

Fit for the Road

What consumers should know BEFORE buying a motor vehicle



Check before you drive



MINISTRY OF CONSUMER AFFAIRS
MANATŪ KAIHOKOHOKO

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Watch your language !

Terms and definitions used in this booklet:

Breach - when a rule under a law has been broken - *eg, it is a breach of the Fair Trading Act for a trader to mislead you about the vehicle's age.*

Car-yard trader - the term we use in this book to describe registered motor vehicle traders who usually sell vehicles from car-yards.

Compensation - money to put right a problem - *eg, I am asking for \$1,200 compensation from the seller for being misled about the condition of the vehicle's engine.*

Registered motor vehicle trader - all people who are in the business of selling motor vehicles must be registered. This includes vehicle traders, vehicle importers, vehicle wholesalers, auctioneers, and car market operators.

Security interest - when a vehicle is purchased on credit (using a loan or hire purchase to pay for it), the finance company may register a security interest to show that they have a right to the vehicle if the money owed is not re-paid. Security interests are registered on the Personal Property Securities Register (www.ppsr.govt.nz).

Disclaimer

The purpose of this booklet is to provide a general explanation on the law relating to the purchases of motor vehicles. It is not intended as a source of specialist legal advice. You may wish to contact a lawyer for further advice. The Ministry does not accept any responsibility for the manner in which this information is interpreted or for the consequences of relying on it.

Information in this booklet

On 15 December 2003 the Motor Vehicle Sales Act (MVSA) came into force, changing the law relating to buying new and used motor vehicles. This booklet applies to all used vehicle sales from 15 December 2003. It is a guide to help you minimise any risks of getting a "bad deal" when buying a used vehicle.

Licensed motor vehicle dealers and other traders who sell motor vehicles will now be required to be registered under the MVSA. There will be a transition period to allow time for all motor vehicle traders to register - this period will expire three months after the date the MVSA comes into force. (For more information about the transition period and registration visit the Motor Vehicle Traders Register online at www.motortraders.med.govt.nz).

Used vehicles sold by motor vehicle dealers will no longer carry A, B, C or D warranties.

The first part of this booklet sets out the different checks you should do before you buy, and legal protections that apply, depending on the type of seller you are buying from. These include:

- a car-yard trader - a registered motor vehicle trader who usually operates from a car-yard
- an auctioneer
- a car market operator - also known as a car fair or "display for sale" operator
- a private seller.

The second section of this booklet has information on:

- how to check whether there is any money owing on a vehicle
- tips for checking whether a vehicle is stolen
- buying a vehicle on hire purchase or with a loan
- odometer issues
- changing the vehicle's registration after purchase.

Before you start

Buying and owning a vehicle are a major expense, so it makes sense to do some homework before you buy. We all want to avoid a bad deal - you can start by following these general tips.

For all used vehicle purchases, from any type of seller, we recommend:

- Doing your homework on the market.

Spend time checking out the vehicle market - talk to friends and family, read newspaper ads and visit traders' yards, auctions, and car fairs.

- Getting an independent mechanical check of the vehicle before you agree to buy it.

Before you buy, take the vehicle for an independent mechanical check. Some motor vehicle traders may have already arranged a check of the vehicles they offer for sale. If you want to rely on this check, make sure you know when the test was done, what was checked, who carried it out and what the test results were.

Once you have this information, you can then decide whether to: still go ahead with the purchase; negotiate on the price to take account of any problems: or, ask the seller to fix the problems before you buy the vehicle. If the seller agrees to fix the problems, ask for this in writing.

The Land Transport Safety Authority (LTSA) publishes a detailed factsheet called *Buying a Used Car* (Factsheet number 71), advising what to look for when checking the quality of a used vehicle. This free factsheet is available from the LTSA's website (www.ltsa.govt.nz) or from LTSA agents (the Automobile Association, Vehicle Testing New Zealand, Vehicle Information New Zealand or On Road New Zealand).



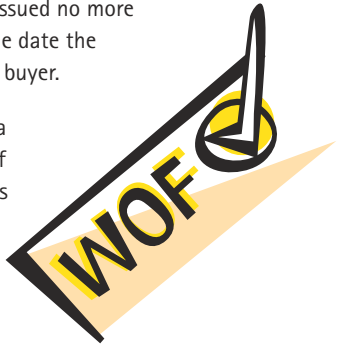
Checking there is no money owing

A previous owner may still owe money to a finance company for the vehicle. You can check whether money is owing on the vehicle by checking the Personal Property Securities Register (PPSR) website (www.ppsr.govt.nz). If you buy a vehicle knowing that money is owed on it, then the finance company could take the vehicle from you. For more information on checking the PPSR see page 22.

Checking the vehicle's Warrant of Fitness

All sellers of motor vehicles must ensure that the motor vehicle has a Warrant of Fitness issued no more than one month before the date the vehicle is delivered to the buyer.

