

Internet auction sites and marketplaces

In the guide

Do you sell to consumers?

Buyers outside the UK

Information requirements

Cancellation rights

Common questions

How do I get the goods back when the consumer cancels?

Do I have to refund the consumer's money?

What are the exemptions?

Buyers' rights: Consumer Rights Act 2015 - what can the buyer expect?

What if the goods fail to meet the above standards?

What if the goods are damaged in transit?

What if the buyer is dissatisfied?

Can I use contract terms to limit my liability?

Receiving payments

Cash

Cheque

Bank transfer

Debit cards, credit cards and charge cards

Transfer service

Payment services

Escrow

Other trading standards laws

False and misleading advertising

Counterfeit and copied goods

Misleading prices

Product safety

Penalties

Key legislation

This guidance is for England, Scotland and Wales

When a business sells goods over the internet, some special rules apply. This guide covers the rules that apply when you sell goods through a third-party website like an internet auction or marketplace. Some rules apply whether your customer is a business or a consumer, whilst others apply only when selling to consumers.

Certain information must be provided to potential buyers before a contract is made and consumers may also have the right to cancel the contract without giving any reason at all. There are specific exemptions listed.

As with any sale, buyers can expect the goods to be of satisfactory quality, to be as described, to be fit for purpose, and to comply with other trading standards laws such as those relating to product safety and pricing.

Do you sell to consumers?

A consumer is a person who is buying goods for their own personal use outside of their trade, business or profession. Items listed on internet marketplaces are normally available to consumers.

If you sell to both businesses and consumers, you could display a different set of terms and conditions for each type of buyer. You may have to prove that the buyer is not a consumer if you want to exclude the buyer's consumer rights.

Buyers outside the UK

If your goods are available to buyers outside the UK, do not assume that disputes will be dealt with under UK law or in the UK courts. Depending on the buyer's location and whether they are a consumer or a business, they may enjoy the protection of the laws and/or courts of their own country. Information and cancellation rules may vary between countries.

Information requirements

Certain information must be provided to potential buyers before a contract is made. You can comply by including this information in, or clearly linked from, your item listings. In all cases, including sales by auction, you must declare the following information about your business:

- the identity of your business; a trading name (such as 'Arnold and Abbott') is not enough. The listing should include the full corporate name of a company (for example, 'Arnold and Abbott plc'), the names of all partners in a partnership (such as Mr K Arnold and Mr F Abbott), or the name of a sole trader (Mr K Arnold)
- the geographic address where your business is established and, if different, the address to where complaints can be sent; a PO box address is not enough
- your VAT number, if you have one
- the fact that you are a business, if this is not already clear

You must also include the following information about the product and about buying it:

- a description of the item
- the price, including all taxes (or, if the price cannot be calculated in advance, the manner in which it will be calculated)
- delivery costs
- for open-ended or subscription contracts, the periodic costs (for example, monthly membership fees)
- arrangements for payment and delivery
- details of any complaints-handling policy, after-sales assistance and service, and any guarantee
- the existence and details of the right to cancel, including details of how to cancel
- where there is no right to cancel, or where that right can be lost, details of this
- any requirement for the consumer to bear return postage costs if they exercise their right to cancel
- a reminder of the consumer's legal right to expect goods that are of satisfactory quality, fit for purpose and as described
- information about any applicable code of conduct and alternative dispute resolution mechanism

- information about the functionality and compatibility of any digital content

Cancellation rights

A consumer buyer normally has the right to cancel the contract and claim a refund without giving any reason at all. The right is provided because, in distance contracts, there is no opportunity to examine goods before they are delivered. The consumer can cancel, at the latest, 14 days after they receive the goods. If you provide the required cancellation information late, the cooling-off period of 14 days starts when the consumer receives that information, or after twelve months, whichever is the sooner.

To exercise the right to cancel, the consumer must notify you using the model cancellation form or by making any other clear statement of cancellation (whether or not in writing). Some auction sites or marketplaces might refund some of your selling fees in the event of a cancellation. However, be careful not to restrict the buyer's ability to use the site again. In most cases, you can report a transaction as cancelled by mutual agreement, and you should not leave the buyer negative feedback.

For more information about cancellation rights and information requirements, including the model cancellation form, see 'Consumer contracts: distance sales'.

Common questions

How do I get the goods back when the consumer cancels?

You are entitled to collect the goods. You must do this at your own expense unless you have told the consumer, before they agreed to buy, that they would have to pay the return postage costs. The goods do not have to be returned within the cooling-off period, but they must be returned within 14 days of cancellation.

