Thinking of bidding in an online auction or selling some of your stuff? Internet auctions are a great resource for shoppers and sellers, but you need to watch out for some pitfalls.

**Learn how the site works**
Usually, a site has rules for both buyers and sellers. Before you bid, get to know how the site works, and its rules and policies for buyers and sellers. Look for information about:

- **Make sure the pages where you register, sign in and pay are secure.**

**Payment**
Can you pay with safer payment methods, like credit cards, that come with fraud protection? Can you use a secure online payment system that links to your credit or debit card and hides your account number when you pay? As a seller, when will you receive payment?

**Privacy and security**
How will the site protect and use your personal information, if you register as a buyer or seller? Make sure the pages where you register, sign in and pay are secure. If the URL on a page begins with “https”, the page is secure.

**Disputes**
Will the site help you resolve a dispute with a buyer or seller? For example, will it refund your money if you get a defective item or do not get the item you bid on? Find out how, and when, you can get help.

To see what other people say about their experiences on the site, type the site name and the word “complaints” or “reviews” in your search engine.

**“Government” Auctions**
You may have seen advertisements for government auctions. These ads often include high priced art, antiques, jewelry, household items, and oriental rugs. Research the validity of these “government auctions.”

Contact the government agency being represented to make sure the auction is legitimate.

**WisconsinSurplus.com**
WisconsinSurplus.com is a contracted vendor for the State of Wisconsin to provide the state with their required on-line auction needs. All items listed for bids and/or sale on this site are items considered surplus and/or excess to the on-going daily needs of the various State of Wisconsin departments and agencies. For more information contact Wisconsin Surplus at (608) 437-2001 or by email at bid@wisconsinsurplus.com.

Check out the item before you bid on something. Get to know the usual price range for the item and its features. This will make it easier to spot a listing that promises more than it will deliver. To compare products online, you can type the item name and the word “buy” into your search engine and look at the results, or view several listings for the item on the auction site.

As you scroll through the site, look closely at photos, item descriptions and other aspects of the listing. For example:

- Are there photos of the product that is up for bid, or just generic photos of a similar item? If there are not current photos, you cannot be sure the seller has the item.
If the item is described as “refurbished,” “vintage,” “used” or “close-out,” it probably is not in top condition.

If a “brand name” item is shown with a surprisingly low price, it might be counterfeit.

Check out the seller. Look for a seller who accepts safer payment methods like credit cards, a secure online payment system or an escrow service recommended by the auction site. Do not do business with anyone who takes only wire transfers, cash, money orders or reloadable cards that you “top up” by adding money. Paying with those methods is like sending cash; once it is gone, you will not be able to get it back.

It is important to check the seller’s rating on the site and read previous buyers’ comments. See if buyers, especially recent buyers, were satisfied with the seller, their merchandise and their customer service. If you are not comfortable with the seller for any reason, trust your gut and do not bid on their items.

Read over the seller’s contact information and make sure it includes an email. If you are interested in an item, but the listing details are not clear, contact the seller before you bid. If the seller does not respond, or you are not satisfied with their answer, you can move on. Save or print copies of your communication with the seller.

Be cautious if the seller is located in another country. If you have a problem, the physical distance, difference in legal systems, and other factors could make resolving it very difficult. Shipments from other countries can take a lot longer and customs fees can add to the cost of your purchase.

Every seller has their own way of doing business. If a service — like a product warranty or the right to return an item — is important to you, read the listing or ask the seller if they offer that service before you bid. You may want to know:

• Does the item come with a warranty? If it does, how long does the warranty last?
• What kind of shipping options does the seller offer, and who pays for shipping? If the listing only estimates the shipping cost, ask for the item’s weight and dimensions. Calculate shipping costs before you bid to avoid a costly surprise later.

Will the seller let you return or exchange an item? If they will, what reasons are accepted for returns? What are the deadlines for making changes?

When you bid and pay.