If you buy a vehicle with a recently issued Warrant of Fitness but the vehicle does not appear to be in a warrantable condition, contact the LTSA on 0800 699 000. The LTSA can investigate testing stations or garages that incorrectly issue warrants.



"As Is, Where Is"

If the vehicle does not have a current Warrant of Fitness it must be sold "as is, where is". In this case, you should give the seller a written undertaking that the vehicle will not be driven on the road except for the purpose of getting a new Warrant of Fitness - this is a protection for the seller.

For more information, the LTSA publishes a factsheet called *Change of Ownership of a Motor Vehicle* (Factsheet number 41). This free factsheet is available from the LTSA's website (www.ltsa.govt.nz) or from LTSA agents (the Automobile Association, Vehicle Testing New Zealand, Vehicle Information New Zealand or On Road New Zealand).

Buying from a car-yard trader

This section applies mainly to buying from a motor vehicle trader operating from a car-yard (car-yard trader). This information also applies to motor vehicle wholesalers, importers, brokers and motor vehicle traders selling on the Internet.

The rules for auctioneers, and car market operators are different - see pages 11, and 15 for more information.

What to check

Trader registration

All motor vehicle traders are required to be registered under the Motor Vehicle Sales Act (MVSA).

Registered motor vehicle traders will have a certificate with their trader number on it and the date their registration expires. You can ask to see this registration certificate.

You can check whether a car-yard trader is registered by visiting the Motor Vehicle Traders Register online at www.motortraders.med.govt.nz or phone 0508 MOTOR TRADERS (0508 668 678). This service is free.

You can also check the Motor Vehicle Traders Register for a list of people who have been banned from operating as a registered motor vehicle trader.

If a car-yard trader is not registered, you can report this to the Motor Vehicle Traders Registrar - by phone 0508 MOTOR TRADERS (0508 668 678) or email info@motortraders.med.govt.nz. Motor vehicle traders who are not registered can be fined up to \$200,000.

Supplier Information Notice

All motor vehicle traders must attach a Supplier Information Notice to every used vehicle they offer for sale. Read the Supplier Information Notice carefully - it contains important information about the vehicle you are buying.

If the notice is missing, inaccurate, not completed, or misleading you can report this to the Commerce Commission's contact centre - phone 0800 943 600, email contact@comcom.govt.nz, or write to PO Box 2351, Wellington.

The Motor Vehicle Sales Act requires the car-yard trader to get a written acknowledgement from you that you received a copy of the Supplier Information Notice. This acknowledgement must happen as soon as is practical after the sale.

Quality of the vehicle

Although you may be entitled to a remedy from the car-yard trader if the vehicle is faulty (see *If things go wrong* on page 9), we suggest you have the vehicle mechanically checked before deciding whether to purchase the vehicle. If any problems are found you can then agree with the car-yard trader how those problems will be put right before the sale is finalised, or you can choose not to continue with the purchase.



Money owing on the vehicle

Check the Supplier Information Notice. If the car-yard trader includes the following statement on the front of the notice...

"There is a security interest registered over this motor vehicle"

...the person or company who has registered the security interest may repossess the vehicle from you.

Read the Supplier Information Notice carefully to make sure this statement is not included. The notice provides more information about what a security interest is.

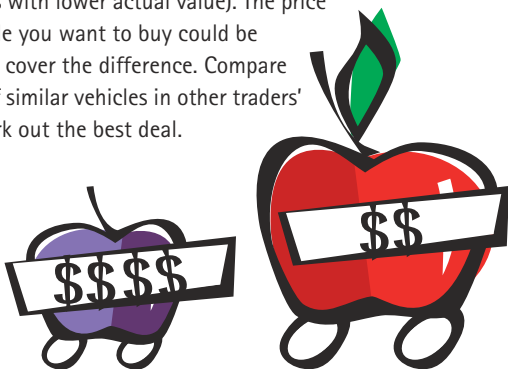
If you do buy the vehicle with this statement, you take it knowing it has money owing on it and risk losing it to the person or company that registered the security.

If the statement does not appear on the notice this means you take the vehicle free of any earlier security interest. The vehicle cannot be repossessed from you.

A law called the Personal Property Securities Act 1999 (PPSA) sets out the rules about security interests. For more information on the PPSA and how to check if money is owing on a vehicle see page 22.

Trade-in offers

Be wary of unrealistic trade-in offers (high prices offered for trade-ins with lower actual value). The price of the vehicle you want to buy could be increased to cover the difference. Compare the prices of similar vehicles in other traders' yards to work out the best deal.



Extended warranty offers

Many car-yard traders sell extended warranties. Before you agree to buy this type of warranty ask yourself if it's giving you any extra protection above what the law provides.

