

## BUYING A SECOND HAND CAR

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

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 \(ppsr.gov.au\)](https://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.

## 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.

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

## 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.