

# The New Car Boot Sale

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**It is the world's most successful internet auction site and has revolutionised the way people buy and sell online. But eBay is also a haven for criminals and retailers are the biggest victims. Tim Danaher investigates**

Want to buy a £250 B&Q credit note for £200? Christine1744 is your lady. If it sounds too good to be true, there's no need to worry, Christine's previous customers will vouch for how trustworthy she is. And if DIY isn't your thing, how about Next or Marks & Spencer vouchers instead? Christine can sort you out.

Welcome to the world of the online auction site. A world where anyone can sell anything — whether or not it's theirs to sell.

eBay is a 21st century phenomenon. It has 181 million users around the globe and accounts for a quarter of all visits to retail web sites in the UK. However, it stands accused of turning a blind eye to the use of the site by thieves and fraudsters, for whom it provides an ideal cover for their activities.

"The very nature of eBay trading is the perfect medium for the armchair criminal," says Monsoon head of internal audit Ralph Abbott. "It is unpoliced, anonymous and virtually risk free." He estimates that eBay sales of Monsoon stock ran into "several millions of pounds" last year.

Many retailers know only too well the cost of eBay fraud. Andrew Barlow was a keen user of auction sites like eBay. By day, he was the manager of the Argos store in Cheltenham. By night, he was selling electrical goods stolen from his employer on the site. In March, he pleaded guilty to selling stolen goods believed to be worth £19,555.

"It is difficult to identify stolen Argos items on eBay because we have limited branded stock," says a spokeswoman. "There is no simple way to contact eBay if we suspect that a stolen item is being sold, as they will only accept an approach via a law-enforcement agency."

Argos is not alone. In Scotland, a depot manager for fashion group Mosaic was convicted for stealing £40,000 worth of goods that turned up on eBay, while Norwich department store Jarrolds was stung for £23,000 by a debt-ridden maintenance worker.

"It is a massive issue for retailers," says BRC head of crime policy Michael Gallagher. "eBay has taken over from the car boot sale. It's a virtual fence." Type any brand name into eBay and the scale of the problem becomes clear. Last Wednesday, 5,470 Karen Millen items were available for sale on the UK eBay site. Many of the sales will be perfectly legitimate — unwanted presents or items the wrong size — but many others won't be.

There are thousands of so-called shops within eBay where users sell items that are either all or predominantly from one retailer. While some are legitimate and some are even run by the retailers themselves, many are items being stolen from factories, by staff or by shoplifters.

“There are literally thousands of sites selling retailers’ branded merchandise,” says security expert Laurence King, managing director of Oris Group. “And it’s not just single items, but multiple items from the same retailer, which indicates that these aren’t just unwanted gifts.”

Boots head of loss prevention Robert Jennings agrees. “We’ve had new and exclusive lines turning up on eBay before they’ve even gone into our shops.”

The audacity of those who abuse eBay is illustrated by the huge trade in credit notes and gift vouchers on the site. A common tactic among professional shoplifters is to return items they have stolen to a store and exchange them for credit vouchers, which eBay is flooded with.

Despite the scale of the issue being

obvious within five minutes of logging onto the site, retailers complain that the organisation doesn’t want to know. They are annoyed that eBay puts the onus onto them to prove that untoward activity has taken place.

“To get eBay to take down a site is very difficult,” says Gallagher. “You have to get the police to ask them to do it. I only know one retailer that has had a constructive dialogue with them.”

As any retailer knows, getting the police interested in retail crime in the first place is an uphill struggle, but the problem is compounded with eBay, because few police officers understand how the frauds work. “The retailer can rarely prove to the police that the merchandise being sold is stolen, hence very little effective action gets taken,” says Abbott.

eBay declined to comment on the problem, but sent a statement outlining measures it has taken to cut abuse of the site. It has trained police officers in dealing with fraud on its site, and set up its Verified Rights Owner (VeRO) programme, which allows brand owners to take action when they see fake copies of their products appearing on the site. Urban Outfitters and Abercrombie & Fitch are among the retailers that are members of the programme.

But while its list of measures is lengthy — tackling problems from the sale of stolen mobile phones to users trading in wild animals — it does not tackle the biggest problem facing retailers: the sale of many millions of pounds worth of stolen goods on the site each year.

“I’ve found the experience of dealing with eBay mixed,” says Jennings. “The VeRO programme works well, but when it comes to stolen goods you hit a brick wall.”

eBay’s view is that all it is doing is facilitating the sale of goods, not actually selling. In its view, the responsibility lies firmly with the police to deal with the individual vendor. However, Mitch Haynes, head of security for fashion giant Mosaic, believes that eBay shouldn’t be able to just shrug its shoulders and say the responsibility lies with the vendors. “They should be helping us to close down these sites. We shouldn’t have to be paying out money to help them clean up their auction site,” he says.

The money Haynes is referring to is the cost of the Genunet system, a tool that helps check eBay for users selling suspicious goods. If they are found to be breaking rules, the system allows the retailer to close the sites down. Mosaic has been testing the system but, although it is effective, it isn't cheap. "Genunet is extremely helpful in identifying sites that are selling your products, but if you're not a big retailer, you might not have the resources to afford it," says King.

There is one positive sign on the horizon. Next week, eBay will finally meet with members of the Fashion Loss Prevention Forum, a group run by King where most of the main fashion retailers come together to address retail crime issues. Mosaic, Monsoon and River Island are among those retailers expected to be represented. King hopes this is an indication that eBay is starting to take the issue more seriously.

What the forum is hoping to achieve is a code of practice, with which it will become easier to prove that sites are selling stolen goods and to close them down.

The forum has certainly succeeded in getting the eBay issue on the agenda. Earlier this year, it met with officials at the Home Office. According to King, there was hitherto ignorance in the role of auction sites in the market for stolen goods. The Government has pledged to take their role into account in a review of its policy on stolen goods.

There is some light at the end of the tunnel, but the Government's disinterest in retail crime and eBay's hitherto lackadaisical approach suggest that action is a long way away. In the meantime, the world's most successful trading site will continue to be a haven for those selling ill-gotten gains.