Check the terms and conditions of the warranty. Ask:

- What parts and problems does it cover?
- What does it exclude?
- Do I have to pay an excess, and if so how much?
- What are the rules about servicing? Many warranties state you must get the vehicle regularly serviced by certain mechanics every 5,000 kms. Will you be able to do this? Check whether the warranty or insurance will become invalid if you use other mechanics.

If you are told the warranty or insurance is free, make sure that the cost has not been added to the price of the vehicle. Check the prices of similar vehicles at other yards.

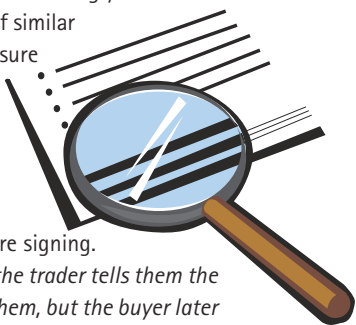
Before you sign...

Take time to...

...think about whether you want to go ahead with the purchase. Don't be pressured into buying before you are really sure. If a car-yard trader tells you they are offering you a good deal, compare the price of similar vehicles at other yards to make sure the offer really is a good deal.

Take time to...

...read very carefully what you are signing. People can be caught out - eg, *the trader tells them the contract is to HOLD the car for them, but the buyer later finds out they have signed a binding contract or agreed to pay a non-refundable deposit.*



Take time to...

...decide how you are going to pay for the vehicle. Many car-yard traders offer finance deals and you may be able to borrow from other sources. But using hire purchase or taking out a loan can add to the overall price. For more information, check out Buying a vehicle with credit on page 27.

If things go wrong – your legal protections

Consumer Guarantees Act

The Consumer Guarantees Act applies to both new and used vehicles of a kind ordinarily bought for a personal or domestic purpose. It does not cover vehicles of a kind ordinarily bought for commercial purposes.

If you buy from a trader, this law gives you a number of guarantees over the quality of the vehicle.

The vehicle you buy must:

- be of acceptable quality, including:
 - fit for its usual purpose
 - safe
 - free of small faults, unless they are obvious or pointed out to you before you buy
 - acceptable in look and finish considering its age, condition and price
 - able to take a reasonable amount of wear and tear considering its age, condition and price
- match its description
- be fit for any particular purpose you made known to the seller – *eg, if you tell the trader you need a car that can tow a boat, the car must be able to do this.*

The Consumer Guarantees Act sets out what the trader must do if the vehicle you buy fails to meet these guarantees. For more information see our booklets *Back on the Right Road – Consumers' rights after buying a motor vehicle* and *Consumer Guarantees Act – Goods, a guide for consumers*.

Be aware

Traders can contract out of the Consumer Guarantees Act if you are buying the vehicle for business use. They will usually do this by getting you to sign a clause in the sale contract acknowledging that the vehicle is for business use. An example of such a clause is: *"The purchaser acknowledges that she is buying the car for a business purpose and that the Consumer Guarantees Act does not apply."*

The Fair Trading Act

The car-yard trader must not mislead or deceive you, or make false representations about the vehicle.

This means that everything on the Supplier Information Notice must be true and correct, and anything the trader tells you about the vehicle must also be true (this includes: information in advertisements; car-yard signs; and statements made by the trader).

The Fair Trading Act gives you the right to claim compensation from a car-yard trader if you end up with a bad deal because you were misled or deceived. Check out our booklet *Back on the Right Road – Consumers' rights after buying a motor vehicle* for more information.

If you believe you have been misled you can report this to the Commerce Commission's contact centre – phone 0800 943 600, email contact@comcom.govt.nz, or write to PO Box 2351, Wellington.

Be aware

The legal protections under the Consumer Guarantees Act and Fair Trading Act also apply to sales to consumers by unregistered motor vehicle traders.

Buying from an auction

What to check

Trader registration

All auctioneers who sell motor vehicles must be registered as motor vehicle traders.

Registered motor vehicle traders will have a certificate with their trader number on it and the date their registration expires. You can ask to see this certificate.

You can check whether an auctioneer is registered by visiting the Motor Vehicle Traders Register online at www.motortraders.med.govt.nz or phone 0508 MOTOR TRADERS (0508 668 678). This service is free.

You can also check the register for a list of people who have been banned from registering as a motor vehicle trader.

If an auctioneer is not registered, you can also report this to the Motor Vehicle Traders Registrar. Vehicle auctioneers can be fined up to \$200,000 for not being registered.

Supplier Information Notice

Auctioneers must attach a Supplier Information Notice to every used vehicle they offer for sale. Read the Supplier Information Notice carefully - it contains important information about the vehicle you are buying.

If the notice is missing, inaccurate, not completed, or is misleading you can report this to the Commerce Commission's contact centre - phone 0800 943 600, email contact@comcom.govt.nz, or write to PO Box 2351, Wellington.

