



The car buyers handbook

Buying and maintaining a car in NSW

www.fairtrading.nsw.gov.au

Contents

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Introduction

Buying a new car can be an overwhelming experience with so many considerations. This booklet is designed to assist consumers through the entire car experience – what type of car to buy, where and how to purchase, and important things to consider while making your decision. The booklet also suggests a number of steps you can take to protect yourself and lists various agencies that can assist you along the way.

The hard work doesn't stop once you have purchased a car. Maintaining a car is also a big responsibility and is as important as driver safety. An unsafe car is as dangerous as an unsafe driver. *The car buyers handbook* suggests ways to approach maintaining and repairing your vehicle.

What type of car do you want to buy?

The type of car you want to buy depends on your own personal taste and needs, and your budget. A farmer may need a vehicle that will handle difficult and rugged terrain. A tradesperson may need a vehicle that will transport all of their tools. A university student may need a cheap yet reliable car to get them from university to work.

Whatever your needs and personal taste, buying a car is like any other serious purchase – deciding on the most you want to spend will help narrow down the options and make choosing easier.

Ensure that you can actually afford the car not just the repayments per week/month but other associated costs such as registration, insurance, car maintenance etc.

Important

When planning your budget, don't forget about stamp duty, registration and transfer costs, insurance, maintenance and repair costs.

1. Where to buy a car

There are a number of options available in terms of where you can buy a car. They each have their advantages and disadvantages.

Buying from a car dealership

Buying a car from a licensed motor vehicle dealership provides many advantages. Unlike buying privately, the dealer has an obligation to guarantee that there is no money owing on the car. In certain conditions the dealer is obliged by law to provide a warranty. Also the dealer often allows you to trade in your old car, however you may get more money if you sell it privately. Unlike buying from an auction, you can test drive the car to make sure it has the power and features you require. Most licensed car dealers can also offer you finance or insurance but you don't have to accept it. Shop around and check out the rates offered by banks, credit unions and finance companies.

Buying a car privately

Buying a car privately involves relying on your own judgement and knowledge. You can arrange for a vehicle inspection at your own cost but there are no statutory warranties. Also, making sure that the vehicle is not encumbered, stolen or de-registered is the responsibility of the buyer. Doing a REVS check (see page 11) will help you ascertain this. Always ask the seller for, and note down, the information listed below:

- the current certificate of registration
- a pink slip which is no more than 42 days old
- proof that the person selling the car is the owner eg. a sales receipt or driver's licence to help identify the seller
- the registration number

- the engine number
- the VIN (vehicle identification number) or chassis number.

Note: Ensure the information shown in the paperwork matches what is on the actual car.

Buying from the roadside

There are no safeguards with this type of car sale. There are no guarantees of title and no warranties supplied. You could be stuck with a vehicle that has been poorly repaired or even written-off. No matter how good the bargain looks, steer well clear of this method of purchasing a car.

Buying from an auction

The benefit of buying a car at auction is that you could pick up a real bargain. The cars come from situations that include deceased estates and repossessed vehicles. The risk with buying at auction is that the car is not covered by a statutory warranty and generally you can't take it for a test drive. You can arrange an independent vehicle inspection at your own cost but not on the day of the auction.

Auction houses are responsible for ensuring the cars they sell have no money owing on them. Most auction houses require a 10% deposit or \$500 at the fall of the hammer.

Where motor vehicles are sold with number plates attached to private purchasers they have to have a Safety Inspection report (pink slip) issued by an Authorised Inspection Station (AIS). The inspection report must:

- be not more than one month old at the time of auction
- state that the vehicle is fit for registration
- be attached to the vehicle at the time it is offered or displayed for sale or
- be provided to the purchaser at the time of delivery of the vehicle.

When a vehicle (other than an exempted vehicle eg. commercial) is offered or displayed for sale at auction a Form 9 should be displayed. The Form 9 must state that the vehicle is not subject to the warranty provisions of the *Motor Dealers Act 1974* and displayed either on the vehicle, adjacent to the auctioneer or at each entrance to the auction.

Buying from a car market

Car markets bring buyers and sellers together in the one place without the need to drive all over town. However, you are still buying 'privately' and therefore need to rely on your own judgement and knowledge. There will be no guarantee of title or warranties supplied. They can also be an outlet for backyard operators to dispose of sub-standard vehicles, or even possibly stolen vehicles.

If the vehicle is not registered

If the vehicle is not registered you need to take it to an Authorised Unregistered Vehicle Inspection Station (AUVIS). They will conduct a roadworthiness check and identify the vehicle for the purpose of registration for the Roads and Traffic Authority (RTA) and provide you with a blue slip.

