

The Active Consumer

Managing The Real Risks Of The Virtual Marketplace

(NAPSA)—Online auction sites are some of the most popular on the Web. However, along with the benefits online auctions have to offer, there is also the risk of consumer fraud.

According to National Fraud Information Center estimates, online auction fraud is the leading type of Internet fraud, with the average dollar amount lost per person at just over \$800. But how do these scams happen?

Let's say a consumer finds an online auction seller offering today's hottest item. Eager to get the item right away, the consumer agrees to send payment using a money transfer service. However, once the money is sent, the fraudulent seller disappears into cyberspace, leaving the buyer with little recourse.

"Online auctions are very popular in the United States," says Phil Ley, vice president of corporate security, Western Union. "They offer access to a variety of goods at discounted prices. But their appeal also makes them a popular target for scam artists. Western Union is working to educate people about these scams. By raising awareness, we believe that we can help protect consumers from unscrupulous individuals."

He offers the following tips to help protect against online auction fraud:

- Remember, if a deal sounds too good to be true, it probably is.
- Be cautious if sellers will only accept a money transfer. Most legitimate sellers will accept more than one form of payment.
- Be sure to check out seller



Just as in any financial transaction, online auction sellers should use caution when dealing with an unknown buyer.

"feedback" before you make a purchase. But understand that references can be created and may be bogus.

- Money transfer transactions shouldn't be sent to fictitious names to prevent or delay payment. Criminals often have access to fraudulent identification, which can be difficult to distinguish from legitimate IDs.

- Be aware that the "test question" options offered by some money transfer companies are not intended as a form of protection when purchasing goods or services.

By using reasonable care and caution, buyers can help protect their hard-earned money.

But what happens when you are the seller? Overpayment scams often target individuals selling high-ticket items through online auctions or traditional classified ads.

In these scams, buyer and seller agree on a price and the

buyer provides payment in the form of a cashier's check or money order. When the payment arrives, the check is usually made out for more than the agreed upon price. The buyer explains that the additional funds are for shipping or some other "legitimate" purpose and asks that the amount be sent back to him or to a third party using a money transfer service.

Unfortunately, these checks are often fraudulent. Sellers may deposit funds into their bank accounts and transfer the amount of the overpayment, only to find several weeks later that the original check was fraudulent. The seller is then responsible for the full value of the fraudulent check.

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Warning signs include buyers who ask that items be sent somewhere other than where the buyer lives or pay with a check drawn on a bank located somewhere other than where the buyer lives.

Consumers should always check with their bank to determine how long a cashier's check will take to fully clear. Just because a bank allows you to access funds right away, it does not mean the check has cleared. Furthermore, consumers should not ship items until payment can be verified.

For more information on protecting yourself from consumer fraud when using money transfer services, visit the Web site at www.westernunion.com.