

# Popular Threads on Solosez

## Accepting Credit Cards By Phone and Paypal

Has anyone used this service for accepting credit cards? If so, would you let me know what you think of it? Thanks. Penny Penny J. Umstatt-Cope, Joplin, Missouri

I use Paypal, but the version where you can charge credit via an email address. No monthly charge, about 2.5% per transaction. Which is good for me, because I only have about 3-4 credit card transactions a year.

Michael A. Blake, Milford, Connecticut

Excellent!

I was planning on using paypal also and a few other attorneys I told looked at me like I was crazy. Do you mind explaining more how you go about it? Do you have the client pay on the computer there in your office or what is your procedure? And do clients ever think it is strange for a professional to be using paypal?

I realize as a patent attorney, your clients are very different then my consumer bankruptcy clients. However, I would still love any advice.

Amy Kleinpeter. Pasadena, California

The way it works, is that if a client wants to pay via cc, I ask him for an email address, and then send an email that has a paypal button on it for payment of a certain amount (lets say \$4,000). When the client gets the email, he clicks the button, enters his CC information and when he presses ok, he is charged \$4000, and I get my \$4k minus the 2.5% transaction fee in about 2-3 days.

Clients haven't commented to me that this is strange. I tell them I prefer checks, but can take a credit card as long as they have an email address.

Michael A. Blake, Milford, Connecticut

I've thought of doing that, but suspect that most clients would not be, or would not be willing to be, registered with Paypal. It sort of takes a leap of faith to start. Then there's the phishing e-mails they'll get (I know because I get them.) Personally I buy quite a bit through Paypal.

Techno-savvy clients would probably be fine, but others?

Dan Ringer

My understanding is that you don't register with paypal, it's a one time payment.

Michael A. Blake, Milford, Connecticut



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The user does not have to have a PayPal account to pay by credit card through PayPal. I have used this service, as well as their electronic invoicing service (which is similar, but instead of just sending an e-mail requesting money, PayPal sends an e-mail with a link to an invoice that the recipient can then pay), quite successfully with some of my clients.

Lisa Solomon, New York

I thought the main benefit of Accept by Phone (I haven't used it, but what I've read of it), is that you can charge the card right there in the courthouse over a cell phone if necessary, no need to wait for the client to get the e-mail and respond.

Glenn Kurtzrock

I doubt the phishing emails have anything to do with signing up for paypal. I get phishing mails from all sorts of 'banks' that I don't use.

Steve O'Donnell

You don't need a lot of regulations. You can set up a merchant account where you input the information yourself once you get the credit card information from the client .. The client's approval is not need so long as you have the name on the card, the address to which their billing statement is mailed and the credit card # and expiration date.

It's always nicer to have the client sign an approval of the charge, but not essential for the charge to go through.

Ed Poll, California

I looked into the paypal thing as I have had other accounts for ebay stuff. The email one I didn't like, just because I wanted it to be as seamless for the client as possible. However, the paypal merchant account is 20 bucks a month on top of the 2.9% monthly fee for the one where you just take all of the client's information and enter it in yourself. None of the options require the client to sign up for Paypal.

I ended up doing the one that Sovereign offered through some affiliated partner. The option with some fancy software is \$551 and I guess it can do a lot of tracking, reports, etc. But i ended up doing one where I just log onto a website and enter in all of the info for \$300 and change. I figured after a year or so it would have caught up with the \$20 a month fee, and the percentage was a little cheaper than paypal, maybe 2.2%. The other benefit is the money gets deposited directly into my sovereign account the next day, which I like. Paypal will take a few days.

So, I recommend talking to your bank too and see what they might offer.

Patrick Archibald, Burlington, Massachusetts

When I began setting up my firm late last year, I thought about accepting credit cards, but have not followed through due to my experience with my wife's retail business. I have learned from years of responding to credit card chargebacks that customers (or "clients") will readily use any excuse

to disclaim their purchase. Not one chargeback has ever been based on a legitimate complaint. Rather, every time there was a legitimate problem, she responded to the customer's satisfaction with repair/replacement/store credit/whatever it took. EVERY chargeback has been a ruse to avoid paying.