To find your nearest AUVIS, call 1300 137 302.

Buying online

When buying online you are either buying from a dealer or buying privately so follow the guidelines that apply to those purchases. When you purchase goods online from overseas or another state, NSW consumer protection laws may not apply and may only offer you limited protection. For more information on buying online visit our website.

2. Organising finance

Once you have decided upon your budget, the make and model of the car you would like to purchase, it is time to shop around for the best price. Price can vary from dealership to dealership. Special offers will happen at different times through the year and most dealerships will reduce prices just before the next year's models are delivered.

Many car dealerships will offer 'finance' (a loan) to their customers through a credit provider, but it is also worthwhile shopping around to get the best deal. Banks, credit unions, and other financial institutions all lend money and can be cheaper and more flexible than car dealerships.

All credit transactions that are predominantly for personal, domestic, or household use are regulated by the National Credit Code. If the credit is provided wholly or predominantly (over 50%) for business purposes, the Act may not cover you.

Loans

When comparing loans you need to have a good understanding of the terms used in loan contracts. The total amount you pay to the lender will depend on the amount you borrow, interest rate charged and the length of time that you borrow the money (the term of the loan). Lenders will usually calculate interest charges on a daily basis. These interest charges are usually added to your loan account each month.

Balloon repayments

This is a loan where you pay reduced monthly instalments for the term of the loan, with a large final payment (balloon payment) that clears the debt.

Important

A new car can be quite expensive. It pays to do your homework so that you know exactly how much you can borrow without stretching yourself.

Important

Balloon payment options available to you may include paying the amount in full, re-financing or rolling over into another credit product.

Important

During the term of the lease you are responsible for making the lease repayments and for the car's running and maintenance costs.

Important

If you are leasing a car for business use, ask your accountant if tax and GST benefits apply.

Car dealerships may provide balloon loans that offer a guaranteed buy-back price on your vehicle. Make sure you are aware of any conditions attached to these arrangements. For example, if you buy a car on the basis that you are promised a buy-back amount for the vehicle after a period of time, you could find this amount is dependent on factors such as the condition of the vehicle and kilometres travelled.

Leasing

Leasing is another type of finance that may suit people who regularly trade-in their car. In a lease arrangement where there is no obligation to buy the car, the ownership stays with the lender and the car is returned at the end of the lease term. You can terminate the lease early by returning the car, but there is a cost involved and this should be explained in the contract.

When you lease a car the payments are based on the difference between the car's sale price and what the car is estimated to be worth at the end of the lease (its residual value).

Vehicles leased for business or commercial purposes and novated leases are not covered by the National Credit Code.

Some leases have conditions that base the residual value of the vehicle on the distance the vehicle will travel and on its condition. If for some reason the vehicle is not worth the estimated residual value at the end of the lease then you may have to make up the price difference. If you intend to buy a vehicle on a lease agreement, make sure you are aware of any conditions on the vehicle such as mileage and its condition at the end of the lease period.

Varying a credit contract

If you find you have problems repaying your loan the law allows for a variation in a credit contract on the basis of hardship, but the following circumstances must exist:

- your inability to make repayments must be due to unemployment or illness or some other reasonable cause
- you expect that you will be able to make repayments if they are altered
- the situation is only temporary and it should improve in the near future.

Contact the lender and try to come to an arrangement to vary the loan contract with them. If you reach an agreement the lender must give you written confirmation of the terms. This could involve reducing the repayments and extending the term of the loan or postponing repayments for a period of time or a combination of both.

Where to get help with your credit contract

If you are having difficulties coming to an arrangement with the lender or have a dispute or complaint about your credit contract you can get help from the Credit and Debt Hotline – call 1800 808 488.

The Credit and Debt Hotline is an independent and confidential advice and advocacy service for credit and debt matters.

Important

Buyers and dealers may negotiate an extension or waive the cooling-off period, however it is advisable for consumers to retain the cooling-off period to safeguard their rights.

Important

From 1 July 2010 the Australian Securities and Investments Commission (ASIC) became the national regulator for consumer credit.

Important

It is common practice for dealers to take a holding deposit for the car when you sign a contract. Always get a receipt for this money.

Cooling-off period

The *Motor Dealers Act 1974* provides for a 1 day, waivable cooling-off period for motor cars purchased by a linked credit arrangement.

A linked credit arrangement is where you purchase a car from a dealership and the dealership:

- arranges your loan for the car
- or
- supplies application forms for (or a referral to) a credit provider.

The cooling-off period begins when the contract is entered into and generally ends at 5pm on the next day on which the dealer carries on business.

