



Buying a used car

A car can be one of the most expensive investments you will make

Buying a car involves a high initial outlay and has many ongoing expenses such as insurance, registration, repairs, servicing and petrol. It is essential to choose a reliable car that suits your needs and budget.

This fact sheet may seem exhaustive but buying a car is such an important decision it is vital that you know all there is to know.

How much should you spend?

This is the most important point to consider. Decide on a maximum price and stick to it.

Buying a car involves expenses such as transfer fee, stamp duty, insurance and registration. Remember to allow for these in your budget.

If you are borrowing money, it is best to arrange your finance beforehand. Check the interest rates and loan conditions as they usually vary between financial institutions. Examine the loan repayments carefully – do they allow for changes to your income or interest rates?

Choosing the right car

Before you decide on the type of car to purchase, it's important to consider the kind of driving you'll be doing and how this may change in the future.

If you plan to tow a caravan or trailer you may want to consider a larger 6-cylinder model. However, if your driving is mainly in the metropolitan area, a small 4-cylinder may be suitable.

Also consider the number of passengers or pets that you frequently transport. This may affect the size of car that you require.

Remember your budget. Larger cars are usually dearer to run and are normally not as economical as a smaller car.

Try to choose a 'popular' make of car. They often offer good value and have readily available and competitively priced spare parts.

Always shop around. Look at as many different makes and models as you can. Compare the prices and what they offer. The price will differ according to condition, distance travelled, model variant and equipment levels.

If you have a car you wish to trade-in, compare the price you are offered with other used car dealers. By shopping around you will get the best 'changeover' price.

Where to buy from?

You have the choice of buying privately from the current owner, through a vehicle dealer or from an auction.

Buying privately or through an auction may provide you with greater bargaining power but you will not receive a warranty or be able to trade-in your old car.

More information on the process of buying a car and warranty entitlements is provided later in this fact sheet. However, remember all vehicles offered for sale have to be roadworthy.

What to look for?

Once you have decided on the type of car, take your time!

Never inspect a car at night or in the rain, paint and body problems will be difficult to see, and always take the car for a test-drive.

Visit the Personal Property Security Register (PPSR) online at www.ppsr.gov.au or call 1300 007 777 to make sure that there is no money currently owed on the car. If there is a loan attached to the car, it can be repossessed and you could lose your money.

The Register can also tell you if the car has been stolen or previously wrecked and written-off.

To receive this information you will need to provide the car's registration number, vehicle identification number (VIN) and engine number.

For a small fee, the Register can provide you with a certificate which will give you legal protection and prevent repossession by any former credit providers. However, the Register isn't able to give any guarantee regarding its accuracy on stolen vehicles, as a car may be stolen and sold before its theft is reported to the police.

If you are buying from a licensed motor vehicle dealer, they must guarantee no finance is owing on the vehicle and that you will have clear title to the vehicle once you purchase it.

In this situation, you do not need to ring the Personal Property Security Register, unless you wish to satisfy yourself about the car having been written-off or stolen.

A comprehensive "Used car buyers: inspection checklist" is available from the RAA website at www.raa.com.au/motor/safety-and-advice/car-advice.

Have the car professionally inspected

So you've found a car that fits your budget, is the size and style you're looking for, has a good service history and you have inspected it yourself using the RAA's used car buyers: inspection checklist, now is the time to organise an independent vehicle inspection.

The final diagnosis on the mechanical condition of the vehicle should be carried out by either an experienced motor mechanic who will defend their opinion or, preferably, a trained RAA vehicle inspector.

Our experienced and highly trained staff will inspect any used car that an RAA member is contemplating buying.

RAA vehicle inspections operate from mobile vans allowing the vehicle to be inspected at a dealer's premises or any other suitable location within the metropolitan area, and can offer different levels of inspection to compliment your knowledge of vehicles.

Buying a car privately

If you choose to buy a car privately, it is particularly important to have the vehicle inspected by RAA. You may wish to draw up a contract making the purchase of the vehicle subject to a satisfactory RAA report.

Preferably you should inspect the vehicle in daylight hours at the seller's address and avoid meeting them in a car park or similar place. This allows you to confirm address and locate them later if you need to.

When you buy a car privately, you are not protected by the Second Hand Vehicle Dealers Act.

Buying from an auction

A dealer who sells a vehicle through an auction must meet the same warranty requirements as if the vehicle was sold from a car yard.

A warranty does not apply to vehicles sold at auction on behalf of a person or business that is not a dealer.

