

Used cars – prepurchase considerations

Buying a car is likely to be one of the largest purchases you will make, so it is essential that you equip yourself with useful information before you go ahead.

Shop around, visit local dealers, check out the local press and motoring magazines and search online to compare models, prices and specifications.

Who should you buy from?

A motor trader:

A car bought from a trader is likely to cost you more than buying privately but there can be benefits. Many traders offer pre-sale checks and you may be able to take advantage of after sales service, warranties and credit facilities. You are legally entitled to expect that the car be of satisfactory quality, fit for its purpose, as described and roadworthy. You will not have all this protection if you buy privately or at auction. Remember, always find out who you are dealing with and check the identity and reputation of the trader. It is also worthwhile finding out if the trader is a member of a recognised trade association. The salesperson's primary role is to sell the car at the best possible price. Always be prepared to haggle.

A private seller:

If you buy privately, you need to be extra careful as you will have fewer legal rights if things go wrong. It is essential that you check that the person selling the car really owns it. There are commercial companies who will do a vehicle history check for a nominal fee. Keep a copy of the advertisement and always ask for the name and address of the seller. Cross-reference the details you are given with those on the V5C - the new style V5, also known as the logbook or registration document.

Internet sales:

As with all sales conducted at a distance, find out as much as you can about the seller, whether you are dealing with an individual or a trader and only use a reputable, secure site. Remember, the seller may not be based in the UK - you would have to weigh up the benefits of buying the car in this way against the possible pitfalls of dealing with a seller overseas. Check the terms and conditions applicable to the online purchase and find out about delivery, payment and aftersales, including warranties. Make sure that you keep a printed copy of the seller's contact details and the details of the purchase. As with all other sales, check out the car's history and condition before you commit to the deal. If you purchase solely over a distance and there is no face-to-face contact then you may be entitled to a seven day cooling-off period. See our leaflet entitled 'Shopping at home - your guide to the Distance Selling Regulations' (http://www.derbyshire.gov.uk/images/ca46_tcm9-8184.pdf) for further information.

At auction:

Car auctions are becoming increasingly popular with private buyers but you should be aware that you have fewer rights than when you buy from a motor trader. It is important to:

- take the opportunity to view the cars before the auction
- take someone with you who knows about cars and who has experience of auction sales
- familiarise yourself with the auction's terms and conditions of trade
- never be tempted to bid over the amount you were initially prepared to pay
- check the notice fixed to the car as it will give useful information on its condition and history

If in doubt, do not bid as it is unlikely you will have the right to return the car.

Internet auction:

This term describes a website that allows people to buy and sell goods and includes competitive bidding. As a buyer, there are steps which you should take to minimise the risk of things going wrong:

- familiarise yourself with the websites and seek the opinions of friends and family who may have used them
- read all the relevant terms and conditions - you will probably need to register and supply personal details before you can buy.
- the seller could be a private individual or a trader - find out as much as you can about the person/trader from whom you intend to buy, such as where the seller is based, and use the website's feedback system as a guide to check the seller's reputation - the feedback system gives information on the seller's website trading history, using comments made by previous buyers
- remember that you have fewer rights against a private seller than you would have against a trader
- do your research on the car you intend to bid for and don't be tempted to overbid
- find out what the collection/delivery arrangements are and if there are additional costs to pay
- beware of bogus buyers and sellers and never be tempted to trade off-site

How are you going to pay for the car?

If you buy from a trader, there may be various options open to you such as:

Cash - You may be in a stronger position to negotiate a discount on the price of the car if you are a cash buyer.

Hire purchase (HP) - A deposit is paid (this may be covered by the value of a part exchange car) and you pay the balance plus interest in monthly instalments over an agreed term. An administration fee is usually paid with the first instalment and an 'option to purchase' fee with the last one. Your contract is with the finance company, not the retailer, and the car does not become yours until you have made the last payment. You cannot, therefore, sell it without the finance company's permission. The finance company can repossess the car if you fail to keep up the payments. You have the legal right to settle an agreement early and may qualify for a rebate but you must check, before you sign the agreement, whether the early settlement rebate would apply to any additional products you have financed with the car.

