



# Online Car Sales: Don't Get Scammed

From the Office of Minnesota Attorney General Keith Ellison

Many individuals use the Internet for a variety of transactions. Although it may be an effective tool for potential buyers and sellers, the internet can also be a haven for fraudulent actors looking to make easy money at the expense of others.

## How Some Scams Work

### Overpayment

In an overpayment scam, a scam artist posing as a buyer sends a bad check or money order to a legitimate seller for more than the asking price of the car, instructing the seller to pay the overage to a third party for shipping or a commission. In reality, that third party is a fake entity set up by the scam artist buyer. Because sellers are often in a hurry to finalize the vehicle's sale, the seller will typically cash the check or money order and make the payment to the scam artist's third party before discovering that the original check or money order was fraudulent. Victims can be bilked out of thousands of dollars.

### Fake Escrow

In an escrow scam, a scam artist posing as a buyer uses a fake escrow service to hold the money for the car purchase. After the legitimate seller has signed over the title, the seller discovers that it is impossible to retrieve the funds from the escrow service. The seller is conned out of both the car and the payment for the car.

### Payment Plans

In a payment plan scam, a scam artist posing as a buyer agrees to pay the seller the asking price over an extended period. The scam artist may make a small, initial payment, but eventually stops paying before the full purchase price is paid. Because individual sellers are not finance companies, they have limited options to collect from the scam artist when payments stop coming.

### Identity Theft

In an identity theft scam, a scam artist posing as a buyer is not interested in the car at all, but rather in obtaining personal information from the seller. The scam artist may ask the seller for car maintenance records, bank account information, or social security numbers in an effort to obtain private information and defraud the seller.

## Tips to Avoid Internet Scams

- If it sounds too good to be true, it probably is.
- Don't be tricked into sending payments to fraudulent actors. If an individual is actually owed a commission or shipping fee, their client should be the party making the payment.
- Don't be rushed. People often make poor decisions when they are hurried. If someone really wants to do business with you, they will wait until you are ready to make a legitimate transaction. Beware of an individual who wishes to make changes to the terms of the transaction, such as where you have to send a payment. Don't let your eagerness to complete the transaction blind you to potential problems.
- Be on guard against offers that include overseas payments. If you send money to foreign countries, law enforcement agencies may lack jurisdiction to pursue criminals there.
- Beware of payments made by personal or cashier's checks. Even though banks may make money readily available to a customer upon cashing a check, the check may not be authentic. Check authentication frequently takes several days, if not longer. Make sure the check has cleared with your bank before signing over the title to a buyer.

- Contact the bank or financial institution that the check is drawn from to determine whether the payment is legitimate. Don't use the contact information that appears on the check, which may be forged to misdirect potential fraud victims. Instead, find such contact information independently, through legitimate directories or other sources.
- Use a secure escrow payment service of your choosing. Many online auction companies offer such a service for a low fee. Beware of demands that you use an escrow payment service you are unfamiliar with, or other unusual payment requests.
- Avoid buyers proposing payment plans, sellers requesting that you provide them with a deposit, and deals requiring wire transfers or reloadable cards. All of these methods of payment make it difficult to recoup your money in the case of a scam.
- Keep an eye out for individuals asking for sensitive information, such as social security numbers, bank account numbers, credit card numbers, or online login information. Make sure you remove all personal information on any vehicle service records you provide to a buyer.
- Be aware that online marketplace sites like Craigslist don't guarantee purchases made with individuals you have met on the site, despite what those individuals might claim.
- Document the entire process. Keep phone numbers, names, and other information of potential buyers and sellers.

## Concerns About Counterfeit Check Payments or Other Internet Scams?

Contact the following agencies:

### **Federal Bureau of Investigation**

Minneapolis Office  
1501 Freeway Boulevard  
Brooklyn Center, MN 55430  
(763) 569-8000  
[www.ic3.gov](http://www.ic3.gov)

### **Federal Trade Commission**

Consumer Response Center  
600 Pennsylvania Avenue NW  
Washington, D.C. 20580  
(877) 382-4357  
TTY: (866) 653-4261  
[www.ftccomplaintassistant.gov](http://www.ftccomplaintassistant.gov)

### **United States Secret Service**

Minneapolis Field Office  
300 S. 4th St., Suite 750  
Minneapolis, MN 55415  
(612) 348-1800  
[www.secretservice.gov](http://www.secretservice.gov)

### **Federal Deposit Insurance Corporation**

FDIC Special Activities Section  
550 17th Street NW  
Room F-4040  
Washington, D.C. 20429  
(877) 275-3342  
[www.fdic.gov/consumers/assistance/filecomplaint.html](http://www.fdic.gov/consumers/assistance/filecomplaint.html)

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