Cars sold at auction should display a notice giving the following details:

- Auctioneer's name
- Name and address of the previous owner
- Accuracy of the vehicle's odometer reading
- Whether the vehicle is covered by warranty, and if so, the warranty conditions.

This information will be on either a Form 4 notice (sale on behalf of a dealer) or a Form 6 notice (a non-dealer sale). If you decide to buy the vehicle, you must get a copy of this notice and the appropriate sale notice.

Buying from a dealer

Many people choose to buy a used car from a dealer. This allows you to look at a number of cars and quickly understand the range of prices in the marketplace and the options available.

A car purchased from a dealer may be covered by a warranty depending on the purchase price, and the ownership is guaranteed.

RAA Dealer Inspected Vehicles

RAA has a network of Approved Vehicle Dealers who only sell RAA inspected and approved vehicles.

These vehicles have had all of the normally warrantable faults found by the inspection and repaired before being offered for sale, but does not include a visual inspection of the brakes which the selling dealer guarantees to be serviceable.

When looking at these cars, feel free to ask for the inspection report on any vehicle prior to purchase.

Contact Car Advice on 8202 4689 for the location of RAA Approved Vehicle Dealers.

Signing a contract

When you decide to buy a vehicle from a dealer, you will be required to sign a contract and pay a deposit. The dealer must also sign the contract and give you a copy before you take possession of the car.

Laws introduced in November 2010 provide for a two-day cooling off period for used vehicle buyers. The cooling off period is two clear business days with the option to waive the right to cool off if desired. Waiving the right to cool off requires special conditions similar to waiving the statutory warranty, and similarly RAA would advise to think very carefully before choosing to waive these rights. There are also new rules regarding deposits. A dealer will be entitled to seek a deposit of up to a maximum of 10% of the contract price. If the purchaser decides to rescind the contract, the dealer will be required to refund the money paid by the purchaser by the end of the next clear business day after receiving the cooling off notice. The dealer may keep an amount equal to 2% of the contract price or \$100 (whichever is lesser). For more information please visit the Consumer & Business Services website: www.cbs.sa.gov.au or telephone 131 882 or RAA's website for Car Advice: www.raa.com.au/car-advice. Don't sign anything until you are sure you are going to buy. Take the time to read and understand all of the papers before you sign them and ensure everything you have negotiated with the dealer is in writing on the contract.

On signing you will receive a copy of the contract, which is called 'Form 3' and a copy of 'Form 1'. The 'Form 1' notice contains details such as the dealer's name, the accuracy of the vehicle's odometer reading, warranty conditions (and items not included) and other details about the vehicle, and was displayed in the window of the vehicle.

The dealer is also obliged to provide you with the name and address of the previous owner on request. When you get a copy of this notice, make sure it is complete in every detail.

If you have decided to have the vehicle inspected by RAA, the dealer may require you to sign a contract and pay a deposit while awaiting the RAA inspection.

This can happen provided you make the purchase subject to a satisfactory RAA report. To do this, insert in all copies of the contract (above the space for signatures) the words:

"It is a condition of this order that the purchase is subject to a report from the RAA of SA Inc., being to the purchaser's satisfaction and that in the event of dissatisfaction, any deposit will be refunded."

If the car dealer or person selling the car does not agree to have an independent RAA inspection performed prior to the purchase, we would recommend you not buy it.

You may also want to make the sale conditional on arranging your own finance. Make sure you note this on the contract.

When buying a second-hand vehicle that is still covered by the manufacturer's new car warranty, check what the

warranty covers, as there may be some exclusions, if it has been flooded, damaged or similar.

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

Understanding the Second Hand Vehicle Dealers Act

A vehicle purchased from a Licensed Motor Vehicle Dealer may be covered by a warranty. A warranty is the dealer's duty under the law to fix certain defects (free of charge), even after you have purchased the vehicle. All work must be done to an acceptable trade standard and they may use second-hand parts.

The dealer's responsibility to fix defects does not always stop when the warranty runs out. If you report defects to the dealer during the warranty period and they are not repaired, or if the repairs were ineffective, the dealer is still responsible for them after the warranty expires.

Advice on where to take the vehicle for warranty work will be displayed on the Form 1, which is displayed on the vehicle's window.

The extent of the warranty depends on a few factors including the sale price of the vehicle however, all vehicles sold must be roadworthy at the time of sale, that is, they must have tyres with legal tread depth etc.