During the cooling-off period the purchaser can cancel the contract by giving a signed, written notice to the dealer. If the contract is cancelled, the purchaser will be liable to pay the dealer \$250, or 2% of the purchase price, whichever is the lesser amount.

Contracts and deposits

If you sign anything at a car dealership, it is probably a sale contract. You may also sign a loan application or loan contract on the premises. Contracts are legally enforceable. Read all the documents carefully. Do not sign anything unless you understand what you are agreeing to and you are certain you will be buying the car.

If you have decided to buy a car but you need to have a loan approved first, make sure that it is written into the contract that completing the purchase is conditional on you obtaining the loan. If you have this specified in the contract and you cannot get a loan after reasonable attempts, you may be able to cancel the contract and have the deposit returned to you.

New laws commenced on 1 July 2010 to deal with unfair terms in standard form consumer contracts. If you think a term in your contract is unfair, you should first try to resolve the issue with the trader. If you can't resolve the issue, then you can lodge a complaint with NSW Fair Trading.

Understanding common contract terms

Principal	The amount you borrow.
Interest	The charge from the lender for using its money. This is usually expressed as a yearly rate and called the annual percentage rate.
Fixed interest rate	This means the rate will remain the same for a set amount of time. This offers greater control over your finances because the repayment amount will always be the same. The fixed interest rate and the time period it applies to must be stipulated in the credit contract. Generally you will not be able to make more than the agreed repayments (ie. pay the loan off faster). Check the contract carefully for any conditions that apply.
Variable interest rate	This means the interest rate will move up and down depending on the market.
Split interest rate	You may be able to choose to split the type of interest rate that applies to a loan. This occurs in two ways: <ul style="list-style-type: none"> • a fixed interest rate applies for a set amount of time. When that time elapses, the rate can be changed to a variable interest rate • part of the amount borrowed has a fixed interest rate applied and the remainder amount has a variable interest rate applied.

3. Important pre-purchase checks

The Personal Property Securities Register (PPSR) will replace REVS in late 2011. See note on left.

The Register of Encumbered Vehicles (REVS) is a service provided by NSW Fair Trading that can tell you whether or not a vehicle is recorded as encumbered in NSW, ACT, NT, QLD, VIC and SA. Encumbered simply means that there could be money owing on the car or that the registered owner may not own the vehicle outright. If you buy an encumbered vehicle, action could be taken to repossess it, even though the debt is not yours. Completing a REVS check means you can confirm this important aspect before you make a purchase.

You can conduct your own REVS enquiry online 24 hours a day, 7 days a week at www.revs.nsw.gov.au

Call REVS on 13 32 20 8:30am - 5:00pm (weekdays) and 9:00am - 2:00 pm (Saturdays).

You can purchase a REVS search certificate (through the internet or telephone) for a small fee, which will buy you peace of mind as it provides confirmation of your enquiry and offers legal protection against the vehicle being repossessed by a creditor due to a previous owner's unpaid debt.

If REVS says the vehicle is recorded as being encumbered and you still wish to proceed with the purchase, REVS can tell you what steps to take.

REVS can also inform you if the vehicle has been:

- reported to the police as stolen
- recorded as de-registered by the RTA due to outstanding fines
- recorded with the RTA by an insurer as a written-off vehicle
- recorded by Fair Trading as having possible odometer interference.

Note: If you buy a late model second-hand car, check with the manufacturer that the balance of the new car warranty can be transferred to you and that it has not been cancelled particularly if the vehicle has been recorded as a repairable write-off. Some warranties have conditions that invalidate the warranty when there has been an accident.

Where the information provided by the seller does not match, the RTA can also give advice on what to do.

Seven easy steps to follow when you buy a car privately	
1. Ask if any money is owing on the vehicle	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Get the registration number, engine number, and vehicle ID number (VIN) or chassis number from the vehicle.	
Registration number: _____	
Engine no: _____	
VIN/Chassis no: _____	
3. Confirm that the registration number, engine number and VIN/chassis numbers on the vehicle match those on the registration papers.	
Registration number: _____	
Engine no: _____	
VIN/Chassis no: _____	
4. Call REVS on 13 32 20 or visit www.revs.nsw.gov.au to complete a vehicle search with these numbers.	
5. Purchase a REVS Search Certificate to guard against repossession.	
6. Arrange for the current owner to repay the debt, if one exists. REVS can tell you how to do this.	
7. Complete the transaction before midnight the next day.	

RTA checks

An RTA vehicle history check will tell you if a vehicle has previously been written off in NSW or interstate, the number of previous NSW owners, vehicle usage history and much more. An RTA registration check will give you information about a vehicle's registration and CTP insurance status. Visit www.rta.nsw.gov.au for more information.