Before you bid, decide how much you are willing to spend and then stick to that amount. Sometimes “shill bidders” — working with the seller or on their own — bid on an item to intentionally drive up its price. When you calculate your top bid, consider the other costs you might have — like shipping, handling or taxes — to receive or return the item.

If you are the highest bidder when the auction ends, print or save copies of the item description and final price. Pay for the item within the seller’s and site’s deadlines using your credit card, a secure online payment system or an escrow service the auction site recommends.

When you pay by credit card, the Fair Credit Billing Act protects your transaction. It allows you to dispute charges under some circumstances and temporarily withhold payment while the creditor investigates.

How to work out problems

If you do not get the item that was described, it arrives late or has not come by the date promised, contact the seller. Wisconsin law requires sellers to ship items as promised, or within 30 days after the order date if no specific date was promised. If the seller cannot resolve the problem, see if the auction site can help, and if there are deadlines for requesting help from the site. You do not want to wait so long for the seller to respond that you miss the site’s deadline.

If you paid with your credit card, you can file a dispute with your credit card company and withhold payment while the company investigates. Check your credit card statements and contact the card issuer if you see any charges you don’t recognize.

Avoiding scams

There are scammers online and they are not offering bargains; they are after your money and financial information. Follow these tips to avoid common scams.

Do not hit “reply” or click on links in an email message, even if it looks like a message from the auction site or online payment system. You might end up on a “spoof” site that imitates a legitimate site, but is a scam set up.
To steal your information. Or you could be tricked into downloading malware onto your computer. An email could say something alarming like:

“Your account will be shut down if you do not respond immediately to validate your information.”

“Reply to confirm your account number and payment, or you will lose the item you bid on.”

“We suspect an unauthorized transaction on your account; click here to verify your account details.”

To check your messages on the auction site or payment system, type the site’s web address (URL) in your browser and log in. If the auction or payment site really has sent you a message, you will see it in your account and you can respond to it there.

Communicate through the auction and payment site. Do not deal with anyone who wants you to pay outside the payment system — whether with a wire transfer, money order or other cash equivalent — no matter what story they tell you. If you do, you will lose any protection the site provides. You also probably will not get the item or see your money again. Here is how a con might start:

A scammer asks you to email them outside the site. They offer you a “second chance” to buy an item you did not get at auction, claiming the “highest bidder backed out,” or says they will give you a great price on a similar item. The hitch: they want to close the deal privately, off the auction site, and tell you to pay with a wire transfer, money order or other cash equivalent.

You place the highest bid, but after the auction ends the seller pleads with you to pay them outside the auction’s payment system. They claim the online system is not working for them or they need money quickly for an emergency. That is a danger sign. If you pay outside the secure online system, you will end up losing money and will not get the item you wanted to buy.

**Online Penny Auctions**

In a penny auction, the site owner posts items and you pay to bid for them. Unlike a traditional auction, where only the winner pays, penny auctions require you to pay before — and as you bid, win or lose.

The price of auction items usually starts at zero, and each bid bumps the price of the item up a penny. Each bid also adds time — from 10 seconds to 2 minutes — to a countdown clock. The goal is to be the high bidder when the clock runs out. But because the clock resets with each bid, the auction process can be unpredictable and take time to complete.

Winning the auction does not mean you have won the auction item: It means you have won the right to buy the item at the final price. For example, your $50 winning bid for a camera might seem like a bargain, but if you placed 200 bids that cost $1 each, your cost will actually be $250 – plus shipping and handling, and possibly a transaction fee.

**Report fraud**

If you have problems during an online auction transaction, try to work them out directly with the seller and auction site. If that does not work out, for more information, or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

For more information or to file a complaint, visit our website or contact:

Wisconsin Department of Agriculture, Trade and Consumer Protection

*Bureau of Consumer Protection*

2811 Agriculture Drive, PO Box 8911

Madison, WI 53708-8911

Email: DATCPHotline@wi.gov

Website: datcp.wi.gov

(800) 422-7128 TTY: (608) 224-5058

(Some information taken from the FTC fact sheet “Online Auctions for Buyers 01/15”, and “Online Penny Auctions”, 09/11)

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