

Transcript -
Making the Most of Online Auctions Tips for Buyers and Sellers Podcast

This is Carol Kando-Pineda from the Federal Trade Commission. Welcome back to Making the Most of Online Auctions. Let's talk now about some tips for buyers and tips for sellers.

So, for you buyers: Before bidding, become familiar with the auction site. Never assume that the rules of one auction site apply to another. If the site offers a step-by-step tutorial on the bidding process, take it. You won't be sorry. It can save you frustration and a lot of disappointment later.

Find out what protections the auction site offers buyers. Some sites provide free insurance or guarantees for items that are not delivered, not authentic, or not what the seller claims.

Know exactly what you're bidding on. Read the seller's description of the item or service, and if a photograph is posted, look at it. Read the fine print. Look for words like "refurbished," "close out," "discontinued," or "off-brand," especially when shopping for computer or electronic equipment—to get a better idea of the condition of the item. Sometimes this information and other important terms are in a contract that may be found by following a hyperlink in the listing to the seller's online store.

Try to determine the relative value of an item before you bid. Be skeptical if the price sounds too low—too good to be true—if it's realistic. Brick-and-mortar stores and price comparison sites may be good for reality checks.

Find out all you can about the seller. Avoid doing business with sellers you can't identify, especially those who try to lure you off the auction site with promises of a better deal. Don't trust e-mails alone. Some fraudulent sellers have used forged e-mail headers that make follow-up difficult, if not impossible. Get the seller's telephone number as another way to get in touch. Dial the number and confirm that it is correct. Don't wait until there's a problem to try to make sure that you have a telephone number that works.

Some auction sites post feedback ratings of sellers based on comments by other buyers. It's always a good idea to check that out. Just remember, these comments can give you some idea of how you'll be treated. Comments sometimes are submitted by the seller or people the seller pays to comment positively. A sham seller can build up his reputation by selling many low-cost items before making fraudulent sales of higher cost items. That's not to say don't check. Just, you know, be skeptical.

Find out who pays for shipping and delivery. Generally, sellers specify the cost of shipping and give buyers the option for express delivery at an additional cost. If you're uncertain about shipping costs, check with the seller before you bid.

And check on the seller's return policy. Can you return the item for a full refund if you're not satisfied? If you return it, are you required to pay shipping costs or a restocking fee? Sometimes the return policy is found in the listing, but other times you may have to access it by following a hyperlink in the listing to the seller's online store.

E-mail or call the seller if you have any questions. Don't place any bids until you get straight and satisfactory answers.

So, when you're bidding, establish a top price and stick to it. This can be hard to do in the heat of the moment of an auction but it's important. This can help ensure that you get a fair price and protect you from shill bidding. Don't bid on an item you don't intend to buy. If you're the highest bidder, you're obligated to follow through with the transaction. Some auction sites bar non-paying bidders, who are known as "deadbeats," and you won't be able to use the auction site again.

Save all transaction information. Print the seller's identification, the item description, and the time, date, and price of your bid. Print and save every e-mail you send and receive from the auction company or the seller. It can be really helpful to have a paper trail record.

So, before you pay, make sure you protect your identity. Never provide your Social Security number or driver's license number to a seller. Don't provide your credit card number or bank account information until you check out the seller and the online payment or escrow service, if you're using one of those. Make sure they're legitimate.

Examine the online payment and escrow service's privacy policy and security measures.

Never disclose financial or personal information unless you know why it's being collected, how it will be used, and how it will be safeguarded.

Be suspicious of an online escrow service that cannot process its own transactions and requires you to set up accounts with online payment services. Legitimate escrow services never do this. It's always a good idea to check with the Better Business Bureau, state AG, or consumer protection agency where you live and where the online payment or escrow service is based. See what kind of complaints are there. As we've said before it's not foolproof, but it's worth a look.

Now some tips for sellers. This is really just the flipside of the coin: Under federal law, you're required to advertise your product or service and the terms of the sale honestly and accurately. You can't place "shill" bids on your item to boost the price or offer false testimonials about yourself in the comment section of Internet auction sites. You can't auction illegal goods. Some auction sites have further prohibitions on sales of other items. You need to check to find out what those are.

You must ship merchandise within the time frame specified during the auction, or if no time frame is specified, you have to ship it within 30 days. If you can't meet the shipping commitment, you must give the buyer an opportunity to agree to the new shipping date or cancel the order for a full refund

So, when you're advertising your product, it's very similar to what we've just discussed. Describe your item and its condition and include whether it's new, used, or reconditioned. Anticipate questions buyers might have and address them in the description of your item or service. If it's possible, include a photograph of the item. There's much truth to the saying that a picture is worth a thousand words.

Let people know the minimum bid you're willing to accept. And specify up front who will pay for shipping, and whether you'll ship internationally. Let them know your return policy, including who's responsible for paying shipping

costs or restocking fees if the item is returned. And tell prospective bidders whether you provide follow-up service. If you don't, tell them where they can get it.

When the auction closes, print all information about the transaction, including the buyer's identification; a description of the item; and the date, time, and price of the bid. Save a copy of every e-mail you send and receive from the auction site or from the successful bidder. Now, contact the successful buyer as soon after the auction closes as possible; confirm the final cost, including shipping charges, and tell the buyer where to send payment.

If you accept credit card payments from the buyer directly, bill the credit card account only after you've shipped the product. If a buyer insists on using a particular escrow or online payment service that you've never heard of, check it out by visiting its Web site or calling its customer service line. If there isn't one, or if you call and can't reach someone, don't use the service. And here's big clue: If the service claims to be affiliated with a government agency, that's a sign of a scam. Before agreeing to use one of these services, read the terms of agreement. If it's an online payment service, find out who pays for credit card charge backs or transaction reversal requests if the buyer seeks them.

Look at the service's privacy policy and security measures. Never disclose financial or personal information unless you know why it's being collected, how it will be used, and how it will be safeguarded. Don't use an online escrow service that doesn't process its own transactions. If they require you to set up accounts with online payment services. It's just not a legitimate business. Beware of fake check scams, too. A buyer might offer to use a cashier's check, personal check, or corporate check to pay for the item you're selling. They send you a check for more than the amount owed. It plays out in various ways, but the common theme is that the buyer asks you to deposit the check and wire back the difference. Well, so you deposit the check, learn that it has cleared, and wire the funds back to the buyers. Later, the bank determines that the check is a fake, and you're liable for the entire amount. The checks were counterfeit, but good enough to fool unsuspecting bank tellers and you're still on the line for it.

For more tips about making the most of online auctions, visit OnGuardOnline.gov.

If you think you've been scammed, contact your state attorney general. You can get a list of your state AGs at naag.org or your local consumer protection agency, consumeraction.gov, can give you a good list of those. And you can get the phone numbers for these organizations in your phone book, through directory assistance, or through an online search engine.

As always, you can file a complaint with the FTC at ftc.gov/complaint. And go to Military OneSource for help. This free 24-hour service is available to all active duty, Guard, and Reserve members (regardless of activation status) and their families. Consultants provide information and make referrals on a wide range of issues. Call 1-800-342-9647 or go to MilitaryOneSource.com to learn more.