Vehicle inspections

Before purchasing a second-hand car it is important to inspect the vehicle thoroughly. Inspections can help you identify problems and assess a car's value more accurately. They can also provide some room for negotiation on the sale price. There are details that are easy to check yourself as indicated in the Real cost comparison on page 14.

Space saver tyres

Many new vehicles are now sold without a full-size spare tyre or with no spare at all.

The most common type is the space saver tyre, which is narrower than a normal tyre and is therefore lighter and takes up less space in the boot.

If you have to use a space saver tyre be sure to observe the manufacturers instructions for its use regarding maximum speed, tyre pressure, vehicle load, safe travel distances, road holding and stopping distance.

Some cars do not have a spare tyre at all, but have run flat tyres, which can still be driven on if punctured. They also are limited as to the speed of the vehicle and the distance they can travel when flat, so check the manufacturers instructions carefully. Their convenience must be weighed up against the cost of replacing them, as they cannot be repaired.

Real cost comparison

How much will it cost me to buy this car?

Before you buy, fill in these tables to find out the total amount you can expect to pay. Ask your dealer and/or lender for the following information so you can fill out these tables – they should have most of the information.

The car	Car 1	Car 2	Car 3
Make			
Model			
Year			
Cost of the car			
Cash price of the car	\$	\$	\$
Less trade-in or deposit	\$	\$	\$
Stamp duty and registration transfer	\$	\$	\$
Comprehensive and third party car insurance*	\$	\$	\$
Fees/extras	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Other costs	\$	\$	\$
Extended warranty	\$	\$	\$
Total amount needed for car	\$	\$	\$

*Shop around to get the best deal on car insurance as prices can vary.

The finance	Loan 1	Loan 2	Loan 3
Loan amount	\$	\$	\$
Interest rate	%	%	%
Total cost of interest	\$	\$	\$
Length of loan	years	years	years
Fees	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Other costs	\$	\$	\$
Total cost of the loan	\$	\$	\$
Amount I will pay per week/fortnight/month	\$	\$	\$

What should I do now?

After comparing the real cost of buying the car, the next steps are as follows:

- Ask the dealer and/or the lender if they can reduce or remove some of the fees and charges or cut back some of the extras.
- Find out what is included in the extended warranty and consider if you really need it.
- Take these figures to your bank or credit union and ask if they can give you a cheaper loan.
- Shop around for other car prices.
- Consider other costs like regular servicing and petrol

The best thing you can do is take the checklist away and think about it.

IF YOU'RE NOT SURE, DON'T SIGN!

Adapted from the TrueCost Checklist, Ministry of Consumer Affairs, New Zealand Government.

Vehicle inspection guide*

Under the hood	
Engine number and VIN number	The numbers shown on the Certificate of Registration must match the engine and VIN numbers on the car. Be wary of any signs of interference such as scratches, grind marks or drill holes. These may indicate illegal tampering with the numbers and the vehicle.
Engine appearance	A build-up of dirt may suggest poor maintenance or mechanical problems.
Engine oil	Dirty/thick oil and a build-up of sludge in the engine may suggest poor maintenance. Grey or milky coloured oil may suggest the presence of water, which would indicate serious problems.
Engine idle	The engine should idle smoothly. Listen for irregular running or any unusual noise such as any knocking or rattling noises.
Oil fumes	Remove the oil filler cap while the engine is idling. Fumes may signify worn piston rings or cylinders. Thick, black smoke coming from the exhaust can signify problems as well.
Radiator coolant	Should be clean and brightly coloured. Oil in the coolant may indicate a cracked cylinder-head or a leaky gasket.
Radiator cooler fins or core tubes	Check for corrosion or damage.
Battery mounting platform/bracket	Check for acid corrosion.
Underneath the car	
Tyres (don't forget the spare)	Uneven wear may indicate worn or misaligned steering or suspension. Check that there is at least 5mm of tread. Check there is a jack and tools.
Oil leaks	Check the engine, transmission, axles, brakes, power steering and shock absorbers. A leak in any of these areas could indicate a problem and could possibly be a danger.
Exhaust system	Fumes or excessive noise may suggest there is a hole or rust in the pipes or the muffler.
Body of the car	
Rust/accident damage	Check inside the boot, the floor wells, doors and lower sills for red or other dark stains, dimpled or bubbled paint. Use a soft fridge magnet to check panels for plastic body filler.
Hail damage	Hail damage makes a car difficult to insure. Check the horizontal panels such as the bonnet, roof and boot lid.
Panel fitment	Loose panels may indicate accident damage or that the car has been driven over rough roads.

