

## BUYING A USED MOTOR VEHICLE

Buying a motor vehicle will likely be one of the most expensive purchases you ever make, so it is important to do your research beforehand. There are a lot of things to consider when choosing a vehicle, such as space, safety, fuel efficiency, additional features as well as the intended purpose of the vehicle (short trips or off road driving). Buying a used vehicle comes with more risk, but there are ways to ensure your purchase is a successful one and you don't end up with a lemon.

### Work out your budget

Work out how much you can afford to spend, taking into account upfront and ongoing costs such as stamp duty, registration, fuel, repairs and insurance.

If you decide to borrow money to buy a used vehicle, shop around for the best interest rate. Interest rates vary across different banks, credit unions, finance companies and other lenders. You do not have to use the finance company offered by a dealer, so make sure to look around for the best deal.

When you know how much you can afford to pay for a used vehicle, and/or how much you can borrow, limit your search to used vehicles in your price range and try to stick to it.

### Get an inspection

If you have found a used vehicle that you like and it is within your price range, it is highly recommended that before making the purchase you get a thorough inspection undertaken by a fully qualified mechanic. This can alert you to any hidden problems that may be costly to fix. You can then decide if you still want to purchase the vehicle, or consider other alternatives.

Spending a few extra dollars on an inspection can potentially save you from spending thousands on a vehicle that turns out to be a lemon.

### Insurance

Just like interest rates, insurance cover can vary in price between providers, so ensure you compare prices before committing to an insurance policy, and always read the fine print so that you know exactly what is covered. You do not have to use the insurance company recommended by a dealer. If you do, check to see if you can afford to pay the premium upfront. This may be cheaper than adding the insurance premium to a loan, where you may pay

more in interest in the long run.

## Holding deposit

You may be asked to put down a holding deposit on a used vehicle while you have it mechanically inspected or arrange your loan approval. Be sure to get a receipt for the deposit which states the full amount paid and that the deposit is fully-refundable subject to finance and a satisfactory inspection, otherwise the seller or dealer may be able to retain the deposit in certain circumstances.

## Contracts

Don't sign anything until you are absolutely sure that you want to buy the used vehicle. If you are just looking or considering whether to buy a used vehicle, there should be no paperwork or payments involved at this stage.

When you are certain about your decision to buy a used vehicle and wish to move forward with your purchase, you will then need to complete specific documentation.

If you are purchasing a used vehicle from a private seller, both parties will need to complete a notice of disposal. You can find further information in relation to the requirements when buying and selling a used vehicle privately [here](#); [Buying and selling a used vehicle: registration | NT.GOV.AU](#).

If you are purchasing a used vehicle from a licensed motor vehicle dealer, you will be asked to sign a contract. Dealers will most likely provide an 'Information and contract for the sale of second hand vehicle' document, which contains certain mandatory statements required by legislation. You can view the approved form [here](#); [Information and contract for the sale of second hand vehicle](#).

It is important to understand that once you have signed a contract, it is legally binding and you will be expected to fulfill your obligations to purchase the vehicle.

**NOTE: THERE IS NO COOLING-OFF PERIOD FOR VEHICLE PURCHASES IN THE NORTHERN TERRITORY.**

## Buying from a licensed motor vehicle dealer

All motor vehicle dealers in the Northern Territory must be licensed and must also clearly display their Licensed Motor Vehicle Dealer (LMVD) number at their premises and in their advertisements. Buying a used vehicle from a licensed dealer may sometimes be more expensive than buying from a private seller but you are afforded greater protection under local and federal legislation than if you buy a vehicle privately. Consumer Guarantees apply to vehicles purchased from a dealer, which is in addition to any statutory warranty that may apply. This means the dealer is obligated to assist with repairs or refunds in certain circumstances if something goes wrong.

Statutory warranties are outlined as follows:

- If a motor vehicle is less than 10 years old and has travelled less than 160 000kms, it is covered by a three-month or 5000km statutory warranty;
- If a motorcycle is less than five years old and has travelled less than 30 000kms at the time of sale, it is covered by a three-month or 5000km statutory warranty; and
- You will have a clear title which protects you against repossession if anyone owes money on the vehicle and it also ensures it is not a stolen vehicle.

Regardless of whether a statutory warranty applies, the vehicle is still required to be of acceptable quality, in a roadworthy condition and registered at the time of being sold. Any known defects with the vehicle are required to be outlined on the 'Information and contract for the sale of second hand vehicle'.

