



Buying a car

a buyer's checklist

Buying a car is a big investment for most people. Make sure you do your homework before doing the deal, regardless of whether it's through a private seller or with a car yard.

Buying a new or used car is an investment that should not be taken lightly.

This checklist has been prepared to guide you through the car buying process, and help you make the right decisions.

Before you start looking

- Decide what type of car you need, eg four or six cylinder, wagon or sedan, manual or automatic.
- Set yourself a budget on how much you can afford to spend to buy the car. Remember to allow for stamp duty and transfer fees.
- In your budget, make allowances for the running costs of the vehicle including petrol, insurance, registration, servicing and maintenance.
- Do some research by looking through the classified ads in newspapers, other publications and the internet to get an idea of how much you can expect to pay for the car, and a likely trade-in value for your car.
- Find out about the availability and cost of spare parts, particularly for imported and older cars.
- If you need a loan, shop around to get the best possible deal, and have it approved before you start looking for a car.
- Make arrangements for a qualified mechanic to be on stand-by to inspect the car for you, or ensure at least that a current independent mechanical report is available for inspection.

Remember, whether buying a new or used car, it is the purchaser's responsibility to ensure that an approved immobiliser is fitted.

Buying from a dealer

- Visit as many dealers as possible and satisfy yourself that you are getting the best deal.
- Check the details of the car on the pink or blue form, usually found on the dashboard (except on new cars). These forms will also indicate whether or not the vehicle is covered by statutory warranty.
- While dealers are obliged to guarantee title, a **Personal Properties Securities Register (PPS Register)** check is a worthwhile precaution as it will let you know if the car or boat you are considering buying has been previously written off, stolen or has money still owing on it. The **PPS Register** can be accessed at transact.ppsr.gov.au/ppsr/Home or by calling 1300 007 777.
- Check that the year stated as the date of manufacture is the same as the date stamped on the compliance/vehicle identification plates. This can usually be found in the engine bay of the vehicle.
- Check that the chassis number/vehicle identification number (VIN) and engine number (if recorded) details on the plates in the engine bay are the same as those on the licence papers.
- Check that the car is licensed and when the licence expires.
- Check for notices stating any warranty exemptions on a used vehicle. These notices are usually found on the dashboard.
- Check all items not covered by the statutory warranty eg stereo/CD/DVD, air conditioning, battery, tyres including spare, jack and tools.
- Take the car for a test drive.
- Get a complete, written independent mechanical report.

Holding a vehicle while you make up your mind

- If you need some time to think about it, pay a small deposit and get a receipt marked 'holding deposit'. The receipt should identify the car and indicate how long the dealer will hold it for you. Remember, you do not need to sign anything to hold the car. However, if the car is held for you and you don't buy it, you may lose your holding deposit.

Before signing a contract with a dealer

- **Unless you are prepared to purchase the car do not sign an 'Offer to Purchase', 'Contract to Buy a Motor Vehicle' or similar document as it can be legally binding.**

Remember, there is no cooling - off period.

- Dealers are required to use purchase contracts that contain standard terms and conditions (usually found on the back of the contract). You are able to include other written conditions as part of the contract - such as verbal promises made by the dealer - provided that they do not detract from, or diminish, the effect of the standard terms and conditions.
- All special conditions must be written out in full on the contract. Phrases like 'subject to mechanical report' or 'subject to finance' are generally not sufficient. You must be specific, eg 'subject to mechanical report from XYZ Mechanics, that is satisfactory to the purchaser' or 'subject to finance approval from the Perth branch of ABC Bank for a loan of \$10,000, taken over four years with repayments of no more than \$300 per month'.
- Make sure that any blank spaces or conditions on the contract which do not apply to your purchase are crossed out, initialled and dated by you and the dealer.
- Check that you can afford the contract price and that it is within your budget.
- Read and understand the terms and conditions of the contract thoroughly. If you do not understand something, get it clarified. Do not be pressured into signing something you are not happy with or unsure about.