If the consumer handles the goods beyond what is necessary to establish their nature, characteristics and functioning (typically as they would be handled in a retail shop), and if this diminishes the value of the goods by any amount, you are entitled to claim that amount back from the consumer. Normally you would do this by reducing the amount refunded. However, this does not necessarily mean that a consumer has to return goods unused or in unopened packaging, or in such condition that they can be re-sold as new.

Do I have to refund the consumer's money?

You must refund all of the money paid, including the price of the goods and the original delivery and packing charges, without delay and no later than 14 days after you receive the goods back (or if earlier, 14 days after the consumer supplies evidence of sending the goods back).

What are the exemptions?

In the following cases, the right to cancel does not apply:

- where the consumer meets you in person (for example, to view the goods before agreeing to buy)

- goods whose price fluctuates with financial markets (for example, gold coins whose value is based mainly on the weight of metal in them)
- goods made to the consumer's specification (but this does not include goods, such as cars or computers, where components or extras are chosen from a standard list)
- personalised goods
- perishable goods (for example, fresh cut flowers)
- newspapers, periodicals and magazines, except that subscription contracts can be cancelled
- items sold at a public auction where bidders can choose either to attend in person or bid through the website
- contracts for accommodation, transport of goods, vehicle rental, catering or leisure services, where such services are to be provided on a specific date or within a specific period

In addition, the right to cancel can be lost in the following cases:

- where the consumer breaks a seal after delivery, in the cases where that seal is necessary for the protection of health or for maintaining hygiene (for example, on contact lenses or earrings for pierced ears)
- where the consumer unseals audio or video recordings or computer software after delivery
- where the goods become mixed inseparably with other goods after delivery (for example, where the goods are a paint additive and the consumer has added it to a pot of paint)

Buyers' rights: Consumer Rights Act 2015 - what can the buyer expect?

The buyer is entitled to goods that are:

- as described
- of satisfactory quality
- fit for their purpose, including any specific purpose made known to the seller
- yours to sell (for example, not stolen or still on hire purchase)

What if the goods fail to meet the above standards?

If the goods fail to meet these standards when a consumer receives and inspects them, or within the first 30 days after delivery, they can reject them. When a consumer rejects goods, they can claim a full refund, including all postage costs, plus compensation for any other reasonable losses they incur. This can include the extra cost of buying a satisfactory replacement elsewhere, or compensation for any damage caused by the goods.

After the first 30 days, or if the consumer chooses within that period, they can require the seller to repair or replace goods that do not meet the required standard. If repair or replacement are impossible or inappropriate, or if the seller's first attempt to repair or replace is unsuccessful, the consumer is then entitled to claim a part or full refund and/or compensation for their losses. The consumer's rights against the seller remain in force throughout the reasonable life of the goods, and a consumer can make a claim through the courts up to six years after purchase in England and Wales (in Scotland this time period is five years after discovering a fault, as long as it is still within 10 years of purchase). This is often longer than a manufacturer's guarantee period. See 'The sale and supply of goods' for more information.

Under the Sale of Goods Act 1979, business buyers can expect essentially the same standards as consumers (the Consumer Rights Act 2015 only applies to business-to-consumer transactions). However, a business buyer cannot reject goods if the breach is slight and rejection would be unreasonable. The law

does not give business buyers a specific right to claim a repair or replacement, but in many cases this will be a mutually satisfactory outcome.

What if the goods are damaged in transit?

If you are selling to a consumer, you are responsible for the risk of loss or damage in transit until the goods are delivered. If you wish to take out postal insurance, this is your responsibility, not the consumer's. Postal insurance should therefore not be offered to consumers at an extra charge.

If you are selling to a business, they are responsible for the risk of loss or damage to the goods as soon as ownership passes to them. This normally happens when payment is made, so you may opt to offer postal insurance to business buyers and you may opt to make an extra charge for this. If you do offer postal insurance, the buyer will expect you to make any claim on their behalf when the goods are lost or damaged.

What if the buyer is dissatisfied?

If the buyer says that there is a problem with the goods, you should consider whether their claim is justified. If it is, try to resolve the matter promptly. If you believe that the claim is unjustified, contact the buyer and explain why. If the buyer is not satisfied with your response, or if you cannot agree a solution between yourselves, the buyer may claim under the auction site's (or payment service's) protection scheme. If they have used a debit or credit card, they may ask the card issuer to obtain a refund by processing a chargeback.

Ultimately a buyer may take their complaint to your trade association, to arbitration, to an ombudsman scheme or to court. You should therefore retain any important evidence and be prepared to show that you have made a reasonable response to the complaint (even if you think that it is unjustified).

Can I use contract terms to limit my liability?

Where you sell to a consumer, you cannot use contract terms to limit your liability for supplying faulty or misdescribed goods. Any such terms in your contract will have no effect and it may be a criminal offence to display them. Where you sell to a business, you can use contract terms to limit your liability, but only if the exclusion is reasonable.