The Motor Vehicle Sales Act requires a registered motor vehicle trader to get a written acknowledgement from you that you received a copy of the Supplier Information Notice. This acknowledgement must happen as soon as is practical after the sale.

Quality of the vehicle

Be aware

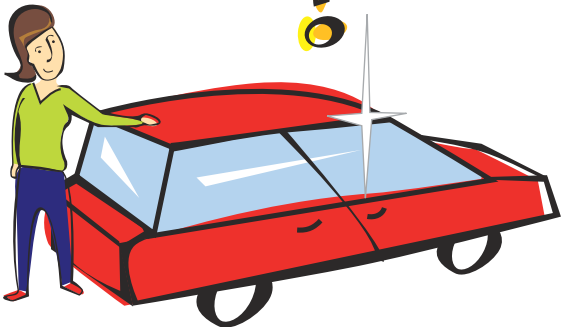
The guarantees under the Consumer Guarantees Act (CGA) do not cover vehicles sold at auction. Sales by tender are also not covered by the CGA.

Some auctioneers offer vehicles for sale which have been mechanically checked. Make sure you know how thorough the check is. If it is not as thorough as you would like, arrange for an independent mechanical check.

Some auctioneers also sell break-down insurance or extended warranties. If you agree to buy this, check the terms and conditions of the warranty or insurance.

Ask:

- What parts and problems does it cover?
- What does it exclude?
- Do you have to pay an excess on any claims? If so, how much?
- What are the rules about servicing? Many warranties say you must get the vehicle regularly serviced at certain mechanics. Will you be able to do this? Check whether the warranty or insurance will become invalid if you use other mechanics.



Money owing on the vehicle

Check the Supplier Information Notice. If the auctioneer includes the following statement on the front of the notice...

"There is a security interest registered over this motor vehicle"

...the person or company who has registered the security interest may repossess the vehicle from you.

Read the Supplier Information Notice carefully to make sure this statement is not included. The notice provides more information about what a security interest is.

If you do buy the vehicle with this statement, you take it knowing there is money owing on it and you risk losing it to the person or company that registered the security.

If the statement does not appear on the notice, this means you take the vehicle free of any earlier security interest. The vehicle cannot be repossessed from you.

A law called the Personal Property Securities Act 1999 (PPSA) sets out the rules about security interests. For more information on the PPSA and how to check if money is owing on a vehicle, see page 22.



If things go wrong – your legal protections

Fair Trading Act

The auctioneer cannot mislead or deceive you, or make false representations about the vehicle. This means that everything on the Supplier Information Notice must be true and correct, and anything the auctioneer tells you about the vehicle must also be true (this includes advertisements, signs on the car, and statements made by the auctioneer).

The Fair Trading Act gives you the right to claim compensation from the auctioneer, if you were misled or deceived about the vehicle. Check out our booklet *Back on the Right Road – Consumers' rights after buying a motor vehicle* for more information.

If you have been misled by the auctioneer you can report this to the Commerce Commission's contact centre – phone 0800 943 600, email contact@comcom.govt.nz, or write to PO Box 2351, Wellington.

Sale of Goods Act

Under the Sale of Goods Act the vehicle needs to be of merchantable quality and fit for its purpose – that is, the vehicle is reasonably roadworthy and in a good enough condition to be sellable.

The auctioneer must also have the right to sell the vehicle. If these guarantees are not met, you may have a right to a refund, partial reimbursement or compensation.

Be aware

Auctioneers can contract out of the Sale of Goods Act at the time of sale. They may do this by making a statement at the auction or posting a notice in the auction rooms that the Sale of Goods Act does not apply.

Buying from a car market, car fair, or "display for sale"

Be aware

Car market, car fair or "display for sale" operators do not arrange the sale. The contract to buy the vehicle is between you and the seller. In most cases, the operator merely provides a place for sales to take place. Although many vehicles sold at car markets are offered for sale by private sellers, traders may also sell through car markets.

What to check

Trader registration

All car market operators (includes car fair and "display for sale" operators) must be registered as motor vehicle traders. All motor vehicle traders selling through car markets must also be registered.

Registered motor vehicle traders will have a certificate with their trader number on it and the date their registration expires. You can ask to see this certificate.

You can check whether a car market operator is registered by visiting the Motor Vehicle Traders Register online at www.motortraders.med.govt.nz or phone 0508 MOTOR TRADERS (0508 668 678). This service is free.

You can also check the register for a list of people who have been banned from registering as a motor vehicle trader.

If a car market operator is not registered, you can also report this to the Motor Vehicle Traders Registrar. Car market operators who are not registered can be fined up to \$200,000.

Be aware

It is important to check whether the seller is a trader or a private person. Your legal rights and remedies will change depending on what type of seller you purchased your vehicle from.

