

BUYING A USED MOTOR VEHICLE

Buying a vehicle can be one of the most important decisions you will make. There are a lot of traps, especially if you are buying a used motor vehicle.

Get Your Finance Sorted First

If you decide to borrow money to buy a vehicle, check out the interest rates charged by different banks, credit unions, finance companies and other lenders. You do not have to use the finance company offered by the seller, so shop around for the best deal.

Find out how much you can borrow and work out how much you can afford to pay back each month. Make sure your budget includes money for the registration, stamp duty, fuel, repairs and insurance.

Now that you know how much you can afford to pay for the vehicle, and how much you can borrow, shop around for the best deal within your price range. Stick to your price range.

Insurance

Shop around for the best deal in insurance cover. You do not have to use the insurance company the car dealer recommends.

Buying From a Licensed Motor Vehicle Dealer

All Northern Territory motor vehicle dealers selling to the public must have a license. This is easy to check as they must clearly display their Licensed Motor Vehicle Dealer (LMVD) number at their premises.

Buying through licensed dealers may be more expensive than buying from a private seller but you get greater protection under government legislation.

For example:

- if the car is less than 10 years old and has travelled less than 160,000 kms, it will be covered by a 3 month / 5,000 kms Statutory Warranty;
- a motorcycle which is less than 5 years old and travelled less than 30,000 kms at the time of sale will be covered by a 3 month / 5000 kms Statutory Warranty; and
- you'll have a Clear Title which protects you against repossession if anyone owes money on the car and it also ensures it is not a stolen vehicle.

If the vehicle is more than 10 years old, or travelled more than 160,000 kms, the car will not be covered by the Statutory Warranty, but it is still required to be in a roadworthy condition, if the car is registered when sold.

The dealer must comply with the warranty unless you sign a specific form, called a Form 12, giving away your rights. That means you sign away your rights if the vehicle is found to be faulty.

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.

Holding Deposit

You may be asked to put down a holding deposit on a vehicle while you have it mechanically checked or organise your loan. Make sure you get a receipt for the deposit which states your deposit will be refunded if the sale does not go ahead as otherwise the dealer may be able to retain the deposit subject to certain conditions of the sale contract.

Buying Privately

You may choose to buy a car you saw advertised in the local newspaper or on a community notice board. There is less protection when buying privately, so you need to be even more careful in making your purchase.

Check if the vehicle is encumbered or stolen by telephoning the PPSR (Personal Property Securities Register) on 1300 007 777. If you have internet access you can do your own search by logging on to <http://www.ppsr.gov.au>

PPSR needs the Vehicle Identification Number (VIN) or chassis number. For a small fee you can be assured the vehicle will not be repossessed due to someone else's debt.

Now Comes the Inspection

A professional inspection can alert you to hidden problems that may be costly to fix. You can then decide if you still want the vehicle, or leave it and look around for another. Get this inspection done before you buy the vehicle.

Spending a few extra dollars on an inspection by a reputable mechanical workshop could save you an expensive mistake.

Contracts

Don't sign anything until you are absolutely sure that you want to buy the vehicle. If you are just looking or thinking about buying a vehicle there is no paperwork involved at all. If you are asked to sign something, it will most probably be a Form 10 contract for the sale of a second-hand vehicle and this is a legally binding contract.

You will be expected to purchase the vehicle or if you decide to withdraw you can lose your deposit or any trade-in as long as this does not exceed 10% of the purchase price of the vehicle.

Attached is an example of a Form 10 with advice on completing the form.

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

Check List

A comprehensive check list is attached to this Fact Sheet.