See 'Unfair contract terms' for more information.

Receiving payments

Buyers can use a variety of payment methods for internet auctions. Each method has its own advantages and disadvantages, as outlined below.

Cash

Cash has the great advantage of certainty. You can be sure that the payment will not be reversed. This method is most appropriate where the goods are delivered or collected in person and payment is made at that time.

Cheque

A cheque payment is not certain until it is cleared; your bank can advise you how long this normally takes. You may want to wait for a cheque to clear before you send goods out. Be aware that scammers sometimes use fake or stolen cheques or banker's drafts.

Bank transfer

You could ask a buyer to transfer money direct to your bank account. However, you may find it difficult to keep track of payments, unless the buyer uses a suitable reference number when they make their transfer. Buyers may be suspicious of this method of payment, as it is often used by fraudulent sellers.

Debit cards, credit cards and charge cards

Card payments can be a convenient option. However, if goods are not delivered, or are unsatisfactory, the buyer may be able to initiate a chargeback in order to claim a refund. Although the risk of a chargeback decreases over time, it can still happen several months after a transaction has been made.

Occasionally, you might find that a buyer initiates a chargeback fraudulently and you may be unable to recover the money from them. As an extra protection to the buyer, the law makes the card issuer liable where you breach the contract. Where the item is priced over £100 and the buyer claims against the card issuer, then the card issuer will probably make a claim against you.

Transfer service

Services such as Western Union and MoneyGram are intended for the international transfer of money between friends and relatives. Online auction sites and marketplaces recommend that buyers do not use money transfer to pay sellers.

Payment services

These services (for example, PayPal and NoChex) are quick and convenient, and they usually offer buyers and sellers some protection against fraud, non-delivery and problems with goods. Users generally have to provide some evidence of identity and/or financial standing. Claims may be made against you through the service's own protection scheme or, if the payment was funded by debit or credit card, via chargeback.

Escrow

An escrow service aims to protect sellers from non-payment, and buyers from fraudulent or unsatisfactory sellers. The buyer makes a payment to the service, which then holds the money until the seller confirms safe receipt of the goods or services in accordance with the contract. Once this is confirmed the seller is paid. Where a dispute arises the money is normally held until the dispute is resolved, either through alternative dispute resolution or the courts. This option can provide some reassurance to both buyers and sellers. Always use an escrow service that is authorised by the Financial Conduct Authority, as scammers (both buyers and sellers) will sometimes suggest using an 'escrow service' that turns out to be a fraud.

Other trading standards laws

Sales at internet auction sites and marketplaces are covered by the full range of trading standards laws. These laws are mostly intended to protect the public as a whole, and not to provide redress to individual consumers. The rules include the following.

False and misleading advertising

Using false or misleading descriptions about your goods or any aspect of your business is prohibited by law. In addition, any misleading omission in the description of goods is also an offence. For more information see 'Consumer protection from unfair trading' and 'Business-to-business marketing'.

Counterfeit and copied goods

It is a criminal offence to sell counterfeit goods and to sell unauthorised copies of copyright work (such as audio and video recordings or computer software and games). See 'Intellectual property'.

Misleading prices

It is a criminal offence to display misleading prices to consumers. A price indication can be misleading if it does not include taxes or compulsory extras, such as delivery costs.

You should not make comparisons with 'recommended' or 'list' prices unless those prices have genuinely been recommended to you by your supplier or the manufacturer and the recommended price is not significantly higher than prices at which the product is generally sold.

See 'Providing price information' for more information.

Product safety

All goods must be safe, and some goods (for example, electrical goods and toys) have to comply with specific safety regulations. These can be complex so you should get advice from trading standards (ideally before selling the goods), especially if you are importing the goods directly from outside the UK. Guides on this area can be found in the 'Product safety' section of this website.

Penalties

Failure to comply with trading standards law can lead to enforcement action and to sanctions, which may include a fine and/or imprisonment. For more information please see 'Trading standards: powers, enforcement and penalties'.

Key legislation

Sale of Goods Act 1979

Electronic Commerce (EC Directive) Regulations 2002

Consumer Protection from Unfair Trading Regulations 2008

Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

Consumer Rights Act 2015

Last reviewed / updated: January 2021

In this update

The United Kingdom has left the European Union and the post-Brexit transition period has ended; the content has been updated to reflect this

Please note

This information is intended for guidance; only the courts can give an authoritative interpretation of the law.

The guide's 'Key legislation' links may only show the original version of the legislation, although some amending legislation is linked to separately where it is directly related to the content of a guide. Information on amendments to legislation can be found on each link's 'More Resources' tab.

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