Supplier Information Notice

Private sales

Car market operators must take reasonable steps to make sure that private sellers attach a Supplier Information Notice to the vehicles they display for sale.

Sales by motor vehicle traders

Registered motor vehicle dealers who sell vehicles at car markets must attach Supplier Information Notices to these vehicles. They must also get a written acknowledgement from you that you received a copy of the Supplier Information Notice. This acknowledgement must happen as soon as is practical after the sale. The motor vehicle trader's registration number must be listed on the Supplier Information Notice.

Read the Supplier Information Notice carefully - it contains important information about the vehicle you are buying.

If car market operators do not take reasonable steps to make sure that sellers attach the Supplier Information Notice, they could be in breach of the Motor Vehicle Sales Act and may be subject to prosecution.

If the Supplier Information Notice is missing, inaccurate, not completed or misleading you can report this to the Commerce Commission's contact centre - phone 0800 943 600, email contact@comcom.govt.nz, or write to PO Box 2351, Wellington.

Quality of the vehicle

Private sales

The Consumer Guarantees Act does **not** apply to vehicles sold by a private person at a car market. This means that there are no legal guarantees about quality with this type of sale. We recommend you get an independent mechanical check before you buy, because it may be hard to track down the seller to fix things after you have bought the vehicle.

Sales by motor vehicle traders

The Consumer Guarantees Act does apply to vehicles sold by registered motor vehicle traders at a car market. This means that you may be entitled to a remedy if the vehicle is faulty. But we recommend getting an independent mechanical check before deciding whether to purchase the vehicle. If there are problems, you can then ask the trader to fix them before the sale is finalised, or choose not to go ahead with the purchase.

Money owing on the vehicle

Private sales

Check that the vehicle does not have any money owing on it before you buy. If the vehicle has money owing on it by previous owners it may be repossessed from you by a finance company. See page 22 on how to check if money is owing on the vehicle.

Sales by registered motor vehicle traders

Check the Supplier Information Notice for a statement about any security interest on the vehicle. If there is no such statement, you buy it free from any prior security interest. This means that the vehicle cannot be repossessed from you. This protection does not apply to private sales.

Private sales

The Contractual Remedies Act gives you some protection if you can show that:

- you were persuaded to buy the vehicle by what the seller said, and
- what the seller said was untrue, and
- the seller's false statements have caused you to lose money – *eg, by having to pay to repair the engine when the seller told you it was in excellent condition.*

Compensation from the seller would be based on the difference between what the vehicle is actually worth and what it would have been worth if the seller's statements about the vehicle had been true.

Take time to find out all you can about the vehicle before you buy, as it may be hard to track down the seller to fix things after you have bought the vehicle. We recommend getting independent vehicle information and mechanical checks before you buy rather than relying on what the seller tells you about the vehicle. For more information see the sections on *Checking whether money is owed* page 22 and *Checking if the vehicle is stolen* page 24.

For more information on your rights if you have a problem with a vehicle bought from a private seller, see our publications *Back on the Right Road – Consumers' rights after buying a motor vehicle*, *Buying Second-hand Goods*, and *The Disputes Tribunal*.



Sales by motor vehicle traders

If the seller of the vehicle is a registered motor vehicle trader the legal protections under the Consumer Guarantees Act and Fair Trading Act will apply. For more information see the section *Buying from a car-yard trader* on page 5.

Be aware

The legal protections under the Consumer Guarantees Act and Fair Trading Act also apply to sales to consumers by unregistered motor vehicle traders.

Buying from a private seller

A private sale is one where an individual person sells their vehicle to another consumer - perhaps through a classified advertisement in a newspaper, from a roadside sale area, or through a car market or car fair.

Although you may get a cheap deal, you have less legal protection if things go wrong.

What to check

Quality

The Consumer Guarantees Act does **not** apply to vehicles sold by a private person. This means that there are no legal guarantees about quality with this type of sale. We recommend you get an independent mechanical check before you buy, because it may be hard to track down the seller to fix things after you have bought the vehicle.

Money owing on the vehicle

Check that the vehicle does not have any money owing on it before you buy. If the vehicle has money owing on it by previous owners it may be repossessed from you by a finance company. See page 22 on how to check if money is owing on the vehicle.



Contractual Remedies Act

The Contractual Remedies Act gives you some protection if you can show that:

- you were persuaded to buy the vehicle by what the seller said, and
- what the seller said was untrue, and
- the seller's false statements have caused you to lose money - eg, by having to pay to repair the engine when the seller told you it was in excellent condition.

Compensation from the seller would be based on the difference between what the vehicle is actually worth and what it would have been worth if the seller's statements about the vehicle had been true.