How could I as an attorney avoid being screwed over in the same way? Or do the card companies just disallow chargebacks for services??

How have others dealt with this?

Phillip J. Laurin, Chicago, Illinois

I would think (and the way I plan on doing it) is to make sure everything is in writing - your fee, what portion (if any) is nonrefundable, etc. If there's a chargeback, send a copy of the retainer agreement to the credit card company to prove this is a legitimate charge.

Glenn Kurtzrock

If you take a look at the article on this subject that I wrote (see archives at [www.lawbiz.com](http://www.lawbiz.com)) you will get more information. The retainer agreement should provide for handling disputes and include language that the client will pay in a certain way at a certain time, and that there will be no chargeback on the credit card (if that is the method of payment preferred); that the client will handle disputes, if any, over fee with an arbitration board or however you choose to do this ... but that the credit card will not be charged back.

If you have a nonrefundable provision, so much the better ... I'm concerned that, unlike a previous suggestion, you should not show the credit card company your engagement agreement ... this violates confidentiality. However, you can show the portion related to this issue ... and the signature page.

Ed Poll, California

If you read my couple of articles in LW Massachusetts, and Bar Counsel's response, you may remember that you can use the credit card for payment and deposits directly into your general account if you're billing for work already done . this is money to which you are entitled.

If you're accepting payment for a retainer, that is for work not yet done, then that money can be paid by credit card but deposited into an IOLTA account.

Ed Poll, J.D., California

What Patrick leaves out is that in order to take transactions from a web site using his merchant account he would also need an Internet gateway through a company like Authorize.net. This would cost another \$200.00 startup fee and a minimum of \$25.00 per month plus the \$0.20 they would take off the top.

Pay Pal appears to be cheaper if you are planning on doing e-commerce.

If all you want to do is run a credit card to his account then, there are cheaper options.

Ed Poll, California

Actually, using PayPal's Website Payments Pro, you can take credit cards by entering the cc number into Paypal yourself using a web interface called Virtual Terminal, and you can install an API on your website to take credit cards directly on your website (i.e., the client would enter the cc#, as in any e-commerce website). This feature costs \$20 per month with no setup charge; you do not need a separate gateway account. See [https://www.paypal.com/cgi-bin/webscr?cmd=\\_profile-comparison](https://www.paypal.com/cgi-bin/webscr?cmd=_profile-comparison) and [https://www.paypal.com/cgi-bin/webscr?cmd=\\_vt\\_hub-outside](https://www.paypal.com/cgi-bin/webscr?cmd=_vt_hub-outside).

Lisa Solomon, New York

I use authorize.net and the fees are significantly less than this. I think I paid only \$99 for the setup of both the virtual terminal and the payment gateway, and the monthly fees are about \$16. It was set up less than a year ago. I had to do some shopping around in order to get those fees, but it was worth it.

Allison C. Shields

To clarify for myself too, I paid a one time start-up fee of \$300 and change, I pay a monthly fee of around 2.7% of that month's transactions. the mechanics for accepting payments is simply: 1. Get client info; 2. Log onto payment website (I use [www.yourpay.com](http://www.yourpay.com)) 3. Enter info, process payment. That's it. Next day it's in my sovereign bank account. There were no other fees at all. I chose this instead of paypal because it kinda burned me that I'd have to pay the \$20 monthly even if I didn't have any transactions that month. So, as I said, the \$300 would even out over the long term. I think paypal is good too, I just preferred to pay the upfront lump sum and then not worry about monthly payments forever.

Patrick Archibald, Burlington, Massachusetts

With my paypal set up, there is no monthly fee, no startup fee, just the 2.7% per transaction charge. Of course, I have to email the client a bill, and he pays by pressing the paypal button on my email.

Michael A. Blake, Milford, Connecticut

Thank to all who replied. I'm going to look into paypal before deciding which way to go.

Penny J. Umstattd-Cope

If your retainer states that it is non-refundable, all you have to do is fax a copy of the retainer agreement to the credit card co. and that will stop as a charge back.

Jean Moyer

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