Conditional sale - Similar to a hire purchase agreement, the car will become yours when all the payments have been made - but there is no final 'option to purchase' payment.

Personal loan - Shop around for the best interest rate over the most appropriate repayment period for you. As you are paying for the car outright, it belongs to you straight away.

Secured loan - Interest rates may be low compared to a personal loan but the loan is secured on your home. It could end up costing you more in interest if the repayments are spread over a long term.

Personal contract plans - You pay an initial deposit then low monthly payments over an agreed term. After that term, you may have the option to pay a 'balloon' payment and keep the car, use the car as a deposit towards your next car, or, return the car. The personal contract plan may have terms and conditions relating to mileage limits and maintenance of the condition of the car.

Leasing - The car is on lease so you never own it. This method is generally preferred by business users. You decide which car you want and how long you want to keep it and agree a mileage limit. The monthly payments are then calculated.

Interest free finance - A large deposit is usually paid followed by relatively high monthly payments over a short term.

Whichever method of payment you choose, always shop around for the best deal. Comparing the APR (annual percentage rate) and the total charge for credit could, potentially, save you hundreds of pounds in interest. Make sure you read and understand the documentation before you sign.

In a private sale, it is always preferable to pay by bankers draft rather than in cash. It is important that you pay the person named on the V5C and always get a receipt.

There is always a possibility that internet fraud can occur with when making online purchases, so ensure that you use a secure method of payment, such as payment by credit card, which can offer additional protection if you buy from a trader, or payment through an escrow service. An escrow service is a neutral third party, which holds the payment until the buyer has received the goods, before it is passed onto the seller. Be cautious, as bogus escrow services exist which fail to pass payments onto sellers.

What to check before you buy:

Clocking cars is a way of reducing miles shown on the car's odometer. In some cases, it is difficult to tell whether the indicated mileage is correct or not. It is common practice for traders to disclaim the accuracy of the mileage by placing a 'disclaimer sticker' on or near the odometer. Look out for:

- excessive wear on the pedal rubbers, gearshift and steering wheel
- a sagging seat or worn drivers seat cover and worn carpets on the driver's side
- excessive damage from stone chippings

It is also important to consider whether the numbers on the dial odometer match up with the vehicle's paperwork - check the mileage on the car against the service and MOT records. Digital or electronic odometers can also be rolled back, often without any tell-tale signs. If possible, obtain information from the previous keeper.

Check the general condition of the bodywork and look for signs of rust and welding. The condition should reflect the age of the car and the asking price.

Make sure that all the tyres, including the spare, have the correct pressure and tread.

Go for a thorough test drive.

It is strongly recommended that you have the car checked out by a qualified auto engineer (either an independent engineer or through a motoring organisation) if you don't have the expertise to check the car's condition yourself.

Check all the relevant paperwork to satisfy yourself that everything is in order.

Each car is issued with a vehicle registration document by the DVLA, which contains unique information about it. This is called the V5C. Always ask to see the V5C and ensure the VIN (vehicle identification number) or chassis number is the same as indicated on the V5C. This is to ensure that the person selling the car is shown as the previous keeper.

Ask to see the current and previous MOT test certificates. Look for discrepancies in the mileage figures and, if possible, check the certificate's validity in case it has been stolen.

Does the car have a full service history? Ask to see it and carry out checks through the traders who have previously stamped the service book to ensure the entries are accurate.

It is wise to have a history check done on the car. There are organisations which hold data on cars and can tell you, for a fee, whether the car has outstanding finance on it, whether it is an insurance write off or stolen. You can also find out if the mileage is accurate and whether the registration number and VIN match.

Read the contract carefully before you sign. Anything agreed between you and the trader, such as pre-purchase repairs, should be written on the contract.

Read the finance agreement (if any) carefully and make sure the figures add up.

