

BIDDING

The bidder at a house auction is making a public offer for the house in response to the auctioneer's ***invitation to treat***. Because the bid is an ***offer*** only, it can be retracted at any time before the fall of the hammer. It does not matter how a bid is made as long as it is an effective bid. However, on the fall of the hammer there is a binding contract between the owner and the successful bidder. Therefore, a buyer cannot be ***gazumped*** under the auction process.

Generally if notified, the owner or his agent (dummy bidder) has a right to bid at the auction. However, many states/territories have introduced a more restrictive auction system with stricter controls on bidders. In nSW a bidder must register with the agent before allowed to bid.

Collusive bidding is illegal.

See:

collusion

standard contract

reserve price

auction

auctioneer.