Doors/boot lid	Catches should close firmly and lock. Rubber seals can perish over time.
Paint	Look for colour variation, overspraying, dents or ripples. These may indicate that the car has been in an accident.
Inside the car	
Upholstery, carpet	Check for wear and tear.
Seat belts	Check that the belts are not frayed or damaged, and that the belts, buckles and adjusters and child restraint anchorage points are in good condition.
Lights	Check that all lights, both inside and outside the car, are working. If the car is fitted with ABS and/or SRS (air bag), check that the dashboard warning light/s illuminate for a short time when the ignition is turned on.
Equipment and accessories	Check air-conditioning, ventilation fan, electric windows, sound systems, horn, windscreen wipers etc. Inoperative items can be expensive to repair or replace.
Jack and tool kit	These items should be in place and in serviceable condition.
Test driving the vehicle	
As part of a thorough inspection many people test drive the car. The following are some things to check when test driving.	
Steering	Excessive 'free travel' or wandering on straight roads can indicate worn suspension or misaligned steering.
Brakes	The car should stop smoothly and in a straight line. The pedal should not sink to the floor or feel spongy and the steering wheel should not vibrate.
Exhaust	Blue smoke indicates oil is burning.
Engine	Should run smoothly (accelerating, decelerating and cruising) and the water temperature gauge should stay in the safe range. Rattling or knocking could mean incorrect tuning or excessive wear.
Transmission	Gear changes (manual and automatic) should be smooth, without any rattles or knocking noises. On front-wheel drive vehicles, these noises could indicate worn constant-velocity joints.
Suspension and bodywork	Listen for rattles when you drive over bumps. It is also wise to have the car inspected by a reputable mechanic.
Odometer	Check that the odometer is working during the test drive. Note the number of kilometres travelled which can indicate when a major service will be required.

*This information was provided by the NRMA and has since been updated by Fair Trading.

Warranties

The *Motor Dealers Act 1974* requires licensed dealers to fix certain defects if they occur in vehicles that they have sold. This is called a statutory warranty. When buying a second-hand car you can only get a statutory warranty if you buy the car from a licensed motor dealer.

New cars have a 12 month statutory warranty. However, most manufacturers provide a manufacturers warranty from the date of sale.

In NSW all second-hand passenger cars that are less than 10 years old and have travelled less than 160,000km and are priced under the luxury tax limit have a minimum warranty of 3 months or 5,000km – whichever comes first. This is called the standard warranty.

Both the car and any accessories fitted to it (such as sound systems) are covered by the warranty. Superficial damage (such as paint scratches or minor tears in the upholstery) and normal wear and tear are not covered.

Nor does the warranty cover:

- routine services
- tune-ups
- batteries
- tyres (however they must be roadworthy at the time of sale)
- defects that arise from accidents or misuse of the vehicle.

Motor dealer forms

Licensed dealerships are required to put a form on every second-hand vehicle for sale or on display, describing the vehicle. The form includes the dealer's name, cash price, engine number, odometer (speedo) reading and importantly whether a warranty applies. The form will be either a Form

Important

You can only get a statutory warranty for a second-hand car if it is bought from a licensed motor dealer.

4, 6 or 8 and it is important to know the difference, as it affects the warranty.

Form 4 means the car has a standard statutory warranty as described above.

Form 6 means the car has a standard warranty, **but not for defects listed by the motor dealer as being excluded from warranty**. The dealer must list the defects that are excluded and give an estimate of the cost of repairing them. Roadworthiness items (such as tyres or brakes) cannot be excluded from warranty. A car displaying a Form 6 must be sold with a pink slip showing that it is roadworthy.

Form 8 means the car is not covered by warranty. Generally this is because it is older than 10 years, has travelled more than 160,000km, is a commercial vehicle or priced above the luxury car limit (ie. \$57,123). A car displaying a Form 8 must be sold with a pink slip showing that it is roadworthy.

Extended warranties

Some dealers offer an extended warranty for periods beyond the standard statutory or manufacturer's warranty. There are many different types of extended warranties offered through motor dealerships by insurance companies or manufacturers. Extended warranties may be insurance or maintenance policies offered by a third party rather than a manufacturer.

An extended warranty policy is usually a comprehensive 10-20 page booklet which is supposed to provide an additional cover to the standard statutory warranty that you get for free or manufacturer's warranty for new or used vehicles. Generally, you have to pay extra for an extended warranty. However, some motor dealers may include an

extended warranty with a minimum (highly restrictive) cover, in the sale price or offer it free of charge to make the sale more attractive.