For more information on your rights if you have bought a vehicle from a private seller see our booklet *Back on the Right Road – Consumers' rights after buying a motor vehicle* and the factsheets *Buying Second-hand Goods* and *Disputes Tribunals*.

Checking whether money is owed

Before you buy from a private seller or at a car market or car fair, check out this section.

When a finance company lends money to someone to buy a vehicle or a vehicle is sold on hire purchase, the company can register its security interest in the vehicle on the Personal Property Securities Register (PPSR). A registered interest tells you that money is still owing on the vehicle either by the seller or another previous owner.

The only way to check if a vehicle has money owing on it is to search the PPSR online (at www.ppsr.govt.nz). Just because the seller can show you the vehicle registration or "ownership" papers, it doesn't prove that any money owing on the vehicle has been paid off.

How do I check this register?

There are two ways to check the register:

- You can check the register yourself by searching the PPSR website (www.ppsr.govt.nz) or by sending a text message to the PPSR (see page 23).
- You can use a vehicle information service that provides such checks for a fee.

Some of the businesses providing these services will also check:

- the Police register of stolen vehicles
- details of previous owners
- details of any modifications
- evidence of major accidents.

Check your telephone book and Yellow Pages for businesses offering vehicle information services. Look under "Car", "Automobile", "Vehicle Information" or "Vehicle Inspection" services.

Searching the website

You must first register as a user at the PPSR website before you can search - it only takes a few minutes. There is no charge to register as a user, but each search will cost you \$3. You must pay for any searches by credit card.

If you already have a registered user number from one of the Ministry of Economic Development websites - eg, *Companies Office* or *IPONZ* - you can use the same number to search the PPSR.

Sending a text message

You can use your mobile phone to access the PPSR by sending a text message with the motor vehicle registration number and/or Vehicle Identification Number (VIN) or vehicle chassis number (if the vehicle does not have VIN). You will receive an indicative result telling you if there seems to be a registered security over the motor vehicle or not. You can check your results by doing a motor vehicle search online at www.ppsr.govt.nz. Remember to keep a copy of your search results for future reference.



Information on how to text message the PPSR is available in the PPSR pamphlet *Buying a Car? Don't buy someone else's debt*. The pamphlet is available online at www.ppsr.govt.nz or by calling 0508 PPSR INFO (0508 777 746).

What do I need to provide?

To get a check done you will need the vehicle's Vehicle Identification Number (VIN) and registration number. The registration number is the vehicle's licence plate.

Checking if a vehicle is stolen

When you buy a vehicle from a private seller be careful to look out for signs that either the vehicle is stolen or the seller is not the true owner of the vehicle.

Here are some tips from the Police on how to avoid buying a stolen car:

- If the deal seems too good to be true or the price too cheap, be suspicious. Criminals selling stolen vehicles make the sale exceptionally attractive to prevent questions being asked and to move the property fast.
- Be cautious when dealing with a seller who only provides a mobile phone number.
- When telephoning the seller, do not describe the vehicle but say you are enquiring about the vehicle advertised for sale. Be cautious where the seller is a private individual and indicates having more than one vehicle for sale.
- Do not deal with a seller at the side of the road. Always confirm an address.
- Go to where the vehicle is on sale rather than have the person bring the vehicle to you. A dishonest seller is unlikely to allow a prospective purchaser to visit a home address.
- Keep a lookout for signs of casual car dealing or rebuilding, such as other vehicles present in various states of repair, or parts scattered around in garages and driveways.
- When at the address where the vehicle is, try to work out if the seller actually lives there.
- Ensure the vehicle colour matches with Land Transport Safety Authority records. If the seller claims it has been repainted, check behind door rubbers for the original colour. If the vehicle colour is not correct, this may indicate a stolen vehicle with a false identity.

- Make sure you know where to find the engine and chassis numbers, and check for signs of any interference or alteration. Any imperfections may indicate an attempt to conceal the vehicle's correct identity. Check that the numbers match those on the registration papers but be aware that those numbers may not belong on the car. A criminal wants you to make the match and be happy. Check the Certificate of Registration for any sign of alteration.
- If the seller does not have the vehicle's Certificate of Registration papers, ask why, and always ask for personal identification.
- Always obtain a receipt! Ensure the receipt is detailed, showing name, address, date and description of vehicle. Include VIN (Vehicle Identification Number), chassis number and engine number, sale price and signature of seller.
- When the Certificate of Registration papers are unavailable, you can get current records by completing an information request form and paying a small fee at any New Zealand Post Shop.
- If the vehicle is subject to Road User Charges, make sure that the RUC licence is paid up to the odometer/hubodometer reading at the time of purchase, as you will become liable for arrears. If you cannot sight the current RUC licence, contact the RUC Helpdesk on 0800 655 644.
- Check that there is no money owing on the vehicle or a security interest registered over it, so the vehicle cannot be taken from you (see page 22).

