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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 buying and owning 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 guide 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 there is no money owing on the car. They also have to disclose all the relevant information about the car, like whether it has had flood or hail damage, if there has been odometer interference, or if there has been major modifications that may impact your decision to purchase the car. In certain conditions a dealer is obliged to provide a dealer guarantee to repair any defects the vehicle might have after you buy (this is formerly known as a statutory warranty). 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 is right for you. Most licensed dealers also offer finance and insurance, but you are not obliged to purchase those products. Shop around for car loans and insurance 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 is no dealer guarantee. Also, making sure that the vehicle is not encumbered, stolen or de-registered is the responsibility of the buyer. Doing a PPSR check will help you confirm this. Always ask the seller for:

- 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.

**Important:** If you buy a car privately, under the Australian Consumer Law it must be sold with clear title but no dealer guarantees are provided. If you choose to buy privately, it is essential that you get an independent inspection, or you could be stuck with a vehicle that has been poorly repaired or even written-off. No matter how good the bargain looks, always be extra cautious when purchasing a car privately.
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 including deceased estates and repossessed vehicles. The risk with buying at auction is that the car is not covered by a dealer guarantee 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 is offered or displayed for sale at auction a Form 11 should be displayed. The Form 11 must state that the vehicle is not subject to the dealer guarantees under the Motor Dealers and Repairers Act 2013 and displayed either on the vehicle, adjacent to the auctioneer or at each entrance to the auction. Consumer guarantees under the Australian Consumer Law may continue to apply depending on whether the vehicle sold at auction is owned by the dealer.

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 dealer guarantee. 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 Maritime Services and provide you with a blue slip. To find your nearest AUVIS, call 1300 137 302.

Buying online

If you buy a vehicle online you are either buying from a dealer or buying privately and you should follow the guidelines which apply to those methods of sale. When you purchase goods from overseas and something goes wrong, you will not be covered under Australian Law. If you purchase a vehicle in another state or territory, you may be protected by the Australian Consumer Law, but will not be covered by NSW laws regulating the local motor vehicle industry.
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.

**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.

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.

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.

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

**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.

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.

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

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 007 007.

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

The *Motor Dealers and Repairers Act 2013* provides for a one 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
- 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.

**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.

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.

**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.

Under the Australian Consumer Law, there are protections against unfair terms in a consumer contract. If you think a term in your contract is not fair you should first try to resolve the issue with the dealer. If you are unable to resolve the matter you can lodge an official complaint with Fair Trading.
### Understanding common contract terms

<table>
<thead>
<tr>
<th>Principal</th>
<th>The amount you borrow.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>The charge from the lender for using its money. This is usually expressed as a yearly rate and called the annual percentage rate.</td>
</tr>
<tr>
<td>Fixed interest rate</td>
<td>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.</td>
</tr>
<tr>
<td>Variable interest rate</td>
<td>This means the interest rate will move up and down depending on the market.</td>
</tr>
</tbody>
</table>
| 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:  
  • 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)*, provides national information about securities over motor vehicles.

PPSR can tell you whether or not a vehicle has a secured interest. A secured interest means there could be money owing on the car or that the registered owner may not own the vehicle outright. If you buy a vehicle with a secured interest, action could be taken to repossess it, even though the debt is not yours. Completing a PPSR check means you can confirm this important aspect before you make a purchase.

You can conduct a [PPSR enquiry online](#) or by calling 1300 007 777.

**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, *Roads and Maritime Services* can also give advice on what to do. Visit the Roads and Maritime Services website or call 13 22 13.

<table>
<thead>
<tr>
<th>Seven easy steps to follow when you buy a car privately</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ask if any money is owing on the vehicle.</td>
</tr>
<tr>
<td>2. Get the registration number, engine number, serial number, and vehicle identification number (VIN).</td>
</tr>
<tr>
<td>3. Confirm that the registration number, engine number, serial number and VIN on the vehicle match those on the registration papers.</td>
</tr>
<tr>
<td>4. Visit the <a href="#">PPSR website</a> or call 1300 007 777 to complete a vehicle search with the serial number and VIN.</td>
</tr>
<tr>
<td>5. Purchase a PPSR search certificate to guard against repossession.</td>
</tr>
<tr>
<td>6. Check your options with PPSR if the current owner has a debt owning on the vehicle.</td>
</tr>
<tr>
<td>7. Complete the transaction before midnight the next day.</td>
</tr>
</tbody>
</table>

**Roads and Maritime Services checks**

A *Roads and Maritime Services* 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. A Roads and Maritime Services registration check will give you information about a vehicle’s registration and CTP insurance status. Visit the [Roads and Maritime Services website](#) 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 table.

