homepage, click on the advanced search button in the top right-hand corner of the page. Type in a description of the item you are thinking of selling. Be as specific as possible and state the make or model number if possible. Tick the box below for 'completed items' (see the screen picture, above). Your search should then show you how much similar items went for. Look for one of a similar age and condition to yours.

If there's a chance that your goods are worth a lot of money, consider getting a professional valuation. Auction houses will usually do one for free. You can take your goods to them or send in a photo with as much information as you can give.

SETTING UP A PAYPAL ACCOUNT

PayPal, the most popular way of receiving payment on Ebay, allows you to exchange money with other Ebuyers without ever having to pass on bank or

£15

£10

£20

£54

£12

£1

£10

£12

£25

Typical prices you could get by selling these collectors' items on Ebay

£85

card details. You can choose to have a personal account, which accepts transfers from other PayPal accounts, or a premier account, which also accepts payments from credit and debit cards. You can transfer money in and out of PayPal by various methods, such as a nominated current account.

It's possible to start trading straight away using PayPal but it's worth taking the time to go through a checking procedure to become 'verified'.

This means you can hold larger amounts of money in your

PayPal account. You are also eligible for 'seller protection'.

This means that PayPal protects you against buyers falsely saying that they haven't received their goods and claiming their money back through PayPal.

To become verified, PayPal checks you are who you say you are – this can take up to five days. To do this, it transfers two small amounts of money to your bank account and then asks you to confirm how much was sent. Once you have done this, it will usually email you a Pin number and phone you at an agreed time to ask you to confirm it.

Once your account is running, you'll pay a fee of 3.4 per cent of whatever you receive plus another 20p for each transaction. So receiving £50 would cost £1.90. There's also a fee of 25p if you transfer less than £50 out of your PayPal account.

PayPal®

WHAT IT COSTS TO ADVERTISE

There are two main charges when you sell on Ebay. The insertion fee is a charge that Ebay makes for letting you put your item on the site, and you pay this whether or not your item sells. The amount depends on how much you start your sale for. For example, if you start it at 99p, the fee is 15p. The maximum you pay is £3. The second charge is the final-value fee and you pay this only if your item sells. Ebay will take 5.25 per cent of the first £29.99 you make, and a smaller percentage of anything you make after that, depending on how much your item sells for. So if you sell something for £100, you'll pay a total of £5.85 in fees (£2 insertion fee plus £3.85 final-value fee).

You can opt to pay small additional fees to make your listing more attractive – for example, by adding extra photos or changing the design of your listing so it stands out more. Seasoned ebayers can list their item with a fixed price as a 'buy it now' sale. The first person to offer this price buys the item. This costs an extra fee but never more than 25p. To qualify as a 'buy it now' seller, you need a feedback score of 10 – see 'Feedback' in our 'Ebay jargon buster', overleaf.

STEPS TO PLACING YOUR ADVERT

1 If you are planning to send the item you're selling to whoever wins your auction, you'll need to get it priced for postage before you advertise it. Either take it to a post office or weigh it at home and get a postage quote from the price finder on www.royalmail.com. Make sure your quote is for registered delivery, or any other service that provides you with proof that you sent the item, and

Ebay enthusiast



Selling football memorabilia on Ebay has become a bit of a hobby for Terry

Terry Jones made his first sale on Ebay in November 2005 and has since become addicted: 'I started by advertising a couple of bits of football memorabilia and was amazed when people actually bought them. So I searched for more things in the loft to sell. It's surprising how much you can get for things you'd otherwise have thrown away. Among other things, I've sold an old football ticket stub for £35. The posting can be a bit time consuming but it's well worth it. And it's so much fun watching everyone bid for your items at the last minute.'

is trackable online. Also remember to budget for the cost of the packaging in your quote. Postage is paid by the buyer but you must list it separately from the price, so that people know the postage costs before they bid. If the item you are selling is too heavy to post, you can specify collection-only.

2 Decide which payment methods to accept – for example, PayPal, postal order or banker's draft. Don't accept cheques, as currently a loophole in the cheque-clearing system means that although a cheque may seem to have cleared, the funds can be taken back at a later date. If you are not posting the item, you can opt for cash on collection.

3 Decide which category people are most likely to search in to find your item. You can choose more than one for a small extra fee.

4 Take some clear digital photos of your item without anything in the background obscuring it.

5 You're now ready to post your advert. Click on 'sell' on the homepage and follow the steps it takes you through. Write a really clear, honest description of your item, mentioning any faults or imperfections. Give the dimensions and age of the item, and say why you are selling it. Fill in the postage costs and payment methods. Choose how long you

EBAY JARGON BUSTER

● **Feedback** This is the backbone of Ebay. Buyers and sellers leave short responses about transactions – positive, neutral or negative. The more positive feedback you get, the higher your feedback score.

● **Buyer protection** A PayPal scheme that allows sellers to offer buyers protection of up to £500 against them failing to send the goods or describing them misleadingly. This is free but you qualify for buyer protection only if you're a verified PayPal user and have a feedback score of at least 50 which is at least 98 per cent positive. This means you need to buy and/or sell at least 50 items.

Without buyer protection, all buyers are covered for up to £120. However, there are conditions and this shouldn't stop buyers from being cautious when trading on Ebay.

● **PayPal** Ebay's online payment service that allows Ebay users to exchange money safely for a fee.

● **Proxy bidding** A free service where Ebay automatically bids on your behalf up to your maximum bid and lets you know if you've been outbid.

● **Reserve** You can pay a fee to set a reserve price (the minimum reserve is £50). If no bids meet your reserve, you don't have to sell.

● **Escrow** An online payment method for expensive purchases. The Escrow company holds payment in trust until the buyer receives and approves the shipped item.

Galloping saddle sales

Diane Bryan sold a saddle on Ebay in February 2005. By September of the same year, she had given up her job to run a profitable Ebay-based business called Discount Equestrian. She has also opened up a shop in Yorkshire and employs five staff. 'We'd never have dreamed a year ago

that this could have happened,' says Diane. 'I started by selling one of my horse saddles and received more for it than I'd paid new. Soon after, I started selling new equestrian goods and, before I knew it, I needed a warehouse for my stock. It's been immensely hard work, but I'm loving every minute of it.'



Thanks to Ebay, Diane Bryan (left) has founded a successful business selling equestrian goods

want your item to be listed for (one, three, five, seven or 10 days). Then upload your images.

6 Before posting your advert, you can preview your listing and make changes to it if necessary.

TOP TIPS FOR SELLING

- Make sure your auction is open for at least one weekend, as this is when most people use Ebay.
- Much of the bidding takes place in the last few hours or even minutes of auctions, so make sure it finishes at a prime time, such as lunchtime or in the evening. It will finish at whatever time of day you start it but you can set your auction to start at a specific time in the future for a 6p fee.

Beware of fraud

Ebay won't tell us exactly what percentage of its auctions are fraudulent, but our sister publication *Computing Which?* has estimated that there are around 300 fraudulent transactions taking place on Ebay UK at any one time. Fraud on Ebay ranges from fake emails asking for your account details (often called phishing), to the sale of illegal and counterfeit goods.

To avoid being taken in by a scam, make sure you read the information in Ebay's safety centre and never reply to an email request for passwords or account details.

To help prevent fraud, PC users can set up Ebay's tool bar (at http://pages.ebay.co.uk/ebay_toolbar/). This warns you if you're on a potentially fraudulent website. If possible, buy from sellers with 'buyer protection' (see 'Ebay jargon buster', left).

Computing Which? has called for Ebay to be more proactive about fraud and to do more to identify illegal items. We hope it will listen but, in the meantime, if you watch out for any suspicious behaviour, you can still enjoy Ebay and stay safe.



● Adding extra photos and descriptions does cost more but can make your listing far more attractive. Watch out for Ebay's penny days when you can add these features for only 1p.

● Set your starting price as low as you can bear to attract more buyers. Avoid reserves as they can be offputting to potential buyers.

● If you're selling lots of items at once, try using Ebay's turbo lister. This allows you to create listings in bulk so that you can upload them more quickly. You'll find the turbo lister through Ebay's site map.

● You can monitor items similar to those you're selling by clicking on Ebay's 'watch this item' function. You'll receive an email when their auctions are about to end.

WHEN DO YOU PAY TAX?

If you're clearing out your house and selling a few things on Ebay a couple of times a year, you won't have to pay income tax on what you make. You'll have to pay capital gains tax only if the profit you make is more than £8,500 during the tax year. But lots of items, including anything with a sale price of up to £6,000, are exempt from this tax, anyway. However, if you're selling items more regularly, Revenue & Customs may consider you to be a trader in which case you might have to pay income tax and VAT. To check whether you are liable for tax, see www.hmrc.gov.uk or refer to the *Which? Tax Guide*, free with your June issue.

PAYMENT DISPUTES

Once a buyer has bid on an item in an Ebay auction, they are legally bound to pay you if they end up being the highest bidder. In most cases, buyers pay up but, if they don't, Ebay has a system in place to deal with them. When the auction finishes, you email the buyer an invoice to request payment. If they don't pay up within seven days, you can notify Ebay and it will remind the buyer to pay. If you are still unable to resolve the dispute, you can offer your unsold item to the next highest bidder or receive a refund of your seller's fee. The buyer who didn't pay you will then receive a strike on their Ebay account. After several strikes, their account may be suspended.