The dealer must comply with any statutory warranty and/or consumer guarantees unless you have signed a specific form in front of the Commissioner of Consumer Affairs or member of the Northern Territory Police Force, called a 'Notice to purchaser: Sale excluding statutory warranties'. By signing this form, you are agreeing to sign away your consumer rights and entitlements to warranty repairs or a refund.

Think carefully before signing this form, even if the dealer offers you a better price to do so, as it may turn out to cost you a lot more money in the long run.

**A LICENSED DEALER MUST NOT SELL A SECOND-HAND VEHICLE TO A PERSON UNDER THE AGE OF 18 WITHOUT THEIR PARENT OR GUARDIANS WRITTEN CONSENT.**

## Buying privately

Buying a used vehicle from a private seller can be more cost-effective, however you will not have the benefit of a statutory warranty or consumer guarantees.

It is strongly recommended that prior to purchasing a used vehicle from a private seller, that you do a Personal Property Securities Register (PPSR) check to ensure the vehicle is free of outstanding debts, has not been reported as stolen, and does not have a written off status. You can do this check by telephoning the PPSR on 1300 007 777 or visiting their website; [Personal Property Securities Register \(ppsr.gov.au\)](http://ppsr.gov.au). You will need the Vehicle Identification Number (VIN) or chassis number to do this check.

For a small fee you can be assured the vehicle will not be repossessed due to someone else's debt.

## Buying at auction

Buying a used vehicle from an auction can land you a bargain however you generally won't be able to have the vehicle inspected by a licensed mechanic prior to the sale or have the ability to test drive it beforehand. As with buying privately, you are also not covered by statutory warranties or consumer guarantees, with the exception of clear title.

If bidding for a vehicle, ensure you already have your finance pre-approved and know the vehicle's approximate worth. Try not to let the excitement of an auction and frenzied bidding lead you into spending more than your intended budget.

## Checklist

A comprehensive checklist is attached to this fact sheet to assist you further with the purchase of your used vehicle. It provides some handy tips on buying a reliable and safe motor vehicle.

## Checklist for purchasing a used vehicle

- Set yourself a price limit and stay within it.
- Ensure you have pre-approved finance if required.
- Check current advertisements to get an idea of what you can expect to pay, and if you have a vehicle to trade-in, what you can expect to get for it. This can be obtained from the RedBook, which is a monthly guide that dealers, finance and insurance companies use. The RedBook is available on the internet at <http://www.redbook.com.au/>.
- Visit as many car yards as possible so you can compare the value of deals on offer.
- Check the chosen vehicle over as much as possible:
  - Seat belts - are they damaged, torn or very worn?
  - Headlights, brake lights, indicators - do these work properly?
  - Windscreen wipers, instrument gauges and horn - do these operate correctly?
  - Tyres, spare tyre and accessories - are they roadworthy, will they pass inspection?
  - Air conditioning - does it work and is it cool?
  - Bodywork – are there any bumps, ripples, mismatched colours and panels out of alignment? This may indicate the vehicle has been in an accident.
  - Is there any rust visible in the body? Check under the floor carpet and also under the boot carpet.
  - How good is the suspension? Push down on one corner then let go, if the vehicle bounces more than once it may have worn shock absorbers.
  - Check the radiator water – is it clear or green? Rusty water could mean a faulty cooling system and the presence of oil could indicate a head gasket failure.
  - Radiator - check for rusty or crumbling fins.
  - Hoses - if brittle, bulging or split they may require replacement.
  - Oil - should be between the dipstick markers and amber in colour. If oil is milky or cream in colour, this indicates the presence of moisture and can be an indicator of a serious problem.
  - Transmission fluid – should be red. If fluid appears burnt or is near black, this may indicate there

has been transmission overheating.

- Engine – rev the engine and listen for rattling or knocking in the engine compartment. If there is smoke, this could be a sign of engine problems.
- Test drive the vehicle over a range of conditions (i.e. holding a straight line, braking, and stop/start performance). If the vehicle has a manual transmission, check the gears move smoothly (make sure there is no clutch slip).
- Where possible, get an independent vehicle inspection by a qualified mechanic before you agree to buy.
- Carry out a PPSR (Personal Property Securities Register) check to ensure no money is owing on the vehicle.
- Don't sign anything unless you intend to purchase the vehicle. An 'offer to purchase' is a legally binding contract.