

RESOURCES

Consumer Reports

consumerreports.org/cro/index

Federal Trade Commission

consumer.ftc.gov/articles/0055-buying-used-car

Kelley Blue Book

kbb.com

Carfax

carfax.com/vehicle-history-reports/

Montana Legal Services Association

mtlsa.org

Montana Law Help

montanalawhelp.org

Montana Consumer Protection Office

dojmt.gov/consumer



University Center
Room 116
Missoula, MT 59812
406-243-6213
www.umt.edu/asum/legalservices

The information in this pamphlet is not legal advice and may not apply in specific situations. You should consult with an attorney regarding any legal issue.

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Used Car Buyers' Guide



ASUM Legal Service
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Used Car Buyers' Guide

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I. INTRODUCTION AND WARNING

Warning: Buying a used vehicle is a huge financial risk. It is impossible to know when the vehicle will break down, and how expensive the repairs will be. Some used car sellers are deceptive and take advantage of buyers.

This guide was written by ASUM Legal Services attorneys to provide information for consumers. Please read this entire brochure and do your research before shopping for a used vehicle. The seller has all of this information and you should too.

This guide provides general information and is not legal advice. You should consult with an attorney regarding any legal issue.

II. USED CAR DEALERS AND PRIVATE SELLERS

You can buy a used vehicle from a dealer, which is a business, or from a private person. A dealer must be licensed to sell vehicles, and usually has a lot with multiple vehicles for sale. A private seller is not a business and normally has only one vehicle for sale.

There are advantages to buying a used vehicle from a reputable dealer. A good dealer will check the vehicle for problems and repair them before offering it for sale. Dealers usually have more vehicles for sale, and so the buyer has more options.

There are also advantages to buying from a private seller. First, they are not in the business of selling vehicles and so they may be less aggressive salespeople. Second, the asking price from a private seller is normally lower than that from a dealer because they do not have the costs of doing business.

III. NEGOTIATING AND AGGRESSIVE SELLERS

Sellers want to make money. Aggressive sellers will try hard to get more of your money. They may use the following tactics to try and convince you to buy a vehicle and pay more for it:

- Sellers may try and act like your friend
- Sellers may rush you
- Sellers may make you feel dumb for asking questions or not buying
- Sellers may tell you that they have received many offers or calls on the vehicle to exaggerate the value of the vehicle

The most important thing to remember is that it's ok to TAKE YOUR TIME. If you rush your decision, then you are more likely to have less information, you are more likely to spend more money, and you are more likely to buy a vehicle that you are not happy with. The more informed and thoughtful your choice, the more likely you are to be happy with your decision. Always ask lots of questions. Very often **not** buying a vehicle is the smartest choice.

When you have decided to buy a vehicle, stop and take a break. Ask the seller for a few minutes alone to think about it and talk it over. If possible, go and get lunch or coffee. Then you can make your final decision without any pressure from the seller standing over you.

Empty Promises

Don't be fooled by empty promises. A seller may make a promise that sounds good, but doesn't mean anything. Often sellers will make statements like, "This car is in great condition," or "This truck is a real bargain," or "This one is the best deal on the lot," or "There is nothing wrong with this car," or "This truck will last for years."

These sort of promises are almost impossible to enforce when the vehicle breaks down later. It is very difficult to enforce any verbal promise made by a seller. Any promise that you expect the seller or dealer to stick by after you purchase the car should be in writing and specific. The best example of a written promise is a **warranty**. For example, if the seller says that "this car will last for years", then you can ask for a written one year warranty on the engine and transmission. If the seller won't put the promise in writing, then it's because there really is no promise at all.

Warranty versus As Is

Federal law requires dealers (but not private sellers) to put a **Buyer's Guide** in the window of any used vehicle that is for sale. The Buyer's Guide states whether the car comes with a warranty or "As Is". When you buy a vehicle "As Is" there is no warranty and you will have to pay for anything that goes wrong.

IV. THE VALUE AND CONDITION OF THE VEHICLE

Always check the official value of the vehicle before you buy it. It is best to check on the value even before you go look at the car. Only by checking on the value can you know if the price is fair or not.

The most common value of a car is called the "Blue Book" value, and you can find out the Blue Book value for free on the internet at www.kbb.com or at your local library. Blue book value lists retail value (what you would expect to pay a dealer) and trade-in value (what you would expect to pay a private person for the car). Retail value is usually higher than the trade-in value because of dealer mark up and the costs.

Odometer

The miles on a vehicle is one of the most important things affecting the value. Always check the odometer reading to determine if there are few, average, or a lot of miles on the car for its age. If you buy a car from a dealer, the dealer is required to certify that the odometer is either accurate, inaccurate, or beyond its mechanical limits. If the dealer cannot certify that the odometer is accurate, then you do not know how many miles are on the car, and you should not buy that car.

Research

You should research the type and model of vehicle that you want to buy. Some vehicles are more reliable than others. Consumer Reports magazine is the best resource to do research. Your local library should have this magazine, or you can subscribe to it online. Consumer Reports evaluates almost every model of vehicle going back many years based on testing and repair records. Consumer Reports also lists the most reliable and least reliable vehicles, and will warn you about what is most likely to go wrong (air conditioning, electrical, manual transmission, etc.), It also has an excellent used car buying guide.

Sometimes vehicles which have been stolen, or in accidents, or in other disasters, are resold. You should check the history of a car at Carfax www.carfax.com . You will need the VIN number of the car. Some Carfax services require a fee.