Buying a new car

- Make sure you are given a definite delivery date and include it on the contract. Having 'as soon as possible', or leaving the delivery date blank on the contract, could mean a wait of three months before the car is delivered. During this period you cannot legally terminate the contract, without the agreement of the dealer.
- Check the contract for clauses that allow for a revaluation of your trade-in if the deal is not completed within a certain time.

- Check the contract for clauses that allow for price rises to be passed on to you while you wait for delivery.
- Check that the prices offered for factory-fitted extras are reasonable. You may be able to arrange a better deal yourself for after-market products such as window tinting or tow bars.
- Ensure that the paint colour of the car and interior colour codes are correctly stated on the contract.
- If the new car you are considering buying is in stock and able to be inspected, check that the model number and the year given to you as the date of manufacture are the same as those stamped on the compliance/vehicle identification plates usually located in the engine bay of the vehicle.
- If the car has to be ordered make sure the correct year and model number are stated on the contract. Remember, some manufacturers bring out new models during the year, so it is important to include both.

Buying from a dealer auctioneer

- There are a couple of ways to buy a vehicle from an auctioneer who is licensed as a motor vehicle dealer. In certain instances you may be able to negotiate a contract (private treaty) to buy the vehicle. The other way is to buy the vehicle on the 'fall of the hammer' at an auction.
- If you negotiate a contract, the dealer auctioneer has the same responsibilities (e.g. warranty) as any other licensed dealer selling a vehicle. Therefore, you should try to follow the suggestions mentioned in this checklist when negotiating the purchase.
- The nature of an auction however, is to sell items on an 'as is' basis. This applies to auctioneers licensed as motor vehicle dealers **except** when they are auctioning a vehicle owned by a 'trade owner'. Trade owners include all licensed dealers (including the auctioneer), car hire and car leasing businesses and finance companies, except when the vehicle has been repossessed by the trade owner under the Credit Act or Hire Purchase Act.
- If the vehicle is being auctioned on behalf of a trade owner it is warrantable.
- Before an auction try to ascertain from the auctioneer which vehicles are trade owned, and those which are not. Warrantable trade-owned vehicles should display a pink Form 4 and nonwarrantable trade owned vehicles should display a blue Form 6.
- It is unlikely you will be able to test drive a vehicle offered for sale at an auction. Therefore, make sure your inspection of the vehicle is as thorough as allowable under the circumstances.
- If possible, check that the chassis number/VIN and engine number details on the plates usually

located in the engine bay are the same as those on the licence papers, and major modifications have police clearance (permits). Examples include lowering of vehicles, wide wheels or custom skirts.

- Check that the car is licensed and make a note of when the licence expires.
- Set a limit on what you're prepared to pay for the vehicle and make sure it is within your budget. Remember, at an auction you might get carried away with the thrill of bidding and end up paying a lot more than your budget allows or the vehicle is worth.
- Be aware that some auction houses will charge a 'buyers premium' which will be added to the purchase price of the vehicle.
- Licensed motor vehicle dealers must guarantee clear title on vehicles they sell.

Statutory warranties

- Dealers are required to provide a warranty on most vehicles they sell. Most used passenger cars sold by dealers have a warranty, provided \$4,000 or more is paid and the car is not more than 12 years old nor travelled more than 180,000 km at time of sale. Commercial vehicles are generally not covered by used car warranty.
- Vehicles covered by warranty include motorcycles, campervans, passenger cars including four-wheel drives, passenger vans that seat eight adult passengers or fewer, station wagons, and other passenger car derivatives that have more than one row of forward facing seats.
- A statutory warranty cannot be waived unless an application has been made to, and approved by, the Commissioner for Consumer Protection. These applications normally result because of a substantial discount offered by the dealer on the price of the car, in return for you buying it with no warranty.

Responsibilities under a used car warranty

A dealer must repair or make good all defects which make, or are likely to make, a vehicle unroadworthy or unserviceable. The repair should make the vehicle roadworthy and in a reasonable condition having regard to its age.

For example, it may not be necessary to fit new parts to a 10 year old vehicle if serviceable second-hand parts are available.

