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Bidders in web auctions will have the right to return goods within 14 days

By Anny Shaw. Web only

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New regulations giving bidders at online auctions the right to return goods within a 14-day cooling off period is threatening to undermine the online art market in Britain. Under EU law, buyers already have the right to cancel purchases made through a website or outside the seller's business premises where the buyer is not able to inspect the goods before the sale. Until now, auctions—whether conducted in the saleroom or online—were excluded as it was thought the right to cancel would encourage irresponsible bidding and could leave auction houses vulnerable to covering costs. Returning a work of art can also significantly decrease its value, particularly if the sale has been widely publicised.

From June, when the new Consumer Contracts Regulations are due to come into force in the UK, auction sales will also be liable to a 14-day cooling off period, unless the auction qualifies as “public”, meaning the lots can be viewed in person. Under the new rules, virtual auctions are not considered public and so online buyers will have the right to cancel.

“The right to cancel is incompatible with the auction of art and antiques,” says the art lawyer Pierre Valentin, a partner at Constantine Cannon LLP. “The new regulations might work for the sale of trinkets on eBay, but not for high-end works of art.”

The regulations will also require sellers to provide information about themselves before the sale, unless the auction is deemed “public”. Sellers at online auctions might be forced to reveal their identity.

Valentin warns that the legislation will have far-reaching implications for online sellers around the world who trade with customers protected by British—and European—laws (the UK law follows an EU directive passed in October 2011, with other member states expected to implement the legislation in 2014). “Online auction businesses will have to offer consumers the right to return goods. Commercially that's extremely unhelpful, not only for the auctioneer, but also for sellers,” Valentin says.

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