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# **Why You Should Not Use PayPal To Accept Credit Cards**

## **The Difference Between Merchant Accounts and a PayPal Accounts**

Let's begin by first stating that PayPal is NOT an acquiring bank or processor and does NOT provide its merchants with a real Merchant Account. PayPal provides its merchants with a PayPal account only.

### **There is a Very Significant Difference between the Two.**

With a Real Merchant Account, your funds are deposited into your personal or business bank account, which you fully control and which is also protected by Federal Banking Regulations and Laws.

The opposite is true when using PayPal as your funds are deposited into a PayPal account that only PayPal controls and regulates.

Since PayPal is NOT a bank, they do not need to follow federal banking regulations. These regulations are in place to help the "Average Joe" avoid issues like having their bank account frozen for 6 months with no explanation... (Just imagine if your bank was permitted to do that!)

Because PayPal is not regulated in the same way as a real Merchant Account, PayPal accounts can be frozen for almost any reason and without warning. The account can usually receive money while it is frozen, but the account holder cannot withdrawal any money. Once an account is frozen, the funds are often held by PayPal for months on end with Absolutely No Recourse for the merchant.

When Merchants find their PayPal account unexpectedly frozen, they then have the stress of finding ways to meet their obligations like filling orders for the weeks and months ahead, while their frozen account is being disputed. This normally starts a downward spiral as the merchant has no monetary means to fill their orders and pay their monthly bills. This leads to another problem as those unfilled orders get disputed by the customer, which in turn causes chargebacks and loss of reputation. This becomes your introduction to the "PayPal Nightmare".

### **How Is PayPal Making Money From Your Frozen Account?**

As of the fall of this past year, there are currently 100,000 outstanding disputes at PayPal according to the San Francisco Chronicle. These disputes many times last for months leaving merchants angry, frustrated and sometimes out of business. You may be wondering what happens to the millions of dollars being tied up in these frozen accounts. Here is a short clip from an article recently in the San Francisco Chronicle that gives us some good insight:

U.S. District Judge Jeremy Fogel of San Jose refused to dismiss a lawsuit that seeks class-action status on behalf of thousands of PayPal customers nationwide. A common allegation is that the company brushes off or stalls customer grievances for months and meanwhile freezes the customer's account and pockets the interest (So that's how they make their money!). No wonder they freeze so many accounts!

I highly suggest that you take the time to research the many benefits and protections that an actual Merchant Account offers to you and your business. There are enough worries and stresses in doing business in today's economy, you do not need to have the additional stress of having your hard earned money frozen time and time again.

Learn more about setting up an actual [Online Merchant Account](#). Stop by [www.tailoredtransactions.com](http://www.tailoredtransactions.com) where you can find out all about [Accepting Credit Cards](#) for your business.

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