**Space saver tyres**

Many new vehicles are now sold without a full-size spare tyre or with no spare tyre 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 checklists* – they should have most of the information.

**The car**

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

* Checklists above adapted from the TrueCost Checklist, Ministry of Consumer Affairs, New Zealand Government.
** Shop around to get the best deal on car insurance as prices can vary.
## The finance

<table>
<thead>
<tr>
<th></th>
<th>Loan 1</th>
<th>Loan 2</th>
<th>Loan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan amount</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Interest rate</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Total cost of interest</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Length of loan</td>
<td>Years</td>
<td>Years</td>
<td>Years</td>
</tr>
<tr>
<td>Fees</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other costs</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total cost of the loan</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Amount I will pay per week/fortnight/month</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

## What should I do now?

After comparing the real cost of buying the car you should:

- ask the dealer 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!**
# Vehicle inspection checklist*

## Exterior

- **☐** A good way to look at car bodywork is to stand back from the car (front and rear) and look down the side of the vehicle.
  
  This will highlight small dents and creases. Also look at the gaps between the body panels and doors – they should be equal in width and flush.
  
  **COMMENTS:**

- **☐** Check for mismatched paint on adjacent body panels. This could show that it has been in an accident.
  
  **COMMENTS:**

- **☐** Remember that cracked or chipped glass – indicator lenses, headlights, mirrors or windows – can be expensive to replace.
  
  **COMMENTS:**

- **☐** Uneven tyre wear is a sign that the wheels are misaligned or out of balance, that correct tyre pressure has not been maintained or that the shock absorbers are worn or the suspension damaged.
  
  **COMMENTS:**

## The engine

- **☐** Warm up the engine by letting it idle for a few minutes and then give the accelerator a quick push. If you see a puff of blue smoke, beware – this is likely to be piston (ring) or valve stem problems.
  
  **COMMENTS:**

- **☐** Check the water in the radiator – it should be clean and oil-free.
  
  **COMMENTS:**

- **☐** The dipstick and the oil filter caps can tell you many things. The presence of a creamy white substance could mean that water from the cooling system is getting into your oil through leaking gaskets or a cracked cylinder head.
  
  **COMMENTS:**

- **☐** Let the car stand for a while and check for oil drips or wet surface residue on the engine, gearbox or rear axle under the car.
  
  **COMMENTS:**

* This checklist was provided by NRMA
Check that the odometer reading corresponds to the service log book. Ask for copies of pink slips or service/repair invoices, which often contain the odometer reading. Be wary when none of these are available.

COMMENTS:

Where possible, lift carpets and look inside boot and doors for signs of paint runs, hammer marks, rust bubbles or paint over-spray.

COMMENTS:

Taking the car for a test drive

Before driving, ask to see a current CTP insurance certificate (green slip). Write down and check that the details match the car.

COMMENTS:

Check that all switches, openings and electrics – dials, switches, seat adjustment, seat belts, glove box etc – work as they should.

COMMENTS:

Make sure that the engine power is smooth in delivery and adequate for the cars size.

COMMENTS:

Keep an eye out for overheating or for any dials where the needle is not centred – this may indicate a fault.

COMMENTS:

Check that the car follows a straight line and brakes in a straight line.

COMMENTS:

When you go around a corner, the car should not pitch and the steering wheel should not pull or try to straighten itself.

COMMENTS:

The auto transmission or manual gearbox should change smoothly and easily.

COMMENTS:

* This check list was provided by NRMA
Dealer guarantees

The dealer guarantees provided under the *Motor Dealers and Repairers Act 2013* require a licensed dealer to fix a vehicle they have sold if it is found to be defective within the limitation (i.e. warranty) period. The dealer guarantee is only applicable if you buy a vehicle from a licensed motor dealer.

New cars have a 12 month or 20,000km dealer guarantee. However, most manufacturers provide a manufacturer’s 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 have a minimum 3 months or 5,000km dealer guarantee – whichever comes first. Both the car and any accessories fitted to it (such as the sound system) are covered by the dealer guarantee.

The dealer guarantee does not cover:

- superficial damage, such as paint scratches or minor tears in the upholstery
- normal wear and tear
- defects that arise from accidents or misuse of the vehicle.

Defective vehicles

*A vehicle is determined to be defective if it breaches a consumer guarantee under the Australian Consumer Law. This ensures consumers get essential and basic guarantees of goods and services when they enter into a contract to buy or repair a 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 important information about the vehicle. The form will also provide information on the type of dealer guarantee that applies to the vehicle. The form will either be a Form 5 or Form 6.

