

# Avoiding Mistakes When Buying a Car

## 1) Tips for car-buying consumers:

Purchasing an automobile often presents an intimidating set of mechanical, financial, and legal issues. Unscrupulous dealers take advantage of uninformed consumers by using several new and old techniques. At best, a consumer may end up paying more than they expected. At worst, dealer fraud can end in repossession and a negative credit history.

Whether new or used, owning a car can easily become a thousand-dollar headache. These tips will help you to avoid the major pitfalls.

## 2) Shop around for financing.

Shop around for financing before you buy, because credit unions and banks usually offer much better rates than dealerships. Financing through the dealership also gives unscrupulous dealers an opportunity to run one of many financing scams.

For details on financing scams: Consumers for Auto Reliability and Safety (CARS)  
<http://www.carconsumers.org/usedcarbuyingtips.htm>

## 3) Get a fair price.

Get a fair price. [Kelly Blue Book](#) (KBB) and the [National Automobile Dealers Association](#) (NADA) guidebook both offer online editions of vehicle pricing, by year, make, model, and condition. Check your local library or bookstore for the print editions of these well-known guidebooks.

## 4) Shop around for the best warranty.

Shop around for the best warranty. If the car is used, call the manufacturer to find out if it is still under warranty, and if that warranty is transferable to a new owner.

## 5) Check for recall and service bulletins.

Check for recall and service bulletins online at the [National Highway Traffic Safety Administration](#) (NHTSA) and [Center for Auto Safety](#) (CAS). You may also find out about recalls and bulletins by writing down the VIN number and calling the customer service number for the manufacturer of the vehicle you plan to purchase.

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## 6) