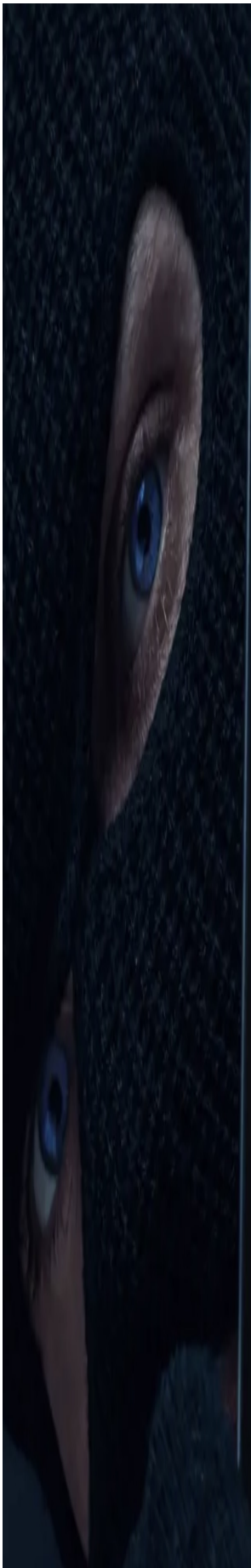


The PayPal Trap

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PayPal

When PayPal Buyer Protection Becomes the Supplier's Risk Alone

A real-world experience from international trade by Albert Motorsport:

In today's globalized economy, international trade is a key source of revenue for Albert Motorsport.

Thanks to digitalization, cross-border transactions are easier than ever, yet new risks have emerged that can seriously affect even experienced businesses like ours.

A recent case from our company vividly illustrates how the supposedly "secure" PayPal payment system can turn into an existential threat for suppliers and merchants:

The Case: Custom Parts for a Porsche 991 Cup, Paid in Advance, Yet Everything Lost!

Over a year ago, a customer from the USA ordered specially manufactured carbon components for his Porsche 991 race car, a project worth several thousand euros.

Production of these custom-made parts took around three weeks.

We fully pre-financed materials, labor, machine time, and logistics.

Payment was made via PayPal using the customer's credit card.

After successful production and on-time shipping, including all required export and customs documents, freight, and packaging, the order was considered complete from our side.

But more than a year later, this very order turned into a nightmare:

The customer initiated a **chargeback** through his credit card company, claiming the delivery was "incorrect" something he allegedly noticed only now.

Despite clear communication, photographic evidence, written confirmations, and complete order documentation, he suddenly insisted the parts were wrong and refused all proposed solutions.

Even our offer to return or exchange the custom-made parts through our U.S. representative was declined.

He argued that return shipping was too expensive and that he had already sourced alternative parts elsewhere, thus no longer needing ours.

PayPal's Reaction: Full Deduction Without Consultation

PayPal immediately withdrew not only the full purchase amount but also all additional costs (shipping, customs, handling) from our account, **without any prior notice**, and demanded reimbursement of the charged-back funds.

The Problem: Buyer Protection Without Seller Protection!

For us as supplier and manufacturer, this meant:

- The goods were produced and properly delivered.
- Retrieval of the shipment was impossible.
- No legal recourse against the buyer existed.
- PayPal refused any assistance, stating the matter was “in the hands of the credit card company,” over which they had no influence.
- According to PayPal, the buyer’s bank refused any form of dialogue.

The result: 100% loss for Albert Motorsport.

A financial hit equivalent to the value of a used small car, without product, without money, without any apparent legal recourse.

A Legal and Financial Vacuum for Manufacturers and Suppliers

The so-called “Buyer Protection,” and even the “Seller Protection” PayPal advertises globally, in reality, protects only one side, the buyer, even after more than a year and in cases of unique, custom-made products that cannot be reused or returned.

PayPal does not act as a neutral mediator but purely as a payment processor.

Once a chargeback is initiated by the credit card company, PayPal’s own policies are clear:

No say for the seller. No right of appeal. No protection.!

Consequences and Recommendations

This incident has shown us dramatically how risky international business via PayPal can be, especially for custom-made or high-value products.

Our recommendations to other companies:

- **Never produce custom parts without an individual contract** specifying payment terms and liability clauses.
- **Avoid using PayPal as the sole payment method**, particularly with customers outside the EU.
- **Accept only advance payment via bank transfer** — the only reliable way to prevent chargebacks.
- **Use transport insurance or escrow services** for international shipments.
- **Document and legally safeguard** all custom-made orders — in writing and with photos.

Our Conclusion

From a buyer's perspective, PayPal may seem convenient and secure.

But for suppliers and manufacturers, it can become a **PayPal trap** with serious financial risk.

Without seller protection, without collateral, and without any legal recourse,

a dispute can easily result in a total loss for the seller.

Our Advice to All Merchants

Review your payment methods carefully.

Be cautious with transactions outside the EU.

And never rely blindly on systems that protect only one side.

Note:

We have filed a criminal complaint with the public prosecutor's office in this case.

The matter is currently under legal review.

We expressly reserve the right to pursue further legal action, including against PayPal.