

Staying Safe in Online Auctions

Online auctions have become a big business, with millions of items for sale at any given time. ACNielsen estimates more than 1.3 million people worldwide are earning their primary or secondary income on eBay, the largest internet auction site, with millions more doing it as a hobby.

But doing business through online auctions can sometimes be risky. Auction fraud accounts for roughly 48% of online fraud reports to the FTC. In a January 2005 article in the *Washington Post*, eBay spokesman Hani Durzy estimated “0.01 percent of eBay sales are fraudulent.” But as the same story points out, there are up to 30 million auctions conducted on eBay on any given day, meaning an estimated 3,000 sales each day could involve crime.

Because most online auction websites act only as intermediaries between buyers and sellers during a bidding process, they rarely get involved in details such as shipping and payment. Therefore auction sites often deny any responsibility for fraudulent transactions, making it important for buyers and sellers to exercise good judgment in conducting business through internet auctions. Keeping this in mind, what steps can you take to protect yourself?

First, do some homework by checking the “feedback” history of buyers/sellers. These are often a good source for learning about a participant’s past experience and reputation on the website. If the seller is a business, check with the Better Business Bureau for any complaints. Remember, if a problem occurs it can be much more difficult to resolve it if the seller is located outside the United States.

If the transaction permits, consider using an escrow service. If the goods never arrive, the escrow service will return your money. It is also wise to keep copies of advertisements, descriptions, and any correspondence with the buyer/seller, including email.

If you do end up the victim of internet fraud, you have a number of resources to help you. Auction site dispute resolution services are quickly growing to help resolve disputes. Don’t hesitate to make use of such services. Moreover, most auction sites also insure purchases/sales, though often just up to a couple hundred dollars, depending on the site.

Next, report the incident to the Internet Crime Complaint Center (“IC3”) at www.ic3.gov. This Center was launched in March of 2000 as a partnership between the FBI and the National White Collar Crime Center. The IC3 provides an easy-to-use form to report fraud as well as helpful information on current scams. Also, if the buyer/seller is a business, report the fraud to the Better Business Bureau.

In spite of the potential for fraud and abuse, millions of people use internet auctions to conduct business and are satisfied with the results. If you remain vigilant for potential problems you should have little trouble making a successful transaction. Online auctions remain a great place to do business.

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