

Understanding the Right the Seller Has to Bid

At any auction the vendor may retain the right to bid.

This is quite common, legal and legitimate, but unfortunately it is commonly confused with the term “Dummy Bid”.

The right of the vendor to bid is simply the right of the vendor to counter offer the bid that is currently on the floor, the same way that the vendor may counter offer when a buyer has made an offer that is unacceptable to the vendor under a Private Treaty sale.

Under The Sale Of Goods Act it clearly states that where goods or property is offered for sale by auction and the seller retains the right to bid, then it must be clearly stated in the terms of auction “that the vendor has retained the right to bid, and only the vendor or one person acting for the vendor may bid on behalf of the vendor”. Typically, this person will also be the auctioneer.

The auctioneer will also stipulate how the vendor bids will be declared and will often say the terms such as “The bid is with the vendor”, “My bid” “The Bids here” or “I hold the Bid” maybe some of the terms that the auctioneer will use. You can also ask the auction if the bid is a vendor bid.

As a buyer should you be concerned.

We believe not. While the auctioneer is acting on behalf of the vendor, equally he/she must treat all buyers with honesty and integrity. However, it must be remembered that the auctioneer is acting on behalf of the seller. In reality and trying to put it into simple terms, the auctioneer is empowered to negotiate the sale on the seller’s behalf, by calling the auction, so by submitting a vendor bid or bids, is merely negotiating for the seller during the auction.

There is one very important point to remember. The auction must not call a vendor bid above the reserve price that the vendor has set.

If you are uncomfortable or have further questions, please talk to the auctioneer prior to the auction starting.