Of course the value of a car is also affected by the condition of the car. If possible take the car to a mechanic before buying the car.

Here are some tips for examining a used vehicle:

- Body: Rust can quickly make a car unsafe, and it can be very expensive to fix. A new partial paint job may indicate that the car has been in a wreck.
- Under the hood: Check fluid levels, worn belts, worn hoses, and disconnected wires/hoses. Look for fluid leaks on engine, under the car, or on inside of hood. Transmission fluid should be pink.
- Tires: Worn tires may need replacing soon. Uneven wear may indicate other problems such as steering or suspension.
- Suspension: Sitting unevenly on the ground, or bouncing more than twice after a hard push on the corner, may indicate suspension problems. Leaking or loose shocks/struts may need replacing.
- Interior: Check for smoke damage or odor, as well as other stains and odors. Look for excessive wear on pedals and interior which does not match the number of miles on the car. Does everything work?
- Engine and Transmission: Start it while cold. Let it run in one spot and check for leaks. Listen for any noises that sound out of place.
- Brakes: spongy or soft brake pedal.
- Ask questions. The only dumb question is the one not asked.

If you don't know much about cars, take a friend with you who does!

Even if the car is wrecked or breaks down you will still have to pay off the loan.

V. THE TEST DRIVE

Always take the vehicle for a test drive. Only a test drive can reveal many possible defects, and only a test drive can tell you if you really like the car. Drive the car both in town and on the highway. Here are some problems to look for on your test drive:

- Steering: Car pulls to one side; there is excessive play in the steering; there is vibration.
- Engine: Engine makes pinging or knocking noises; car hesitates, or the engine runs roughly or is weak, belts squeal or vibrate.
- Exhaust: Black smoke (not so bad) or lots of white smoke (very bad) coming from the exhaust; sputtering or noisy exhaust.
- Transmission: The car hesitates after shifting; the engine revs without sufficient acceleration; transmission is noisy; the transmission squeals when engaging; the clutch only engages when the pedal is all the way out.
- Brakes: The car pulls to one side or vibrates when braking; the car is hard to stop or the pedal is spongy.

If you don't know much about cars, take a friend with you who does.

If possible, during your test drive have a mechanic inspect the vehicle.

VI. WHAT IS A FAIR PRICE?

A fair price depends on the value and condition of the vehicle. If you know the value and condition of the car, then you will know what price is fair by checking the Blue Book Value. The price of a used vehicle is usually negotiable. Be very careful if there is no asking price or no price sticker on the car. If there is no asking price, the safest thing to do is to go to another dealer or seller.

VII. FINANCING

Financing a used car means borrowing money which you will pay back with interest. Financing can be provided by a bank, or sometimes by the dealer. If possible, you should avoid getting financing by saving the money to pay for the car all at once. If you wait and save the money for the purchase price, you will get a better deal and pay no interest on a loan. If you must get financing, do not finance through a car dealer. A bank will almost always give you better interest rates and better service. Compare interest rates on the loan.

If you finance the purchase, you are more likely to spend more than you can afford. Therefore, you should always be careful if you take out a loan to buy a car. Federal law requires the bank or dealer to give you an itemized statement of the loan which shows you the interest rate, the price of the car, the amount financed, the monthly payment, and the total amount paid after the loan is paid off. Read this statement carefully and make sure you understand everything. Make sure you can afford both the monthly payment and the total amount to be paid.

Be very careful of dealers who advertise that they sell cars to people with bad credit. These dealers often charge a higher price for the vehicle and higher interest rates on the loan.

Some dealers use a tactic of focusing you on the financing and monthly payment instead of on the purchase price. This tactic works for sellers because you are willing to spend more money that way. Before agreeing to the financing, you should look very carefully at the price, including any down payment or trade-in. Then look closely at the total cost for the car after the finance charges. Do not buy the car if either the price or the total cost is unfair.

Some car dealers will get you to agree to a certain price and loan and then call you days or weeks later to inform you the financing fell through. They will then want you to sign a new finance agreement, with higher interest rates, higher monthly payments and possibly higher price. If this occurs, you should NOT sign any new agreement. Complain to the dealer and if that does not resolve the problem, contact an attorney.

VIII. WHEN THE CAR BREAKS DOWN

Some day the used car that you bought will need repairs. If you are lucky, the repairs will be minor and infrequent. If you are unlucky, the repairs will happen soon after you buy the car.

If your used car needs repairs soon after you buy it, contact the person or dealer who sold you the car. Be calm, polite, and reasonable. Getting angry will not fix your car. Unfortunately, without a written promise or warranty, most sellers have no obligation to repair the car.

If your complaint cannot be resolved after contacting the seller, you should seek legal information and advice. There is free information available online, and if you still believe that you have a legitimate, unresolved complaint, you may contact an attorney to obtain legal advice about your options.

Even if the car is wrecked or breaks down you will still have to pay off the loan. If you do not pay on the loan, the car may be repossessed or you may be sued in court.

IX. CONCLUSION

If you follow the advice in this guide you are more likely to be satisfied with the car you buy. Read this guide carefully, and be a smart and informed consumer:

- Watch out for aggressive salespeople, and be ready for them.
- Know the blue book value of the vehicle.
- Check the condition and odometer of the vehicle.
- Test drive the vehicle.
- Have a mechanic look at the vehicle.
- Do not pay a price or that is unfair or that you can't afford.
- Understand the financing and don't take out a loan you can't afford.
- Take your time. Don't be rushed.
- Always be willing and able to leave the lot without buying a car.