



During this edition, we will go through a new trend of online shopping known as dropshipping. What is dropshipping? The pros and cons of purchasing through dropshipping websites. Is it legal? Are there any risks? Finally, we will provide you with a case study to illustrate issues we may encounter when buying through a dropshipping website and a success story that ECC Malta worked on last month.

Dropshipping

What is Dropshipping?

The main difference between an online seller and dropshipping is that the online seller stocks the objects, while in dropshipping, the online shop has no stock, and the orders received are forwarded to a foreign supplier. The supplier will then send the product directly to the consumer. Usually, dropshipping sites give the consumer a wider array of products.

It must be highlighted that dropshipping is perfectly legal, but scammers are increasingly using this

technique. Thus, a significant number of sellers do not abide by the distance selling requirements, such as providing the contact details on their website. Dropshipping sites are often advertised on social media either through professional-looking videos or with the aid of influencers. One should be vigilant of misleading advertisements.



Recognising a dropshipping site

The information on the location of a shop is usually in the terms and conditions of the website. Webshops focused on the European Market are obliged by law to indicate where the head office is situated in their general terms and conditions.

It is also essential to recognise where the supplier of a particular dropshipping website is located. Sometimes the products advertised are of inferior quality or counterfeits, sold at a very high or deceptively low price. Furthermore, products may be even advertised as manufactured in Europe, although they are produced elsewhere. Such practices may be misleading and unfair towards us consumers, especially since legal recourse against sellers based outside Europe can be limited. Here are some essential indications to recognise a dropshipping website:

- **The private address indicated**
If the address provided on the website is a private residence, you are probably dealing with a dropshipping website. If in doubt, it is advisable to search for the

address on google maps when the address is provided.

- **No original product images**
Dropshipping sites tend to use images from other sites. You can take a screenshot of the image provided and compare it with other websites.
- **Vague or long delivery times**
Dropshipping suppliers are often located in Asian Countries resulting in very long delivery times.
- **Language Errors**
Generally, the description of the item is poorly translated to English.

Are there any disadvantages when buying through a dropshipping website?

Although dropshipping is not illegal, it **may not always be beneficial** for consumers. Some of the drawbacks are:

- **Long delivery times**
You would expect short delivery times when ordering online; however, since many suppliers are not in the European Union, delivery times tend to be longer.
- **Product reliability**
Products from outside the EU and sold within the EU need to comply with the European Product

Requirements. Dropshippers often do not have any control over the reliability of the product they sell, and therefore, they cannot guarantee good quality products.

- **Paying too much**
The item's price on a dropshipping site tends to be higher than the price found directly at the marketplace site for the same object.

VAT and Customs Duty

As of July 2021, the European Union created a new tax regime for goods shipped outside of the EU. This tax applies to both the buyer and the seller, causing the online seller to be directly involved in delivering goods and is obliged to declare his transaction for tax purposes and pay import VAT. You may incur additional tax such as customs duty if the items are shipped outside the EU and exceed the amount of €150. If your package is held at customs and charges need to be paid, the online shop where the order was placed initially is responsible for the costs incurred.

Case Study

Ms Borg needed a filing cabinet and searched the internet for the best price and shortest delivery time. She came upon a shopping platform selling all kinds of office supplies situated in a European Country. During the checkout, the consumer noticed that the shipping price increased drastically; however, she decided to proceed with the order. The consumer noticed that something was wrong when she received an email stating that the item would be shipped within 30 to 40 days. After some research, she discovered that the address registered on the website

was a private residence. Thus, it was impossible that the item was stocked in the address shown on the website. The consumer contacted our Centre as she was afraid that she was a victim of a scam.

After going through the website, ECCs personnel informed the consumer that this is a platform based on a dropshipping website. Moreover, ECC Malta informed the consumer that even though she bought from a dropshipping website and the item would be delivered from a country outside Europe, the 14 days cooling-off period would still apply and will start once she receives the object as

the transaction was made with a seller registered within Europe. Ultimately, the product was delivered, and the consumer was satisfied with the product.

Although the consumer was satisfied in this scenario, there could be instances where the object delivered is not of good quality or not as described; sometimes, the object is not even delivered. As consumers, you must remain aware that it might be more complicated to resolve a complaint when buying through platforms based on dropshipping.

Success Story

A Maltese consumer ordered a made-to-measure wheelchair from a trader registered in the UK. The consumer requested that this special wheelchair has specific measurements to fit in her car and that the seat needs to be removable. The consumer had already paid €5420 via a bank transfer as a deposit for the wheelchair.

This specific trader regularly visits Malta to accommodate Maltese consumers.

When the wheelchair was delivered in July 2020, the wheelchair had various shortcomings, such as being too big that it did not fit in the consumer's car, the seat was not removable, apart from the fact that it was uncomfortable. The trader took all measurements of the consumer's son and moulded the consumer's son's posture to design the seat. Unfortunately, due to the pandemic, the trader could not fix the wheelchair due to various restrictions.

Given this, the consumer requested a refund of the money paid since the problem could not be fixed. The trader refused to issue a refund arguing that the wheelchair was made to measure. Having seen the trader's reply, the consumer decided to contact our Centre to open a claim.

We have opened the consumer's claim and shared her case with the UK International Consumer Centre (ICC) for their intervention. Following the UK ICC's intervention, the trader reconsidered the consumer's claim and was willing to issue a refund once the wheelchair was returned.

The trader, in his reply, stated that since they could not meet the consumer's son's needs, he was ready to refund the consumer fully.

The consumer accepted the trader's offer. Subsequently, the trader planned to collect the wheelchair from the consumer's home and reimbursed the consumer.



European Consumer Centre Malta

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