A warranty applies from the date of purchase to a vehicle that:

- Cost between \$3,001 and \$6,000 and gives cover for the first 3,000km travelled or two months, whichever occurs first, or
- Cost over \$6,000 and gives cover for the first 5,000km travelled or 3 months, whichever occurs first.

Your warranty is extended by the amount of time the dealer keeps your car to conduct repairs.

In most cases, a warranty does not apply to:

- Vehicles sold for \$3,000 or less
- Vehicles that have travelled over 200,000 kilometres
- Vehicles that were first registered more than 15 years ago
- A vehicle you have had in your possession for 3 months or more before the date of sale (for example, under lease)
- Accessories excluded by the dealer (listed on the Form 1 notice displayed in the vehicle's window). These items may include camping or recreational accessories, refrigerators, air-conditioners, radios, compact disc and cassette players, sunroofs and other accessories specified by the dealer.

Normal vehicle servicing

- Defects which result from misuse or damage deliberately caused to the vehicle after sale

- Defects apparent in the paintwork or upholstery at the time of sale
- Defects arising from collision, impact or accident after sale
- Defects in the tyres or battery
- Defects not reported to the dealer within the warranty period.

If you have a problem with a dealer refusing to repair your car or takes an unreasonable time to begin the repair work, contact Consumer & Business Services. For details of your nearest office visit www.cbs.sa.gov.au

Can I choose not to have a warranty?

You can decide to sacrifice the warranty when buying a car from a dealer in order to negotiate a better sale price. This decision is yours to make and the dealer is not permitted to make it a condition of sale.

The dealer may offer to reduce the price if you waive your warranty entitlement. This should only be done after you have had the vehicle inspected and the cost of repairing any faults has been identified.

This will allow you to assess whether the reduction in price is significantly greater than the repair costs you will inherit by waiving your warranty entitlements. Studies by RAA have indicated that warranty repairs on a car can amount to hundreds of dollars.

The dealer cannot simply write on the contract that you agree to forfeit the warranty. The only way to waive your warranty is to sign an agreement in the presence of and witnessed by a Justice of the Peace, a lawyer or an authorised bank manager.

Extended warranties

Some car dealers may invite you to purchase an extended warranty or even give you one on the vehicle that you are buying.

These extended warranties only start after the used car statutory warranty has expired.

There are many and various limitations to these extended warranties and they can be quite expensive to purchase. Most do not cover wear and tear or service items; instead they only cover parts that break. However most parts wear out and do not break. This means you could have a costly repair that is not covered by the extended warranty.

You should always read the fine print in the booklet prior to purchasing the extended warranty, as some are also conditional on you complying with special vehicle serviced arrangements.

For advice on purchasing extended warranties, call Car Advice on 8202 4689.

Transfer of registration

As the buyer it is your responsibility to transfer the registration within 14 days. When transferring, a transfer

fee is payable, together with stamp duty, which is calculated on the vehicles value (before any trade-in allowance). Legislation also require the seller to lodge the disposal notice either in person or by post to a Registration Department Customer Service Centre within 14 days. Failing to do this can attract an expiation fee of \$160.

If the transfer of registration is not made within 14 days, a late payment fee may be imposed. If the transfer is overlooked, you will not receive a renewal notice and consequently, you will be driving a vehicle that is not registered in your name and may not have compulsory third party bodily injury insurance cover. This is a serious offence.

For these reasons, attend to the transfer personally and decline the seller's offer to do it for you.

Insurance

The level of insurance cover you take out on the vehicle is up to you.

Car dealers may try to include insurance in the deal to purchase a vehicle. Don't be forced into this insurance cover. Always shop around for a premium and policy that suits your situation.

Select a company offering the broadest policy protection and good back up service. The cheapest policy is not necessarily the best.

The different forms of insurance protection are:

Compulsory Third Party Bodily Injury

This is required with the registration of the car. It covers the legal liability for bodily injury to others but does not cover damage to vehicles.

Third Party Property Damage

Covers your financial loss for accidental damage to the property of others where you are responsible. Does not cover the repair costs to your vehicle.

Third Party Property Damage, Fire and Theft

The same as Third Party Property Damage, but includes coverage against the fire and theft of your vehicle.

Comprehensive

Covers your financial loss for accident damage to the property of others where you are responsible, and the damage costs to your own vehicle.

Don't drive your car uninsured. You should at least take out Third Party Property Damage insurance cover.

RAA can arrange insurance for you. For a quote contact us on 8202 4567.

If you have any further questions contact Car Advice on 8202 4689