Exclusions and special conditions

Make sure you know exactly what is covered and what is excluded from the extended warranty policy and any special conditions that you need follow for the cover to apply. Some typical extended warranty exclusions are:

- wear and tear
- car modifications, including tinting or paint changes offered by the dealer
- consequential damage or defect caused by misuse of the vehicle such as overheating, lack of oil
- specified parts or systems.

Beware, as some extended warranties for new cars do not offer the same cover as the manufacturer's warranties, such as oil leaks.

Some common extended warranty conditions and requirements include:

- a regular service during the whole warranty period at a specified place (or dealer) at your own cost eg. every 5,000km/6 months or 10,000km/12 months depending on the distance the vehicle has travelled
- an excess payment up to \$500 per claim depending on the component failure
- a service coupon must be stamped and posted within 7 days
- a maximum payout limit which may not be sufficient to complete the necessary repairs and you may need to pay the gap yourself.

Important

If the extended warranty is offered for 'free' or is included in the deal, expect claim limitations.

Extended warranty booklet

Make sure you FULLY read and understand the extended warranty booklet and can comply with its terms and conditions for the whole warranty period before buying it. If you don't meet any of the extended warranty conditions you may not be able to claim on it or your policy may be cancelled. **Beware of its limitations.**

Always confirm all the terms and conditions of the extended warranty in writing, not verbally. **Check these facts in the extended warranty booklet** before you take out the warranty. You can get this booklet from the dealer and take it home to consider.

Extended warranty checklist

Warranty provider

- Who is the provider of the extended warranty? Is it a manufacturer or an insurance company?

Type of car and usage

- Is the extended warranty for a new or used car? Different statutory and manufacturer warranties apply.
- Is the car for commercial or private use? The extended warranty may not apply to commercial usage.

Period

- What is the period of the extended warranty?
- Does it start from the date of purchase?
- Does it start when the statutory or manufacturer's warranty expires?

Terms and conditions

- Are there any special requirements? eg. regular service every 5,000km or 10,000km.
- What does the extended warranty cover?
- What are the exclusions or restrictions?

<input type="checkbox"/> Can you cancel or transfer the extended warranty? It may cost extra.
<input type="checkbox"/> Is there a cooling-off period? Some policies may have a cooling-off period of 21 days. However, you may not get the full refund if you want to cancel the policy and you will have to do it in writing within the cooling-off period.
Claims
<input type="checkbox"/> Are there any claim limits?
<input type="checkbox"/> Are there excess fees for each claim you make?
<input type="checkbox"/> Where and how do you lodge a claim? You may be restricted to a particular repairer and number of claims you can make.
General
<input type="checkbox"/> How much does the extended warranty cost?
<input type="checkbox"/> How long do you plan to keep the car?
<input type="checkbox"/> Are you planning to move? You may have servicing issues.
<input type="checkbox"/> Is it really worth the money?

4. Negotiating the deal

You have found the car and have completed all the necessary pre-purchase inspections and now you are ready to make an offer. All the research and inspection efforts that you have put in will provide valuable information in negotiating the best price. For example, if an inspection reveals that you may need to pay for certain repairs, you may be able to negotiate a lesser price because of it.

If you need to obtain a loan to purchase the car, make sure you shop around. Many motor dealers are able to offer finance but you may get a better deal from your own bank or credit union.

There is a 'cooling-off period' that applies if you purchase a car from a dealership and the dealership:

- arranges your loan for the car
- or
- supplies application forms for, or a referral to, a credit provider. This is called a linked credit arrangement.

Under these circumstances only, the cooling-off period gives you 1 day to change your mind. The cooling-off period begins when the contract is entered into and generally closes at 5pm on the next day that the dealer is open for business. During the cooling-off period the purchaser can cancel the contract by giving written and signed notice to the dealer. The purchaser will be liable to pay the dealer \$250, or 2% of the purchase price, whichever is the lesser amount.

Buying the car

Have you completed all the necessary inspections? Make sure that:

- the seller and the name on the registration relate to each other
- the identification numbers on the car, and those listed on the registration papers match
- any necessary safety check forms have been provided (such as a pink slip or blue slip)
- a REVS check (page 11) has been satisfactorily completed
- a vehicle inspection has been satisfactorily completed
- a price and a means of payment has been agreed upon between you and the seller.

If you have answered 'yes' to the above questions and are happy to proceed with the purchase, you need to do the following:

- ask the seller to complete and sign the back of the certificate of registration. If the vehicle is registered in two names, both must sign
- ask the seller to give you a receipt that shows:
 - your name
 - the date you bought the car
 - the amount you paid for it
 - the vehicle's VIN or chassis number, and engine number
 - the seller's driver's licence, name and signature
- check that the seller's signature on the receipt matches the signature on the seller's licence.

