

Our important Guidelines for Auction

There are strict rules governing the conduct of a public auction in the interest of transparency and fairness. Substantial penalties may apply to anyone who breaks these rules. Before accepting a bid at an auction an auctioneer must:

- state that the auction will be conducted according to the auction rules
- state any additional conditions that apply to the auction
- indicate who made a bid if asked to do so
- state that the law prohibits an intending bidder from making a false bid, hindering another bidder, or in any way intentionally disrupting an auction
- state that substantial penalties apply to anyone who engages in prohibited conduct

Vendor bid

A bid may be made by the auctioneer on behalf of the vendor (seller) because the seller is not satisfied with the amount of the last bid. This is known as a 'vendor bid' and will be announced by the auctioneer at the time the bid is made. Only the auctioneer can make such a bid. Vendor bids are legal, but only if they are permitted by the auction rules. The arrangements for making vendor bids must be set out in the rules displayed before the auction starts, and announced by the auctioneer at the start of the auction.

Dummy bidding

Dummy bids are illegal. A dummy bid is a false bid, made up by the auctioneer or knowingly accepted by the auctioneer from a non-genuine bidder from the crowd.

Bidding at an auction

Different auctioneers have different methods of conducting an auction. The auctioneer can set the amount by which bids increase. These are called rises or bidding advances. The bidder may make a bid at the amount stated by the auctioneer or offer an alternative amount. The auctioneer may in turn choose to accept or reject that bid.

On the market

At a certain point the auctioneer may stall the proceedings and say he or she is 'going inside' or 'seeking advice or instructions' from the vendor. The agent will then confer with the seller.

Generally, if the seller is satisfied that the reserve has been reached, or if the seller is prepared to sell at the bid offered, then the agent will announce that the property is 'on the market'. This means that the property will then be sold, at the seller's discretion.

At the fall of the hammer the property will be sold to the highest bidder and a legally binding contract of sale will be signed by both the buyer and seller.

The buyer will also be required to pay the deposit specified in the contract (unless otherwise agreed). As this is an auction, the buyer cannot make the contract subject to conditions and there is no cooling-off period.

Passed in

If the seller's reserve is not met, the auctioneer will seek further bids. If the reserve is still not met, then the property may be 'passed in' or 'withdrawn from auction'. The seller may then negotiate with the highest bidder who will be given the first opportunity to purchase the property at the seller's asking price.