

# Buying a Car



Unless you're very lucky, your first car will probably be second-hand. Before you buy make sure you have compared prices, warranties, guarantees and the condition of the cars. This way you won't pay any more than you should.

## Money Matters

Before you start looking around, you need to know how much money you can afford to spend. Consider:

- Up-front costs – can you afford the total purchase price of the car (car price plus extras like stamp duty, transfer fees, insurance and registration)
- On-going costs – about \$90.00 per week
- Running costs – about \$65-75 per week
- Loan repayments - about \$15 per week (for a \$3000 loan repaid over five years).
- Parking costs.

## Compare and save!

If you need to borrow money, always shop around for a loan before looking at cars. Don't rely on a dealer's finance or insurance. Check with an independent financial institution - you could save yourself heaps of money.

## Be realistic

The car you pick should meet your real needs. You might wish that you could own the latest model or a fancy sports car, but realistically you might just need an economical small car. As a smart buyer think about:

- how much can I spend on a car?
- do I need a small or large car?
- do I need to carry passengers or goods and equipment?
- what sort of accessories do I want?
- do I want an automatic or a manual?
- how much will insurance cost?

## Buying from a licensed dealer

- Take your time; don't rush such an important decision.
- Look around different car yards; compare prices and different models of cars. You can even surf the Internet to compare makes, models and prices.
- The dealer must provide you with certain written notices about the car containing the dealer's name, the name and address of the previous owner, the accuracy of the car's speedo reading, warranty conditions and various other details.
- Make sure the details on the white display sheet on one of the car's windows match the car you're interested in buying. If you want, you can telephone the previous owner. You might find out a lot more than the dealer knows.
- When you negotiate with a dealer, get every claim and promise they make in writing.
- Check what is covered by the warranty. If in doubt - ask.
- Have the car checked by the Royal Automobile Association (RAA), a Motor Trade Association (MTA) service centre or a qualified independent mechanic. In some cases you may be asked to pay a holding deposit while you are getting the car checked out. It usually isn't refundable, but should be taken off the price if you decide to buy. Decide if you are prepared to lose your deposit if you don't buy the car.

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## Checking out the car

The test drive: before you decide to go on a test drive check that you will not be liable for any claim if you have an accident. Never drive an unregistered car, even for a test drive – you will not have accident insurance cover.

## Deciding to buy

Contracts are binding – read and understand all the papers before you sign them. Don't get pressured and don't sign blank or incomplete papers.

You are free to negotiate other conditions with the dealer.

Remember – there is no cooling-off period for used cars so you can't cancel the contract after you've signed. Once you sign you're legally committed.

When you buy from a licensed dealer you are guaranteed vehicle ownership. If problems occur with ownership or finance previously owed on a vehicle, the dealer must bear the losses.

If the sale is conditional on a satisfactory mechanical inspection, write "Subject to a mechanical inspection to the purchaser's satisfaction" on the contract.

If the sale is conditional on you arranging your own finance, write "Subject to the purchaser obtaining own finance" on the contract.

## Warranty obligations

Warranty is the dealer's duty under the law to fix certain defects even after you have bought the car. The extent of the warranty depends on the sale price and other factors. Warranty applies, from the date of purchase, to cars that:

- cost between \$3001 and \$6000. It gives cover for the first 3000 km travelled or two months, whichever occurs first.
- cost over \$6000. It covers the first 5000 km travelled or three months, whichever occurs first.

However, in most cases, warranty doesn't apply to:

- cars that are sold for \$3000 or less;
- cars that have travelled over 200000 km;
- cars that were first registered more than 15 years ago.

## Buying at an auction

A dealer who sells a car through an auction must meet the same warranty requirements as if the car were sold from a car yard. Warranty does not apply to cars sold at an auction on behalf of a person or business who is not a dealer.

## Registration, third party insurance and transfer costs

You are responsible. If a dealer offers to arrange registration and insurance for you, check that it is done.



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## Problems with a dealer

If you can't solve the problems by talking or writing to the dealer, contact the Office of Consumer and Business Affairs (OCBA) for advice. The MTA may assist if the dealer is a member and the RAA also may provide advice if you are a member.

## Buying from a private seller

If you decide to buy a car from someone who isn't a licensed dealer, the law does not protect you and statutory warranty will not apply.

## Private sales – a checklist

- Ask to get the car checked out before you buy (by the RAA, an MTA service centre or a qualified independent mechanic). If the seller is reluctant to allow an independent inspection, go elsewhere.
- Find out if the car has any outstanding payments owed to a finance company. Call the Vehicles Security Register on 13 1084. To gain legal protection, get a certificate of the Register entry (for a small fee) to prevent repossession by any former credit provider. The Register also gives information on stolen cars but no liability can be accepted regarding the accuracy of this information. For example, a car may be stolen and sold before its theft has been reported to Police.
- If a problem arises with a private sale, you may still have rights under the general law. Get legal advice. If a dispute arises, OCBA **cannot** negotiate with a private seller on your behalf.