The Police warn that it is a serious crime to knowingly purchase a stolen vehicle or stolen vehicle parts. Even if you purchase a stolen vehicle or part unwittingly, the rightful owner will be able to take it back from you.

A factsheet on Protecting Your Vehicle can be found on the Neighbourhood Support website at www.ns.org.nz.

Checking with the Land Transport Safety Authority

For \$2.25 (incl. GST) you can apply to have a Land Transport Safety Authority (LTSA) agent check that a vehicle is not reported stolen, and is properly registered and licensed. If the vehicle is stolen, advise the Police immediately. The Automobile Association, Vehicle Testing New Zealand, Vehicle Information New Zealand and On Road New Zealand are LTSA agents.

Services offering checks

Some businesses providing vehicle information services can also check whether vehicles have been stolen. See *Checking whether money is owed* on page 22 for more information about these services.



Buying a motor vehicle on credit

If you're thinking about buying a vehicle using a loan or hire purchase, here's a checklist to work through to make sure this is an option for you:

- Work out how much you can comfortably afford in repayments. Remember you will also have to pay for running costs such as petrol, routine maintenance, and licensing fees, as well as repayments.
- If you need some help with your budget, contact the Budgeting Services Board (see under Budget Advice Services in the White Pages of your phone book for listings) for confidential and skilled budget advice or visit their website www.familybudgeting.org.nz.
- Interest and other charges will add to the cost of the vehicle, so try to keep the amount you borrow and the duration of the loan or hire purchase to a minimum.



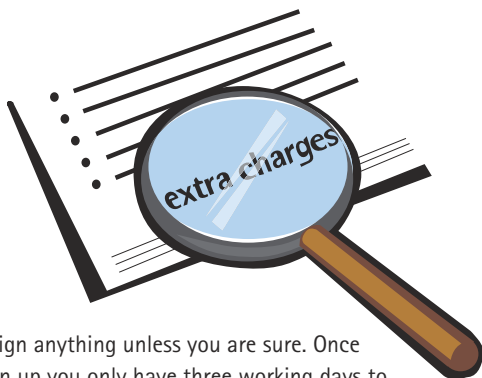
Remember - the longer you take to pay off the vehicle, the more interest you pay.

- If you save up a deposit, you will pay less interest and may have more choice about who you borrow from. Not all finance companies or banks will lend to consumers without a deposit.

- Shop around for the best finance deal and competitive interest rates. Although most vehicle traders offer to arrange finance, it may be cheaper to find your own. Ask lenders how much a loan from them will cost. Moneylenders, finance companies, and cash loan companies often have higher interest rates than banks.

Compare loan or hire purchase terms against others by checking:

- the monthly repayments over the same period of time
- *eg, three years*
 - the total amounts you will pay
 - the cash price of the goods - if sellers are arranging finance
 - the finance rate.
- Look out for high extra charges. A reasonable security registration fee should not exceed \$12. Booking fees, legal fees, valuation fees and documentation fees can add hundreds of dollars to the cost. If these charges seem too high, negotiate to get them lowered or go elsewhere if the lender refuses. Check if broker fees are being charged. If a broker fee is charged, a broker should be involved in arranging the finance.
 - If you are told you have to pay for insurance as part of the loan or hire purchase agreement, ask what it covers. Get a copy of the policy. If it is payment protection or consumer protection insurance, make sure it applies to you. Most of these policies only cover you if you have been in the same job for 12 months or more, or work full-time. If you are a beneficiary, this insurance may not be useful to you. If the policy does apply to you, it may cover your loan or hire purchase payments for a few months if you lose your job. It is likely that a hire purchase agreement will require you to have vehicle insurance as the vehicle is not yours until it is fully paid for.



- Don't sign anything unless you are sure. Once you sign up you only have three working days to cancel a hire purchase or loan contract. If you bought the vehicle on hire purchase and have taken it home you can only cancel the hire purchase part of the deal - you have bought the vehicle so you will now have to pay the cash price for it within 15 working days.
- Get a copy of the loan or hire purchase contract before you sign it. Take it to a Citizens Advice Bureau, community law centre, budget advisor, or to another person you trust for a second opinion.
- If you get a loan you may be asked to provide security. This means that if you do not pay, whatever you have given as security can be repossessed. Usually the vehicle you are buying will be sufficient security for a lender. Some places may ask for more - if you are asked to put up your house or other property as security, remember you could lose these as well as the vehicle if you cannot keep up the payments.
- You may be asked to provide a guarantor for your loan or hire purchase. If you ask a friend or a member of your whanau or family to be a guarantor, remember that they will have to pay the money you owe if you do not.

For more information see our booklet *Buying on Hire Purchase - A guide for consumers*.

Checking for wear and tear

Odometers

There is always a risk with any used vehicle (both imported or "New Zealand new") that the odometer may have been wound back.