Remember that the receipt is the only proof that you now own the vehicle. The RTA certificate of registration shows only the person who takes responsibility for the car, it does not prove ownership.

Before you drive away

Make sure the seller gives you:

- all keys including those for the ignition, glove box, boot and alarm
- the service books, owner's manual and log book
- instructions for working and de-activating any alarm
- location of the hidden ignition switch if there is one
- radio security number.

Insurance

Cars are powerful machines that can cause substantial damage. Even though we may regularly have our cars serviced and drive safely, unfortunately accidents occur. Before you can register your car with the RTA, you must prove that you have purchased a green slip – otherwise known as Compulsory Third Party (CTP) personal injury insurance.

The NSW Motor Accidents Authority (MAA) regulates the insurers who provide green slip insurance. It also funds a large number of injury prevention and rehabilitation programs for people injured in car accidents.

You purchase a green slip direct from insurers, not from the MAA. However, the MAA can provide you with advice on where to find the cheapest green slip. If you are purchasing a new car, the car dealer will generally have arranged a green slip for you.

There are many insurers competing for your business, so it's wise to shop around. You might be able to save money by visiting the green slip calculator at the MAA's web site, www.maa.nsw.gov.au

Important

Recording the date you bought the car may protect you against any outstanding red light or speeding camera infringements.

Based on the information you provide, the calculator will tell you which insurer will sell you a green slip for the cheapest price. If you don't have access to the internet, you can call the MAA's green slip help line on 1300 137 600.

If you cause an accident, your green slip insurance covers medical costs for:

- your passengers
- other road users, such as drivers, passengers, pedestrians, cyclists, motor cyclists and pillion passengers
- injuries caused through the use of a trailer.

Your green slip insurance **does not cover**:

- you for your personal injuries if you cause the accident
- damage to property or other vehicles.

There are two other types of insurance available for your vehicle:

Third party property - which covers you for the damage your car might cause to someone else's vehicle or property.

Comprehensive - which provides third party property cover and also covers your car for accidental damage, theft and fire.

Registration

Once you have purchased your new or used vehicle, you need to arrange registration. An unregistered vehicle can incur hefty fines, and will leave your car uninsured. If you have an accident in your unregistered car, you will be liable for any damage caused to people or property.

To establish registration

If there are no number plates attached to the vehicle, or the registration has been expired for more than 3 months, you will need to establish the registration of your vehicle.

Important

Your green slip will only cover you if your vehicle is registered. If you allow your registration to lapse, you are personally liable for any injuries you cause in a motor vehicle accident.

Important

To renew online or over the phone you must get your pink slip from an e-Safety Check Station and your green slip provider must send your insurance details to the RTA electronically.

To do this you must attend a motor registry in person and provide the following:

- proof of your identity
- the receipt showing that you are the new owner
- current green slip
- safety inspection report, known as a blue slip, from an Authorised Unregistered Vehicle Inspection Station (AUVIS)
- payment for registration, including stamp duty
- if previously registered interstate, proof of that registration.

To renew an existing registration

You can renew your vehicle's registration at a motor registry, online at www.rta.nsw.gov.au or by calling 13 22 13.

You will need to provide:

- the renewal notice
- current green slip
- if your vehicle is more than 3 years old a safety check report (pink slip)
- payment for registration.

Transferring registration

To transfer the registration of a vehicle, you must visit a motor registry and provide the following:

- the certificate of registration for your vehicle, completed and signed on the back by the seller
- proof of your identity eg. your driver's licence
- the receipt showing that you are the new owner
- the transfer fee and stamp duty cost.

You have 14 days to transfer the Certificate of Registration into your name. After this period you will be charged a late transfer fee. Failing to transfer the registration can result in

the RTA cancelling the registration altogether. Your vehicle will then be unregistered which can result in hefty fines and will leave your car uninsured.

Stamp duty

The Office of State Revenue (OSR) levies stamp duty when a vehicle is registered in a new name. The RTA collects the stamp duty on OSR's behalf. You will pay stamp duty on the market value of the vehicle or on the price you paid for the vehicle, whichever is higher. Stamp duty is 3% of the market value of the car, up to \$45,000 then 5% on the value over \$45,000.

For example, the stamp duty for a vehicle with a market value of \$50,000 is calculated as follows:

\$45,000 at 3% = \$1,350

\$5,000 at 5% = \$250

Total stamp duty to be paid = \$1,600

(Calculations are provided by RTA and are correct at time of printing. Please check with the OSR or RTA to confirm.)

5. Maintenance

A car is a big investment for most people and a large responsibility. Car owners should regularly maintain their cars to protect their investment and to keep them safe and roadworthy.

