



## Auctions

**Q: My charity recently held an auction where a lot was mistakenly sold at below the reserve price. What steps can I take to avoid problems in the future?**

A: Auctions are a popular way of raising funds, but are also fraught with complex legalities. It is important that you have proper Conditions of Sale and that your reserve prices are made in writing to the auctioneer. This may enable you to pursue the auctioneer for any losses that are a result of an error. However, it is general practice that there is a 10% discretion on any reserve price. Auctions also come under the Trade Descriptions Act 1968, potentially making your charity liable for any mis-valued items. There is no legal requisite to be licensed as an auctioneer in the UK, so it is best to contact an auctioneer who is a member of a professional organisation such as NAVA or SOFAA (details below). Ensure that they have indemnity insurance. Finally, while auctioneers are charitable, they are often asked to conduct more charity auctions than they can reasonably do. Charities should be prepared to pay the professional fees, and at the very least, the auctioneer's costs. Don't forget that there is Gift Aid potential in auctions. See the Institute of Fundraising's ['Did You Know'](#) briefing for further information.

NAVA (National Association of Valuers and Auctioneers)  
32 The Grange, Fairwater Road,  
Llandaff, Cardiff CF5 2LH

[www.nava.org.uk](http://www.nava.org.uk)

The Society of Fine Art Auctioneers and Valuers,  
London Road, Send,  
Woking, Surrey  
GU23 7LN  
Tel: 01483 225891  
Fax: 01483 222171

[www.sofaa.org](http://www.sofaa.org)

**Q. Our charity has received some celebrity memorabilia and we are trying to decide whether to auction the items at a ball attended by the celebrity or hold the auction online. Alternatively, we could hold a prize competition. Can you advise us what to do?**

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A. It depends whether you wish to generate profile for your charity via publicity or whether you wish to raise the most money possible. There is currently no law governing online auctions, other than distance selling regulations. The Department of Trade and Industry has issued guidance for [auctions online](#) and distance selling regulations.

Working with celebrities can heighten awareness of your charity and fundraising events. There are several issues to be aware of when working with celebrities, such as insurance and reputation risk for your charity. See section 2.7 of the Institute of Fundraising's Volunteer Fundraising Code of Fundraising Practice.

The Gambling Commission is expected to issue new guidance on prize competitions to ensure there is clarity between betting, illegal lotteries, free draws and prize competitions. Check with the Gambling Commission before you organise your event.

It is difficult to Gift Aid celebrity memorabilia because it does not have a high street market value, but if you are auctioning other items, be sure to read our briefing '[Did You Know](#)' briefing on Gift Aid and Charity Auctions.

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### **About the Institute of Fundraising**

The **Institute of Fundraising** is the professional membership body for fundraisers, working to promote the highest standards in fundraising practice and management. The **Institute of Fundraising's** mission is to support fundraisers, through leadership, representation, standards setting and education, to deliver excellent fundraising.

Committed to raising standards in fundraising practice and management, we engage with charities, Government, media, the general public and other bodies to positively influence the UK fundraising environment. We work to nurture the knowledge and standards of all those who undertake fundraising, offering an extensive range of training and networking opportunities.

The Institute represents over 4,500 fundraisers and 280 fundraising organisations, providing information and support services for Individual and Organisational members.

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**Contact information**

Institute of Fundraising

Park Place, 12 Lawn Lane

London SW8 1UD

Tel: 020 7840 1046

Fax: 020 7840 1001

Email: [policy@institute-of-fundraising.org.uk](mailto:policy@institute-of-fundraising.org.uk)

[www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)

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