



## CONSUMER AFFAIRS

# 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 licence. This is easy to check as they must clearly display their Licensed Motor Vehicle Dealers (LMVD) number at their premises.

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

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**Darwin**  
OLD ADMIRALTY TOWERS  
68 THE ESPLANADE  
GPO Box 1722  
DARWIN NT 0801  
Ph: 1800 019 319  
Fax: 08 8935 7738

**Alice Springs**  
BELVEDERE HOUSE  
BATH & PARSONS ST  
GPO Box 1745  
ALICE SPRINGS  
Ph: 1800 019 319  
Fax: 08 8951 5442

### **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.
- 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 REVS (the Register of Encumbered Vehicles) on 13 32 20. If you have Internet access you can do your own REVS check by logging on to <http://www.revs.nsw.gov.au>

REVS needs the vehicle Registration number, engine number if applicable. 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 NT.

**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 [www.Redbook.com.au/vehiclesearch/price](http://www.Redbook.com.au/vehiclesearch/price).
- 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 ie 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 REVS (Register of Encumbered Vehicles) 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.

# Sample – ‘Contract of Sale’ Form 10

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

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

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

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

PURCHASE DETAILS		\$	c	PAYMENT DETAILS		\$	c		
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.					
<b>TOTAL PAYABLE</b>				<b>TOTAL PAYMENT</b>					
<b>KNOWN DEFECTS:</b>				<b>TRADE-IN DETAILS</b>					
				Make	Compliance Date	Mth	/	Yr	
				Model	Registration No:				
				Body Type	Engine No:				
				Colour	Pin Nos:	Ratio	Rev:		
				Trade Body No:					
<b>OWNERSHIP &amp; ODOMETER DECLARATION</b>									
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)									
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	