**Form 5** will specify whether the car has a standard dealer guarantee as described above.

**Form 6** will be displayed on a second-hand car that has a standard dealer guarantee, but not for defects listed by the motor dealer as being excluded from the guarantee. The dealer must list the defects that are excluded and give an estimate of the cost of repairing them. Items that make the vehicle safe to drive (such as tyres or brakes) cannot be excluded from the dealer guarantee. A car displaying a Form 6 must be sold with a pink slip showing that it is roadworthy.

**Form 5 and 6** it is important to note that these forms can also be used for vehicles that are not covered by a dealer guarantee. This will be specified in form by the dealer. Generally a dealer guarantee will not apply because the vehicle is older than 10 years or has travelled more than 160,000km. A vehicle with no dealer guarantee 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 dealer guarantee 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, that is supposed to provide an additional cover to the standard dealer guarantee that you get 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.

**Important:** An extended warranty does not replace your rights under the consumer guarantees of Australian Consumer Law. You may still be entitled to a repair, refund or replacement if a consumer guarantee is broken even when a manufacturer’s or extended warranty has ended.

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, for example 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.

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**

<table>
<thead>
<tr>
<th>Warranty provider</th>
<th>COMMENTS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is the provider of the extended warranty?</td>
<td></td>
</tr>
<tr>
<td></td>
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<td>Is it a manufacturer or an insurance company?</td>
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<tr>
<th>Type of car and usage</th>
<th>COMMENTS:</th>
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<td>Is the extended warranty for a new or used car?</td>
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<td>Different statutory and manufacturer warranties apply.</td>
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| Is the car for commercial or private use? The extended warranty may not apply to   | COMMENTS: |
| commercial usage.                                                                  |            |
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<th>Period</th>
<th>COMMENTS:</th>
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<td>What is the period of the extended warranty?</td>
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<td>Does it start from the date of purchase?</td>
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<td>Does it start when the statutory or manufacturer’s warranty expires?</td>
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<tr>
<th>Terms and conditions</th>
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<td>Are there any special requirements? eg. regular service every 5,000km or 10,000km.</td>
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<td>What does the extended warranty cover?</td>
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<td>What are the exclusions or restrictions?</td>
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<td>Can you cancel or transfer the extended warranty? It may cost extra.</td>
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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.

COMMENTS:

Claims

☐ Are there any claim limits?
COMMENTS:

☐ Are there excess fees for each claim you make?
COMMENTS:

☐ Where and how do you lodge a claim? You may be restricted to a particular repairer and number of claims you can make.
COMMENTS:

General

☐ How much does the extended warranty cost?
COMMENTS:

☐ How long do you plan to keep the car?
COMMENTS:

☐ Are you planning to move? You may have servicing issues.
COMMENTS:

☐ Is it really worth the money?
COMMENTS:
4. Negotiating the deal

You’ve found the car, your finances are in order and you are ready to make an offer. All of the information you have gathered from your pre-purchase inspections will help you to negotiate the best price. If your inspection reveals that you need to pay for repairs to the vehicle then you should use that information in your negotiations.

Once the price has been agreed on, then it’s time for you to hand over the money and the seller to hand over the keys.

**Remember:** If you are purchasing the vehicle from a dealership by a linked credit arrangement, you have a cooling-off period from when you sign the contract, which gives you one day to change your mind. You may be liable to pay a cancellation fee of $250 or 2% of the purchase price, whichever is the lesser amount.

### Buying a car

Before you hand over the money, there are some simple questions you do a final check:

1. Does the seller and the name on the registration relate to each other?
2. Does the identification numbers on the car and those listed on the registration papers match?
3. Have you been provided with the necessary safety checks, such as the pink slip and/or blue slip?
4. Was the PPSR check completed to your satisfaction?
5. Have you and the seller agreed on the price and means of payment?

If you answered ‘yes’ to all of the above questions and you are happy to proceed with the purchase you need to:

1. 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.
2. Ask the seller to provide you with a receipt that has:
   - your full name
   - the date of purchase
   - the amount paid
   - the vehicle’s VIN or chassis number and engine number
   - the seller’s driver’s licence, name and signature

Remember your receipt is your only proof of purchase that you own the vehicle. Roads and Maritime Services certificate of registration shows only the person who takes responsibility for the car, it does not prove ownership.
**Important:** Recording the date you bought the car may protect you against any outstanding red light or speeding camera infringements.

**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 Roads and Maritime Services, you must prove that you have purchased a green slip – otherwise known as Compulsory Third Party (CTP) personal injury insurance.

**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.

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 website](#).

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.

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 the **Roads and Maritime Services website** 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 Roads and Maritime Services cancelling the registration altogether. Your vehicle will then be unregistered which can result in hefty fines and will leave your car uninsured.

