

CAR AUCTIONS –

ALL YOU NEED TO KNOW

Ever Thought About Buying Your Next Used Car Where The Dealers Buy Theirs – At An Auction? Maybe You’ve Been Put Off By The Complications Involved? Don’t Be, Advises Jonathan Crouch



Auctions are really the stock market of the used car industry. The bigger companies handle over 1 million vehicles a year and offer a huge choice of vehicles in one place on one day from a wide range of sellers.

Where else could you find low mileage nearly new cars, prestige cars, company cars at two or three years old, high mileage, older well used cars and even light commercials – all being sold on the same day at one location? What it should mean is something for everybody in every price range.

The major attraction though is saving money. Auction house BCA's annual Used Car Market Report shows that getting the 'right car at the right price' is important to 59% of motorists, while 37% say they are looking for 'a good deal' (hardly shocking statistics). Still, it is certainly true that auctions offer wide choice and impressive value for money. The question is how to get initiated in what for some is the 'black art' of buying from them.

Well, the first step is to visit three or four auctions before you actually buy, just to get used to the pace and the environment, something that can seem intimidating at first. Once you feel comfortable in the auction surroundings, you are less likely to make a hasty buying decision. To really lift the bonnet on vehicle auctions, however, you should understand how they work. Perhaps the most obvious fact is that auctioneers don't own the vehicles they sell. Vehicles are consigned for sale by the owners (who could be a private individual, a dealer, a company, financial institution or government department for example), who complete a legally binding form (the Entry Form) which declares the vehicles age, mileage and condition. Usually a reserve value is set, which is the lowest figure the seller will accept: the auctioneers cannot sell below this value.

The vehicle is then entered for the next appropriate sale. Most of the major auction companies hold a wide range of sale categories for differing types, ages or sources of vehicles. Executive and prestige cars will go in what is often called a 'Top Car' sale for example, while a car entered direct from the company fleet owner is eligible for a 'Fleet & Lease' sale. There are also often 'Approved Sales' that feature vehicles from select vendors only. Finally, classic cars will – obviously - go into a 'Classic & Historic Sale'.

Then there are the other specialist sale sections, such as Diesel, 4 Wheel Drive, Foreign Cars or Sports Cars. The idea is that buyers will know exactly where and when to go to find the type of vehicle they want to buy.

On the sale day itself, all the vehicles will be lined up by lot order in their correct sale section ready to be sold and should be displayed under cover in well-lit viewing areas. A sale catalogue is available on the morning of the sale, which buyers are supposed to use to help them locate potential purchases. Viewing is normally from around 9.00am, with sales starting at around 10.00am at most auctions on the busiest days.

Once the sale starts, vehicles are driven in lot order - one at a time! - into the auction hall. The car on sale stops in front of the rostrum and the auctioneer describes it to the crowd of buyers. It is very important to listen closely to what the auctioneer says, as his or her description is a legally binding selling statement.

Don't worry about jargon – professional auctioneers speak in plain language. Was the mileage warranted? Was it sold with no major mechanical faults? Does the car have a MOT or a full service history? Listen to what the auctioneer says and you hear these and other points covered. The auctioneer will ask for a starting bid on the car and controls the bidding to reflect the interest from the auction floor. Typically, bidding is done in £100 increments, but it is not unusual for £200, £500 or even £1,000 bids on high value cars. If you are interested in a vehicle, bid clearly by raising your hand or catalogue.

If you are the top bidder, the car will be sold to you and that's when the hammer comes down. You will need a deposit at this stage - normally 10% of the vehicle's value - which you pay to the rostrum clerk. The balance can be paid at the counter in the main customer concourse - most auction companies accept Switch and Delta cards, along with Bankers drafts and Building society cheques... not forgetting good old cash, of course.

If bidding did not reach the reserve value set by the seller, the vehicle will be sold provisionally to the top bidder. The auctioneers then contact the seller to see if they will accept the bid. More likely than not, the car will be sold through this 'shuttle diplomacy'!

When you settle your account, you will pay a small buyer's fee on top of the purchase price. This gives you some extra peace of mind, guaranteeing you have good title to the car, meaning there is no outstanding hire purchase or credit on the vehicle, or it being a stolen vehicle or even an insurance write-off. Should such events subsequently come to light, you are fully protected by the buyer's fee.

Depending on how the car is described by the auctioneer, you have until one hour after the sale finishes to make known any faults and defects. If a car is sold on an independent engineer's report, or 'with no major mechanical faults', then that is exactly how you should expect the car to be.

There are five golden rules to buying a car at auction:

The Golden Rules:

- 1) Do your homework: Know what you want to buy before you come and have a good idea of what the car is worth; If you don't 'know' cars, then bring someone with you who does!
- 2) Don't Rush: Arrive in good time and look around. Get a catalogue, walk the line-up and examine the stock on offer. Take time to choose the vehicle that interests you, and if possible, select a couple of 'back-ups' if you are unlucky in bidding for your first choice.
- 3) Check the car: Remember that it is up to you to check the car's overall exterior visible condition - paintwork, trim, tyres - and the interior - seats and carpets, for example - prior to sale. All these factors are 'sold as seen', so take every opportunity to examine the car in the line-up prior to entering the auction hall. When the car is driven into the auction hall, follow it in and listen to the engine running.
- 4) Budget: Set a limit on what you are prepared to pay. Don't go over it in the heat of the moment and remember you will have a Buyer's Fee to pay. If you are buying an older car, set aside some funds for a post-sale service and consider that you may need some minor repairs carried out.
- 5) Flexibility: Don't get too possessive about a particular vehicle (see budget!) or overlook some obvious faults just because 'I like the colour'. Larger auction centres will handle in excess of 1,000 vehicles on any particular sale day, so if you miss your first choice, go and look again or walk away and come back another day.