

• **Know who is paying for shipping and delivery before bidding.** The cost of the product can increase substantially once shipping costs are considered.

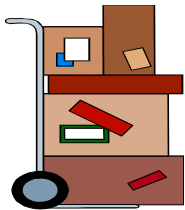
• **Know the return policy.** Make sure you know the seller's terms regarding a refund, who has to pay for the shipping costs, and if there is a restocking fee.

• **Pick your top price and stick with it!** Don't bid on something that you don't intend to buy. When bidding, you are bound to the rules of the auction. If you do not pay, you could be banned from that web site.

• **Know your seller's payment options.** Credit cards offer the most protection but if the seller won't accept them, consider using an escrow service like www.escrow.com. You need to decide if you are willing to risk sending payment before receiving your merchandise.

• **Never give out personal information.** This includes your Social Security number, your driver's license number or bank account number. No seller should need this.

• **Keep records.** Print out confirmation and transaction information. Save copies of any e-mails that you send or receive from the seller or auction company.



Most internet auction sites contain tutorials on how to sell an item. The tutorials are designed to make posting your item as easy as possible. Generally, they are found on the home page of the web site

Here are some tips if you decide to **sell** an item on an internet auction site:

• **Tell the potential buyer your shipping policy.** State clearly who is responsible for shipping costs, and give an approximate time frame as to how long after payment is received, that the item will be shipped. Many sellers state this in the description of the merchandise.

• **List all payment options.** Tell the buyer what forms of payment you are willing to accept.

• **Respond in a timely manner to any questions that a potential buyer may have.**

• **Contact the highest bidder as soon as the sale closes.** It is important to discuss details and make delivery arrangements with the buyer, as soon as possible.

• **Keep records.** Print or make copies of all e-mails from the buyer. Also, save any receipts that you may acquire.

If you have a problem and you cannot get the auction site to resolve the issue, you can file a complaint with the **New York State Consumer Protection Board**. You can contact us at **1-800-697-1220** or visit our web site at www.consumer.state.ny.us.



ONLINE AUCTIONS



NEW YORK STATE
CONSUMER
PROTECTION
BOARD

INTERNET AUCTIONS

Internet auctions are becoming the most popular way to shop online. Whether you are looking for a collectible or selling a family heirloom, an Internet auction may suit your needs. The Consumer Protection Board has designed this guide to show you how to get the most out of your internet auction experience.

WHAT IS AN INTERNET AUCTION?

Internet auctions are often considered “virtual bazaars or flea markets”. At some web sites, the seller may be required to sell all items at the lowest successful bid. Other auction sites allow the seller to accept the highest bid. Occasionally, a seller will set a reserve price which is the lowest price they will accept for an item. A successful bid is one that has been made and accepted before the auction closes. If no one bids at or above the reserve price, the bidding will close with no sale. If the auction is a success, the buyer and seller will make arrangements for payment and delivery.

TYPES OF INTERNET AUCTIONS

There are two common ways that internet auctions are conducted:

Business-to-Person

- Allows for the operator of the auction to have physical control of the items being offered and the ability to directly accept payment from the buyer. Popular internet sites like www.ubid.com or www.egghead.com, are generally business-to-person.

Person-to-Person

- Allows for the seller to offer their merchandise directly to the consumer. Once the auction has closed, the seller is

responsible for arranging delivery and payment with the buyer. Auctions conducted by e-Bay (www.ebay.com) are generally person-to-person.

PAYMENT OPTIONS

Internet auction participants should check the payment options before placing a bid. Sellers will not always accept all forms of payment.

Credit cards generally offer the most consumer protection. For example, if the merchandise does not get delivered or if it is not what you ordered, you have the right to seek a credit from the credit card issuer.

Another payment option is an escrow service. For a fee paid by the buyer, typically 5 percent of the cost of the item, an escrow service will accept payment from the buyer via check, money order or credit card. The service releases the payment to the seller AFTER the buyer has received the item and is satisfied.

The benefit is that the buyer rarely loses money, the disadvantage is that it prolongs the transaction.

Generally, business-to-person auctions accept payment by credit card but person-to-person auctions require a cashier's check or money order before concluding a sale.

INTERNET AUCTION FRAUD

According to the Federal Trade Commission, the most common consumer complaints concern sellers who:

- don't deliver the advertised goods
- deliver something far less valuable than advertised
- don't deliver in a timely manner
- fail to disclose all pertinent information regarding the item or terms of the sale.

To avoid having a bad auction experience, here are some tips you should know before you place a bid:

- **Find out how the auction site works.** Spend a few minutes going through the web site to help prevent later problems or frustration. Some auctions offer step by step tutorials to show potential buyers how the process of bidding works. You can also compare different online auction sites at www.consumerworld.com.
- **Find out who the seller is.** Try to get a telephone number and contact information to confirm that you have a way to follow up. E-mail addresses are helpful but may be false. Also, check the seller's “feedback rating” which is usually on the auction web site. This will give you an idea how the seller has dealt with other buyers. Learn what protections, such as guarantees, the auction site may provide.
- **Know what you are bidding on.** Make sure you know the relative value of the item. Check with retail stores online or price trading sites, like www.mysimon.com to get a comparison price. Make sure you read the fine print. Consider with caution, products described as “refurbished”, “factory reconditioned” or “discontinued”. Also read the terms and conditions of the sale. Find out if there is a warranty and where you can get help if you have a problem with the product.

