

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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## INTERNET AUCTION CAUTIONS

*A man was the winning bidder for a set of golf clubs on an online auction site. He sent the seller \$600, but the clubs never arrived. The seller said that he had shipped them, but, suspiciously, he couldn't produce a receipt or tracking number.*

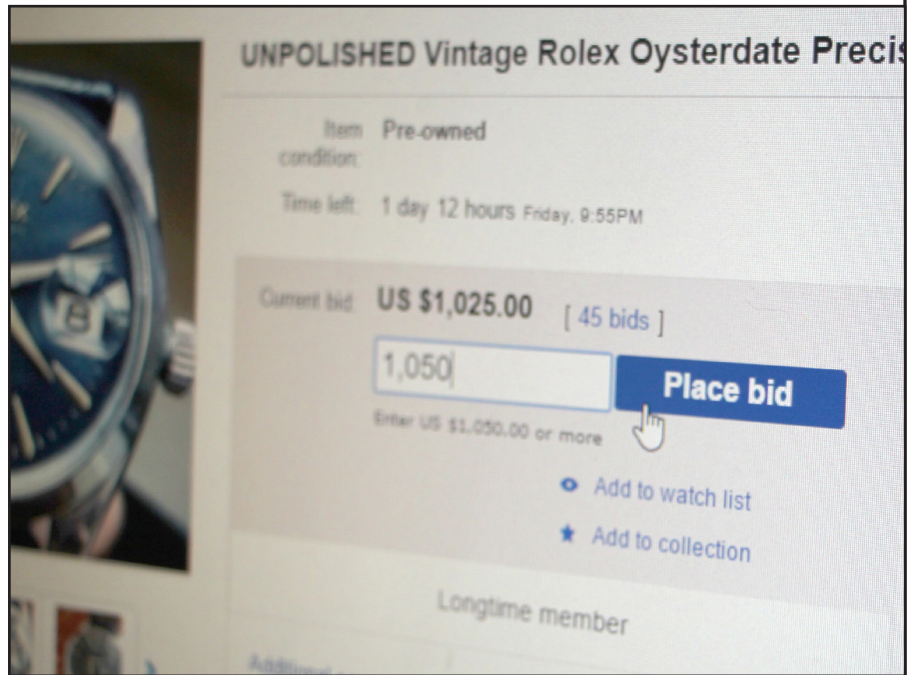
*A woman bought a car through an online auction. As the car was in another state, she relied on the photo and the seller's description of the car's working condition. She paid \$5,500 by check and had the car shipped. When it arrived, it wouldn't run.*

*Several auction bidders paid high prices for what they believed was an out-of-print movie soundtrack. What they received was a brand-new reissue CD, worth only \$15. When they complained, the seller claimed he never said it was the original issue, just "the real thing."*

Online auctions can be a way to find bargains and unusual items from all over the country. However, some buyers never receive the items they paid for, or receive items that are not as they were represented. To avoid problems buying through an online auction, you should take these precautions:

**Understand the risks of dealing with individuals in cyberspace.** In one kind of online auction, the auction site sells merchandise and accepts payments from buyers. But, many of the most popular online auctions simply provide a place where individuals or other companies list items they want to sell. The auction doesn't verify that the merchandise actually exists or is described accurately, and your transaction will be with the individual seller, not the auction.

Agreeing to buy something from another individual, when all you know is an e-mail address or username, is riskier than purchasing from an established company. Many consumer protection laws don't cover private sales between individuals.



**Check out the seller.** Most auction sites offer feedback sections on sellers. If a seller has many or serious negative comments, don't do business with that seller. Also, some auction sites offer fraud insurance that only covers your purchase if the seller had a positive feedback rating at the time of the auction.

Get the seller's telephone number if possible. Test the number to confirm that you'll have some way other than by email to reach the seller if you have a problem. Realize that resolving problems with a seller who lives in another country could be difficult.

**Know what you are buying.** Shop around to be sure you know what a good price for an item is. Read the item description carefully. When buying electronic items, look out for words such as "refurbished," "discontinued," or "off-brand." Is something "brand new" or "like new?" Is the item an "original" or an "original reproduction?"



Be careful when considering an expensive collectible, since you can't physically inspect the item or have it appraised before buying. The same caution applies to other items you would normally test yourself, such as a car, a mattress, or a musical instrument.

**Ask the seller about returns, warranty, or service.** If you buy items such as electronic equipment at a retail store, you usually can go back to the store if the item doesn't work properly. It's less likely that an online auction seller will offer returns, warranty, or service, but it's important to ask.

**Pay the safest way.** Paying by check or money order may make it impossible to recover your money if the seller doesn't deliver the item as promised. Pay by credit card if you can, because you have the right to seek a credit from your card issuer for merchandise that isn't delivered or was misrepresented.

It used to be difficult to pay by credit card, because many online auction sellers cannot accept credit cards. Third-party online payment services are making it easier for buyers to pay by credit card. With these services, you can make a payment by credit card or bank account debit, and the money is deposited in the seller's account. The seller never sees your personal account information. However, if you pay by check or bank debit, you still risk losing your money if the seller does not deliver your item as promised. The payment services only provide a convenient way to transfer money; they make no guarantees that the seller will deliver.

Escrow services offer another payment alternative. These services, for a fee, will take your payment and hold it until you confirm that you have received the item you purchased. The service then releases your payment to the seller. However, some consumers have reported problems with escrow services, in which the escrow company paid the seller even when the purchaser did not get what they were promised. Before using an escrow service, be sure you understand and agree with its policies and procedures regarding the release of payment.

As another alternative, some sellers will agree to accept payment by COD (cash on delivery).

**Find out what protection the auction offers buyers.** Many online auctions offer a limited amount of "fraud protection" insurance to reimburse buyers who didn't

receive what they purchased. Don't count on this insurance until you have read the terms for limitations, requirements for making a claim, and deductibles.

**Document your transaction.** Print out and save the auction listing for the item, your winning bid confirmation, the feedback report on the seller, and all emails you and the buyer exchange. If there is a dispute, this information can be useful, and may be required to file a fraud protection insurance claim with the auction site.

**What to do if you don't receive what you paid for.** If you have not been able to get satisfaction from the seller, report the problem to the auction. Some auctions provide their own mediation service or provide links to third-party mediation services that help resolve disputes. Auctions will ban sellers who they believe have cheated buyers.

If you paid by credit card, follow your card issuer's procedures to dispute the charge.

You can also file a complaint with the Consumer Protection Division at 410-528-8662 (toll-free in Maryland: 1-888-743-0023). Our office can mediate disputes if the seller is a business. Filing an internet fraud report with the Federal Trade Commission (toll-free 1-877-FTC-HELP) and with the National Fraud Information Center (1-800-876-7060) helps those agencies investigate internet fraud.

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## HOW TO CONTACT US

### Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662  
Toll-free: 1-888-743-0023 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 3 p.m. Monday-Friday  
[www.marylandattorneygeneral.gov/Pages/CPD/](http://www.marylandattorneygeneral.gov/Pages/CPD/)
- **Health Consumer Complaints:** 410-528-1840  
Toll-free: 1-877-261-8807 TDD: 410-576-6372  
9 a.m. to 4:30 p.m. Monday-Friday  
[www.marylandcares.org](http://www.marylandcares.org)
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: [www.marylandattorneygeneral.gov/Pages/contactus.aspx](http://www.marylandattorneygeneral.gov/Pages/contactus.aspx)

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