If you are offered payment protection insurance or an extended warranty, check the terms and conditions (particularly the exclusions) to make sure they are suitable for you. Remember, these are optional extras - you still have legal rights against the trader. Do not be pressured into buying them.

Once you have driven your new car off the garage forecourt, its value can fall dramatically. In the short term, if you bought the car on finance, you may find it is worth considerably less than the amount you still owe the finance company. Guaranteed asset protection, or 'gap' insurance, can offer you protection if your car is written off and its residual value is less than the outstanding finance. Different insurance products offer different levels of protection but, generally, they will cover the difference between the amount you still owe and the car's pre-accident value. As with all insurance policies, you will have to weigh up the risks of not taking out a policy against the potential benefits. If you decide to go ahead, make sure you choose the most appropriate policy for you, find out what you are covered for and note the exclusions before committing yourself.

Don't assume that you can change your mind if you sign an order to buy a car. You could be in breach of contract if you cancel. You might lose your deposit and the trader could try and recover any additional losses from you. There are exceptions to this. If you agree to buy the car on

finance arranged by the trader, you may be able to withdraw from the agreement before it has been 'executed' i.e. signed by all relevant parties. You should then be able to recover your deposit (see our leaflet 'Your rights when buying on credit'

(http://www.derbyshire.gov.uk/images/ca09_tcm9-8194.pdf).

You may also be able to claim a seven day cooling-off period if the goods were purchased entirely over a distance without any face to face contact - see our leaflet 'Shopping at home - your guide to the Distance Selling Regulations' (http://www.derbyshire.gov.uk/images/ca46_tcm9-8184.pdf) for details.

If at any stage you feel that the seller has deliberately misled you in any way then please notify your local trading standards service via Citizens Advice (www.adviceguide.org.uk).

Closing the deal:

Never be rushed into a decision - take stock of all the information you have and give yourself thinking time before agreeing to buy. Make sure that you get a receipt and/or copies of the contract and finance agreement and keep them safe.

Derbyshire Trusted Trader



Derbyshire Trusted Trader has been set up by the County Council to make it easier for you to find traders and businesses you can trust. It also promotes the many honest and reliable businesses we have working in our area.

Everyone on our register has been checked by the county council's trading standards service. Members of Trusted Trader have to commit to a code of practice which requires a high standard of customer care, and membership of the scheme is renewable annually to ensure that standards are maintained.

You can find a Derbyshire Trusted Trader by:

- Ringing Call Derbyshire – our contact centre – on 08456 058 058*
- Searching the Derbyshire Trusted Traders list on Derbyshire County Council's website at www.derbyshire.gov.uk/trustedtrader
- Calling into a local library and asking about Trusted Trader. You can ask a member of staff for help, or make use of free internet facilities to search for businesses online.

*Call Derbyshire is open 9am to 5pm Monday to Friday.

Where can I get further help?

This leaflet is not an authoritative interpretation of the law and is intended only for guidance. Any legislation referred to, while still current, may have been amended from the form in which it was originally enacted. For further information, please contact Citizens Advice.

The Citizens Advice consumer service provides free, confidential and impartial advice on consumer issues. Visit www.adviceguide.org.uk or call the Citizens Advice consumer helpline on 08454 04 05 06.

If you are a **business**, contact us by any of the following methods:

Derbyshire Trading Standards Service
Chatsworth Hall
Chesterfield Road
Matlock
Derbyshire
DE4 3FW

Telephone: Call Derbyshire 08 456 058 058

Fax: 01629 536197

Website: www.derbyshire.gov.uk/tradingstandards

We want everyone to be able to understand us. On request, we will arrange:

- Language interpreters, including for sign language
- Translation of written materials into other languages
- Materials in large print, on tape or in Braille.

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To ensure that you are looking at the most up-to-date version of this leaflet, please visit our website at

http://www.derbyshire.gov.uk/images/ca52_tcm9-8190.pdf

or telephone us on 01629 536166.