Service and repairs

Important

As long as the service is carried out in accordance with the manufacturer's specifications, any licensed repairer can do it, not just the dealer from whom you purchased the car.

If you have a problem with a new car that is still under warranty, refer to your warranty and talk to the motor dealer who sold you the car. Whether new or second-hand, your car should have come with a log book or owner's handbook that sets out when the vehicle should be serviced and what maintenance needs to be done.

To keep your car in top condition and to avoid the possibility of breakdown or expensive repairs in the future, you should follow the maintenance schedule. If the car is still under warranty and you don't have it serviced to the manufacturer's maintenance schedule, you may void your warranty.

When booking your car in for a service, clearly explain to your repairer the type of service you require. Different costs are associated with the different types of services you can have. If you don't have a log book or handbook and are not sure what your car needs, ask the repairer to explain what is involved with each type of service and its associated cost. If you are still uncertain, it is wise to follow the manufacturer's service schedule.

The more information you can give to the repairer, the more likely the diagnosis will be correct and the repair carried out properly. You may even need to test drive the car with the repairer, for example, if a rattle only occurs at a certain speed.

Always ask for a written cost estimate or quote to fix the problem so there are no surprises at the end. It is a good idea to leave a contact number with the repairer in case they discover the need for additional work. If you have a deadline, such as picking up the children after work, tell the repairer so they are aware of the timeframe.

Where a repairer spends time carrying out and providing a detailed diagnosis, but you decide not to carry out the repair, the repairer is entitled to charge a fee for the diagnosis.

6. Motor vehicle repairers

In NSW repairers must be licensed to work on your car. To hold a licence a repairer must meet criteria laid down by the State Government licensing authority, which is part of NSW Fair Trading. This includes having specified equipment in the workshop and employing only certified tradespeople to carry out repairs.

If you are dissatisfied with the work conducted on your car, you can do something about it. Follow these steps to seek a resolution:

1. Talk to the repairer and advise that you are not satisfied with the work completed. This will give the repairer an opportunity to fix the problem to your satisfaction.
2. If unresolved, call NSW Fair Trading on 13 32 20. We have Technical Enquiry Officers, who can provide unbiased advice regarding your issue. You can use the information they provide to again attempt a resolution with your repairer.
3. If unresolved, send a letter to NSW Fair Trading containing the following information:
 - your name and address
 - your vehicle identification
 - the repairer's name and address
 - a summary of the issue
 - what you want to settle the matter.
4. A mediator from Fair Trading will arrange a meeting, usually at the repairer's workshop, with the repairer and you. The mediator, who is a qualified tradesperson, is impartial, representing neither the consumer nor the repairer. If a resolution is reached, the terms of settlement are drawn up by the mediator and provided to each party. If a resolution is not reached, a report is written by the mediator and supplied to each party.

5. You can then take the dispute to the Consumer, Trader and Tenancy Tribunal for a resolution. The mediator's report is often submitted as a type of 'expert opinion'.

If you believe that the repairer has acted in a dishonest or unfair manner you should report it to NSW Fair Trading, who will investigate your complaint. Repairers which are found to have been dishonest or unfair or who perform repair work that is below the usual trade standard can be disciplined and their repairer's licence may be suspended or cancelled.

How Fair Trading can help

NSW Fair Trading provides a range of information to assist car buyers. As well as this booklet, our website has a comprehensive section on motor vehicles which can be accessed at www.fairtrading.nsw.gov.au

Fair Trading can also assist with complaints regarding new and used vehicles, deposits, warranty repairs, sales contracts and misleading conduct by licensed motor dealers. Our customer service staff can provide information on what to do if you have a problem.

Contact Fair Trading on 13 32 20.

You can also lodge a complaint on our website at www.fairtrading.nsw.gov.au

7. Useful agencies

Motor Accident Authority (MAA)

Tel: 1300 137 600 (Green slip helpline)
Tel: 1300 137 131 (General enquiries)
8.30 – 5.30 Mon-Thu
8.30 – 5.00 Fri
www.maa.nsw.gov.au

Motor Traders Association of NSW (MTA NSW)

Tel: 9213 4222
9.00 – 5.00 Mon-Fri
www.mtansw.com.au

Register of Encumbered Vehicles (REVS)

Tel: 13 32 20
8.30 – 5.00 Mon-Fri
9.00 – 2.00 Sat
www.revs.nsw.gov.au

Roads and Traffic Authority (RTA)

Tel: 13 22 13
8.30 – 5.00 Mon-Fri
8.30 – 12.00 Sat
www.rta.nsw.gov.au

