

Looking for a special item, a hot collectible or simply a good deal? An online auction may provide one means, but before you place your cyber-bid, consider how online auctions work. With online auctions, you do not know the identities of the sellers. Private sellers are not regulated and you have no guarantee that you will get the item once you've mailed the payment.

Sellers list their goods, and auctions are conducted using e-mail to send and receive bids. If you're the highest bidder, the seller will contact you via e-mail to arrange for payment and delivery. Here are a few things to keep in mind next time you start bidding.

### **Bidder Beware**

- ❖ Avoid impulse bids. Do some research on the product before bidding.
- ❖ Protect your privacy. Do not give out your social security or bank account number.
- ❖ Verify the seller's identity and check on their reputation.
- ❖ Get a telephone number and a physical address for the seller.
- ❖ If the deal sounds too good to be true or you are suspicious, skip it and move on.

### **Payment Options**

Buyers may have several payment options including credit card, check or money order, cash on delivery and escrow services. However, many sellers do not accept all forms of payment.

#### Credit Card

Pay with a credit card, if possible, but it's likely that a private seller will not be able to accept this form of payment. Using your credit card offers the most consumer protection because if you don't get the merchandise you can dispute the charges with your credit card issuer.

#### Check or Money Order

Most sellers request this form of payment but it offers the least protection. Some online sellers have taken bidders' money and never delivered the merchandise or they may have misrepresented the product. Consumers often have little recourse in trying to recover their funds.

#### Escrow Services

For a fee an escrow service accepts payment from the buyer and then releases the money to the seller only after the buyer receives and approves the merchandise. This helps protect buyers from ending up with nothing after paying their money. Remember to investigate the escrow service's reputation before signing up for the service.

If the auction site you are using provides some type of "insurance" to protect you, make sure you understand how it works. Some of these programs will only protect you if you complain within a certain number of days or use rated sellers and may place a cap on the maximum amount they will reimburse if you have a problem with a seller.

### **Consumer Concerns**

The majority of consumer complaints regarding online auctions center on the following areas:

- ❖ The seller didn't send the merchandise.
- ❖ The buyer is unable to contact the seller after payment was made.
- ❖ The seller claims the merchandise was shipped but the carrier must have lost it.
- ❖ The product described on the auction is different than the item delivered.
- ❖ The seller agreed to accept returned merchandise but never reimbursed the buyer or replaced the damaged product.
- ❖ Untimely delivery.



**Orange County  
Consumer Fraud Unit  
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## Tips

- ❖ Know what you are buying
- ❖ Check other sources for the item's value
- ❖ Ask questions before you bid. Is the item new, used or rebuilt
- ❖ Establish your top price and stick to it
- ❖ Find out who pays for shipping and delivery
- ❖ Know as much about the seller as possible
- ❖ Check the seller's feedback rating
- ❖ Check the seller's return policy
- ❖ Evaluate your payment options
- ❖ Keep printouts of all transactions

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## Online Auction Buying Guide



Going, going, gone!!

**Education is Protection;  
Knowledge is Power**