CHECK LIST FOR A USED CAR

- Set yourself a price limit.
- Check 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 as many details as you can yourself.
- Seat belts (are they damaged, torn or very worn?).
- Headlights, brakelights, 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 registration?).
- Air conditioning (does it work, is it cool?).
- Bodywork – be wary of bumps, ripples, mismatched colours and panels out of alignment (this indicates the car has probably been in an accident).
- Check to see if there is any rust visible in the body (check under the floor carpet and also under the boot carpet).
- Check the suspension – push down on one corner then let go. If the vehicle bounces more than once the car has worn shock absorbers.
- Check the radiator water – clear or green is good, rusty water means a lack of care taken or a faulty cooling system. Check the radiator fins for rust or crumbling.
- Hoses – if soft or spongy, they may need to be replaced.
- Oil – should be between the dipstick markers and blackish in colour. If oil is milky or grey in colour this indicates the presence of water and there may be a serious problem.
- Transmission oil is cherry pink. If this oil is a dark burnt colour it indicates there has been severe transmission overheating.
- Start the car, let it idle. Listen for rattling or knocking in the engine compartment. Rev it several times. If there is smoke, it could mean engine problems.
- Take the car for a test drive over a range of conditions i.e. holding a straight line, braking, stop/start performance. If the car has a manual transmission, does it move away smoothly (make sure there is no clutch slip).
- Arrange to have a complete mechanical 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.

NEVER SIGN A FORM WITH BLANK SPACES

Cross out spaces which are not applicable, add the date and initial

Sample – 'Contract of Sale' Form 10

A. These details are required and **must** be filled in and initialled by the salesperson.

B. All material particulars of a vehicle **must** be completed, if not, then the section has to be crossed out and initialled by the salesperson.

C. The complete financial details need to be filled in before signing.

D. All defects should be listed before signing as well as specific warranty details which the dealer is obligated to rectify before you take delivery.

E. If trading in a vehicle these details are required. The customer must sign the declaration.

F. If warranty provisions apply, ensure **YES** is circled

FORM 10									
NORTHERN TERRITORY OF AUSTRALIA CONSUMER AFFAIRS AND FAIR TRADING ACT 1990 MOTOR VEHICLE DEALERS REGULATIONS 1992								Regulation 6	
INFORMATION AND CONTRACT FOR THE SALE OF SECOND HAND VEHICLE (Section 159(2) & 160(1))									
Purchaser's name:						Date:			
Home/Business address:						Post code:			
Mailing address:						Post code:			
Occupation:						Vehicle Usage: Private <input type="checkbox"/> Commercial <input type="checkbox"/>		Phone (Bus.):	
Hereby orders from:									
Dealers name:						Phone:			
Address:						Phone:			
Salesman's Initials:						MILEAGE / KM			
Make		Model		Body Type		Body Colour		Compliance Date Mth / Yr	
		Engine No.		Vin / Body No.		Registration No.		Stock No.	
PURCHASE DETAILS				\$		c		PAYMENT DETAILS	
Cash Price								Deposit: (Receipt No.)	
Options/accessories/additional work req'd									
								Trade-in allowance*	
								Less pay-out	
								To:	
								Account number:	
								Valid to:	
								Equity (deficiency)	
								Less refund to purchaser	
								Net Equity or (deficiency)	
Registration Fee				6 or 12 mths				Total: Deposit and trade-in	
Stamp duty and/or transfer fee								Balance payable on delivery	
Comprehensive Insurance: Company								Financier Invoice No.	
TOTAL PAYABLE								TOTAL PAYMENT	
KNOWN DEFECTS:						TRADE-IN DETAILS			
						Make		Compliance Date Mth / Yr	
						Model		Registration No:	
						Body Type		Engine No:	
						Colour		Pin Nos: Radio: Key:	
						Vin/Body No:			
						OWNERSHIP & ODOMETER DECLARATION			
						I declare that to the best of my knowledge and belief that			
						(a) the trade-in is my own unencumbered property except as otherwise stated above:			
						(b) that the odometer reading of m/km at the time of sale is a true and correct recording:			
						*(c) that the trade-in vehicle has not been used as a taxi or hire car.			
						Signed:.....			
						(* Delete if not applicable)			
WARRANTY: YES / NO									
Purchaser and dealer agree that the front and back of this contract correctly recorded the particulars and conditions relating to the sale of the vehicle described above. Purchaser certifies to being at least 18 years of age and to having received a copy of this contract.									
Dealer's signature				Date		Purchaser's signature			
						Date			

G. The salesperson and the customer sign this space once the form is completed and both parties are satisfied with the form's content.