**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 Roads and Maritime Services electronically.

**Stamp duty**

The **Office of State Revenue (OSR)** levies stamp duty when a vehicle is registered in a new name. **Roads and Maritime Services** 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 Roads and Maritime Services and are correct at time of printing. Please check with the OSR or Roads and Maritime Services 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

If you have a problem with a new car or used car purchased from a dealership that is still under warranty, refer to the terms and conditions and talk to the dealer who sold you the vehicle.

If your vehicle is no longer covered by a dealer guarantee or manufacturer’s warranty, it may continue to be covered be one of the consumer guarantees under the Australian Consumer Law. More information about consumer guarantees can be found on the Fair Trading website at www.fairtrading.nsw.gov.au

Your car should come with a logbook or owners handbook setting out the service and maintenance schedule for the vehicle. To keep your car in top condition and to avoid the possibility of a breakdown or expensive repairs in the future, you should follow the schedule.

**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.

Clearly explain the type of service you require to your repairer. There are different costs associated with the types of services you can have. If you don’t have a logbook or handbook and you are not sure what your car needs, ask your repairer to explain what is involved with the service and its associated cost. You can also follow the manufacturer’s service schedule.

Clearly explain the issues you are having with your vehicle so an accurate diagnosis and repair can be carried out. You may need to test drive the car with the repairer so they can assist with an appropriate diagnosis.

Always ask for a written cost estimate or quote to fix the problem. Ask the repairer to contact you before going ahead with any additional repairs above the quoted price.

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

**Using a licensed repairer** - Repairers in NSW must be licensed to carry out work on your car. A repairer must meet criteria including having specific equipment and employing qualified tradespeople to carry out the work.
6. Motor vehicle repairers

When things go wrong

A service to your car must be carried out in accordance with the consumer guarantees under the Australian Consumer Law, meaning the repair must be carried out with due care and skill, be fit for purpose and occur within a reasonable time frame. If your service does not meet one of these basic consumer guarantees and you are dissatisfied with the work conducted, you can do something about it. Follow these tips to seek a resolution:

1. Talk to the repairer and let them know you are not satisfied with the work. This gives the repairer the first opportunity to fix the problem. Do not take the vehicle to another repairer to have the work fixed.

2. Contact Fair Trading or visit our website to find out where you stand, this will give you the best option to negotiate with your repairer.

3. If the matter remains unresolved, you can lodge an official complaint with Fair Trading online or by calling 13 32 20. When you lodge your complaint you should provide the details of the complaint as well as the vehicle identification and any documentation related to the matter such as quotes, reports or invoices.

4. Once lodged, the complaint will be allocated to a complaints officer who will assess the issues to determine:
   a. the issues in dispute and options which will help to resolve the complaint, generally within 30 days.
   b. if a breach of the law has occurred
   c. if the matter would be better handled by another organisation or by a Fair Trading Motor Vehicle Inspector.

5. If the matter is referred to a Motor Vehicle Inspector, a meeting at the repairer’s workshop will be arranged with all involved parties. Fair Trading inspectors are qualified tradespeople, who provide impartial assistance, meaning they do not represent either party. If a resolution is reached the terms of settlement is drawn up by the inspector and provided to you and the repairer.

6. If a resolution is not reached, your next option is to lodge a dispute with the NSW Civil and Administrative Tribunal.

7. If you believe the repairer has acted in a dishonest and unfair manner you should report it to Fair Trading. Repairers who are found to be dishonest or unfair or who perform repair work below the usual trade standard can be disciplined and their repairers licence may be suspended.
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.

Fair Trading can also assist with complaints regarding buying a new or used motor vehicle. For more information go to the Fair Trading website at www.fairtrading.nsw.gov.au, or call 13 32 20.
Useful agencies

Motor Accident Authority (MAA)
Tel: 1300 137 600 (Green slip helpline)
Tel: 1300 137 131 (General enquiries)
Operating hours:
8.30am–5.00pm Monday–Friday
www.maa.nsw.gov.au

Motor Traders Association of NSW (MTA NSW)
Tel: 9016 9000
Operating hours:
9.00am–5.00pm Monday–Friday
www.mtansw.com.au

Personal Property Securities Register
Tel: 1300 007 777
Operating hours:
8.30am–8.00pm Monday–Friday
9.00am–2.00pm Saturday
www.ppsr.gov.au

Roads and Maritime Services
Tel: 13 22 13
Operating hours:
7.00am–7.00pm Monday–Friday
www.rta.nsw.gov.au

Service NSW
Tel: 13 77 88
Operating hours:
24 hours – 7 days a week
www.service.nsw.gov.au