

Auction fraud and shill bidding: what to watch for

The common fraud patterns in online auctions - non-delivery, bid siphoning, second-chance offers and shill bidding - and the checks that protect you.

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Auctions are built on trust: you cannot inspect most lots in person, you cannot meet the seller, and the price is set in the open. Regulators have warned about online auction fraud for as long as online auctions have existed - the FTC called it the single largest category of internet complaints back in 2003, and the same patterns still surface today. Knowing the patterns is most of the protection.

The common patterns

The FTC and state consumer offices describe the same recurring frauds:

- **Non-delivery** - you win, you pay, nothing arrives. The oldest and most common complaint.
- **Misdescribed goods** - the item arrives, but it is worth far less than described: the wrong model, the wrong condition, a "like new" item that is not.
- **Bid siphoning** - a con artist watches a live sale and contacts bidders privately, offering "the same item, cheaper". Deal off the platform and you lose every protection the platform gives you.
- **Second-chance offers** - after a sale closes, losing bidders get a message offering the lot they lost. Some are genuine - houses do make real second-chance offers - but the channel is a favourite of scammers. Verify through the platform, never through the contact details in the message.
- **Shill bidding** - the seller, or an associate, bids on the lot to run the price up. Watch for a bidder who pushes every lot but rarely wins, or a new account that only ever bids against the crowd.

The payment rule that prevents most losses

The FTC's marketplace advice is blunt: pay by credit card or through the site's own payment system, because those carry legal protections when something goes wrong. Wire transfer, gift cards, reload cards and cryptocurrency are cash - once sent, you generally cannot get them back. Any seller who insists on one of those methods, or wants to move the deal off the platform, is telling you something.

Checks before you bid

1. Read the auction site's rules - they differ, and the protections you assume a site has may not exist.
2. Check the seller. On marketplaces, look at the selling agency's or house's history. On this directory, open the listing's source link and confirm the house or program exists on its own

official site.

3. Sanity-check the price. Compare the lot against what it costs elsewhere; a price far below market is bait, not luck.
4. Work out the real total first - premium, tax, shipping - with the auction total-cost tool, so you are not bidding on adrenaline.
5. Keep every record: the lot description, your bid confirmation, the invoice, the messages.

If it goes wrong

Start with the seller and the platform - most disputes end there. If not, dispute the card charge, and report the fraud to the FTC, your state attorney general, and the FBI's Internet Crime Complaint Center. Reports are what get the patterns investigated.

A directory cannot vet every lot or every seller - this site lists the durable entities, not the sales. What it can do is show you which entities publish their terms, so you can deal with the ones that put their rules in writing.

Frequently asked questions

What is shill bidding?

A fraudulent seller, or someone working with them, bids on the seller's own lots to drive the price up. Regulators treat it as fraud. If a bidder consistently pushes prices but rarely wins, walk away and report it to the platform.

Which payment methods are safest at auction?

Credit cards, because they carry legal chargeback protections. Never pay by wire transfer, gift cards, cash reload cards or cryptocurrency - once sent, that money is usually gone.

Where do I report auction fraud?

Report it to the auction platform first, then to the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud), your state attorney general, and for internet crime the FBI's IC3 at [ic3.gov](https://www.ic3.gov/).

Sources

[FTC - Internet auction fraud targeted by law enforcers \(Operation Bidder Beware\)](https://www.ftc.gov/news-events/news/press-releases/2003/04/internet-auction-fraud-targeted-law-enforcers) — <https://www.ftc.gov/news-events/news/press-releases/2003/04/internet-auction-fraud-targeted-law-enforcers>

[FTC Consumer Advice - Buying from an online marketplace](https://consumer.ftc.gov/articles/buying-online-marketplace) — <https://consumer.ftc.gov/articles/buying-online-marketplace>

[Connecticut DCP - Internet auctions: a guide for buyers and sellers](https://portal.ct.gov/dcp/-/media/dcp/pdf/publications/internetauctions.pdf) — <https://portal.ct.gov/dcp/-/media/dcp/pdf/publications/internetauctions.pdf>

[IC3 - File an internet crime complaint](https://www.ic3.gov/) — <https://www.ic3.gov/>

This guide is about United States.