While the odometer gives some indication of a vehicle's value, don't rely on it as the main measure of value. It gives no indication of the quality of the mileage or the driving, and it does not reflect all engine running and wear in many circumstances.

Supplier Information Notice

When a trader offers a vehicle for sale they can include a statement on the Supplier Information Notice warning consumers not to rely on the odometer reading.

If the trader believes the odometer reading is incorrect they must include the words

"I [name of supplier] cannot accurately determine the actual distance this motor vehicle has travelled because the odometer reading may be inaccurate."

Or

"This motor vehicle's odometer reading is inaccurate."

If either of these statements is included on the Supplier Information Notice for your vehicle, it will be very difficult for you to make a claim against the trader for an inaccurate reading.

Checking the vehicle's condition

As odometer tampering can be very difficult to detect, a vehicle's mechanical condition is a much better indication of quality.

Look out for the following signs of wear and tear which may indicate the vehicle has been used more than the odometer reading indicates:

Inside

The steering wheel and gear lever will start to look shiny after about 60,000kms.

If the carpet under the pedals is wearing, then the vehicle has done a fair mileage - also look for plating wearing off the ignition key, worn rubbers on the pedals, original seat covers wearing thin, or seatbelts fraying.



Outside

Areas of bright or mismatched paint (view the vehicle in good light) indicate recent repairs. If the paint looks dimpled, this may indicate bad quality repairs. Look around the doors and other panels to see that they line up - use something with a straight edge such as a credit or ATM card to check the line. And look out for uneven or mismatched tyres.

Engine

If a vehicle is burning oil, this is a sign of a worn engine. Feel under the bumper bar, close to the exhaust pipe. If it feels oily and slippery, then the vehicle is burning oil. Open the bonnet and check that the dipstick indicates a good oil level and that the oil isn't black and sludgy. If it is an automatic, also check the transmission dipstick under the bonnet. The oil should be clean (not black) and smell sweet.

While under the bonnet, also check that the radiator cooling fins are not corroded or missing.

Listen for heavy noises like rumbling, clattering and knocking. These are not good signs!

Warm the engine and leave the vehicle in neutral. If blue clouds of smoke gush from the vehicle when it's revved, it's bad news - it's burning oil.

Black smoke is also bad news, indicating excessive fuel usage.

White smoke indicates water loss (but white smoke or steam can be normal on a cold day).

While driving the vehicle, check when braking that there is not excessive pedal travel, or pulling to the left or right.

Odometer tampering

It is an offence under the Motor Vehicle Sales Act for any person to tamper with a motor vehicle's odometer. The penalty if convicted of odometer tampering is up to \$50,000 for an individual and \$200,000 for a company.

If you have information about odometer tampering, you can report this to the Motor Vehicle Traders Registrar - phone 0508 MOTOR TRADERS (0508 668 678) or email info@motortraders.med.govt.nz.

For more information on your remedies if your odometer reading is false, see our booklet *Back on the Right Road – Consumers' rights after buying a motor vehicle*.

After purchasing

Changing registration

Within seven days of purchasing or obtaining a vehicle you must notify a Land Transport Safety Authority (LTSA) agent by completing and lodging the required form, presenting identification and paying the fee. LTSA agents are NZ Post, the Automobile Association, Vehicle Testing New Zealand, Vehicle Information New Zealand, and On Road New Zealand.

If you sell or dispose of the vehicle you must notify the LTSA.

The LTSA publishes a factsheet called *Change of Ownership of a Motor Vehicle* (Factsheet number 41) that sets out the change of ownership requirements that both a seller and a buyer must complete. This factsheet is available on the LTSA's website www.ltsa.govt.nz or from an LTSA agent. Following the procedures outlined in this factsheet can ensure you do not get caught with unpaid vehicle licence fees, Road User Charges or other people's fines.

Where can I find out more?

For further information on changing registration of the vehicle, contact the Transport Registry Centre of the LTSA, Private Bag, Palmerston North, visit www.ltsa.govt.nz or phone 0800 108 809.

For more information

From the Ministry of Consumer Affairs

Booklets

Back on the Right Road – Consumers' rights after buying a motor vehicle

Buying on Hire Purchase – A guide for consumers

Factsheets

Buying Second-hand Goods

The Disputes Tribunal

Website

www.consumeraffairs.govt.nz

From the Ministry of Economic Development

Pamphlet

Buying a Car? Don't buy someone else's debt

Motor Vehicle Traders Register

www.motortraders.med.govt.nz

Freephone: 0508 MOTOR TRADERS (0508 668 678)

Personal Property Securities Register

www.ppsr.govt.nz

Freephone: 0508 PPSR INFO (0508 777 746)

The Ministry's booklets, pamphlets and factsheets are also available at your local Citizens Advice Bureau.

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