A dealer can arrange for someone else to do warranty repairs. The Motor Vehicle Dealers Act does not specifically require you to return a vehicle to the selling dealer for warranty repairs, but Consumer Protection considers it reasonable to do so in the first instance.

If you don't do this and get the vehicle repaired elsewhere at your expense, the dealer may only have to pay what his or her costs would have been to repair the defects.

If you live reasonably close to the dealer and the vehicle can be driven, you should go and see the dealer. If the vehicle cannot be driven, the dealer should arrange and pay for the cost of towing the vehicle in for repairs.

If you don't live reasonably close to the dealer and require warranty repairs, the dealer has two options. One is to arrange for a repairer in your area to fix the vehicle; the other is to transport the vehicle to his or her premises for repairs and return it when fixed. Both of these options should be at no cost to you.

A dealer does not have to give you a loan car while fixing your vehicle under warranty. Some dealers however, make a commercial decision to supply loan cars to their customers.

If you require further information about used car warranties, contact the Consumer Protection Advice Line on 1300 304 054.

Implied warranties under the Fair Trading Act

The Fair Trading Act places certain obligations on a dealer when selling a vehicle. The dealer must provide a vehicle that has clear title, matches any description which has been given and be of 'merchantable quality', ie fit for the purpose which a vehicle of that nature is normally used. The price of a vehicle is also taken into account when determining merchantable quality.

If you buy a vehicle that is not covered by warranty under the Motor Vehicle Dealers Act, a dealer may still be responsible for some repairs under the Fair Trading Act.

For example, a vehicle may be considered not to be of merchantable quality if there is a major defect which prevents it from being used in the normal way, or makes it unsafe to drive (e.g. faulty brakes, faulty steering, major structural rust).

It is important to note however, that the condition of merchantable quality does not apply if:

- i) defects are specifically drawn to your attention before the contract is made; or
- ii) you examine a vehicle for defects before the contract is made, and that examination should have identified certain faults.

If you require further information about implied warranties or merchantable quality, contact Consumer Protection on 1300 304 054.

Extended warranties

- Extended warranties are like an insurance policy you can buy for a vehicle to cover it generally for mechanical failure or breakdown. An extended warranty is purchased separately by you and is not a substitute for any statutory warranty that may apply. Failure due to fair wear and tear may not be covered, so think about whether it's worth it to you.
- An extended warranty requires you to do certain things for it to remain valid, such as servicing.
- Check what servicing requirements apply, for example what products you must use, how often and at what cost, and where.
- Check what is and is not covered by the warranty.
- Shop around and satisfy yourself that it is value for money. The cost of these warranties varies considerably.

Buying privately

- Remember that buying a car privately means **'buyer beware'**. There is **no warranty** applicable, the car may have money owing on it or could even be stolen.
- Check that the year given to you by the seller as the date of manufacture is the same as the date stamped on the compliance/vehicle identification plates, usually found in the engine bay of the vehicle.
- Compare number plate details carefully with those stated on the licence papers.
- Check that the chassis number/VIN and engine number details, on the plates usually located in the engine bay, are the same as those on the licence registration papers.
- Check that the car is licensed, and when the licence expires.
- Have the car inspected by a mechanic.
- Check if the vehicle has been previously written off, stolen or has money still owing on it by doing a **Personal Properties Securities Register (PPS Register)** check. You will need to have the vehicle identification number (VIN) or chassis number to perform the search. The **PPS Register** replaces the old Register of Encumbered Vehicles (REVS). The **PPS Register** can be accessed at transact.ppsr.gov.au/ppsr/Home or by calling 1300 007 777.

More information

Contact the **Consumer Protection Advice Line** on **1300 304 054** for free advice about your rights and obligations under the Motor Vehicle Dealers Act and consumer legislation. The department also has regional offices in Kalgoorlie, Karratha, Broome, Albany, Geraldton and Bunbury.

