



## INTERNET CAR BUYING SCAMS FACT SHEET



In today's technological world, consumers are buying cars over the Internet and turning to online classifieds sites such as Craigslist. There are many advantages to using such sites to purchase an automobile, most notably cutting out the dealership middlemen. However, many consumers have fallen victim to fraud when purchasing a car over the Internet. Different scams tend to affect buyers and sellers. Below are some different types of scams for which to be on the lookout.

### **The “Price Too Good to Be True” scam**

A prospective buyer sees an attractive looking car. The buyer is notified by the seller that the car is outside of the country and will arrange for shipment of the car upon receipt of payment from a wire transfer or bank-to-bank transfer. The buyer sends the money and the seller then breaks off all contact once the funds are received.

### **The overpayment scam**

A legitimate seller posts a car for sale. A prospective buyer sends a check plus additional funds to cover shipment of the car overseas. When the check arrives, the seller is instructed to deposit the check and wire the additional funds to a shipper. When this is done and the wire transfer picked up, the buyer breaks contact and the seller is left on the hook to their bank for the fraudulent check and the missing funds.

### **Escrow scams**

Many consumers are rightfully wary of sending large amounts of money to someone they have never met. Scammers frequently recommend the use of fake escrow services that will hold funds involved in the transaction until both parties are satisfied that the transaction has been completed. In a typical scam, a legitimate buyer will be approached by a scammer selling a car. The scam seller will offer to ship the car and that there is no risk of fraud due to the “escrow” service (purportedly eBay, PayPal, or another service). Once the money is transferred, contact is broken (or sometimes additional funds are requested to cover “unforeseen” events). In any case, the legitimate buyer never receives a car and loses their money.

### **How to avoid car-buying scams**

- \* Never wire money or use a bank-to-bank transfer in a transaction.
- \* Do not sell or buy a car from someone who is unable or unwilling to meet you face-to-face.
- \* Don't buy a car that you have not seen in real life and had inspected by a professional.

- \* Wait until a check (personal, cashier's, certified, or otherwise) has cleared the bank to transfer title or the car itself. Funds being made available by a bank do not mean the check is not counterfeit. Clearing a check can take days or weeks depending on the financial institutions involved. Check with your bank about their particular processes for clearing checks.
- \* Don't trust a seller or buyer who says that the transaction is guaranteed by an online marketplace. These sites explicitly DO NOT guarantee that people using their services are legitimate.
- \* Beware of sellers or buyers who want to conclude a transaction as quickly as possible. Scammers want to get your money before you have time to think or have a professional examine the deal.

If you have any questions, please call the Fort Benning Legal Assistance Office at 706-545-3281/3282 to meet with an attorney.



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