Department of Mines, Industry Regulation and Safety

Consumer Protection:

1300 304 054

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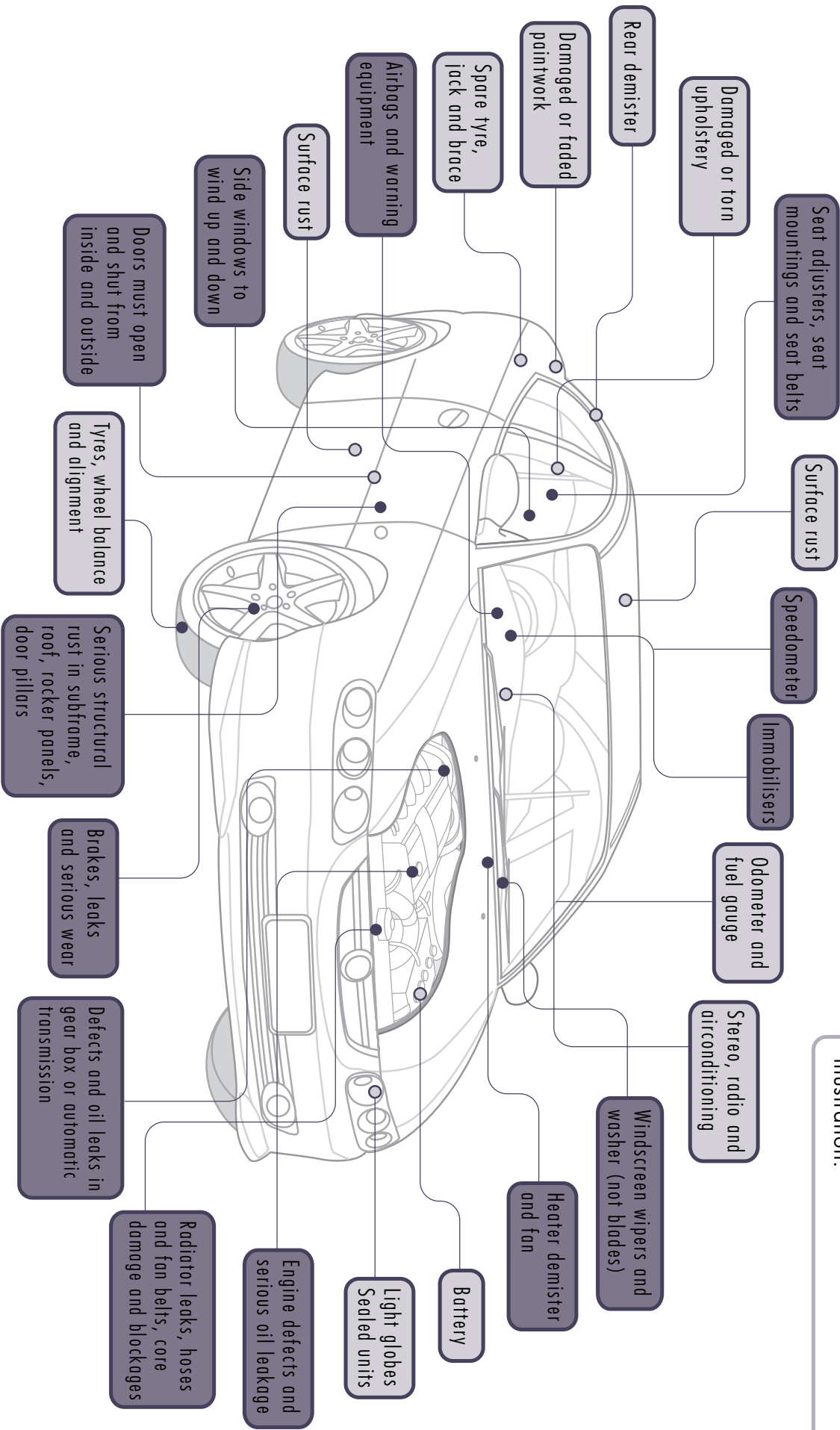
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THE USED CAR WARRANTY

Check to see which defects are covered and which are excluded from warranty



Items covered by warranty
 Items not covered by warranty
WARNING: It is not possible to list all items covered by warranty in this illustration.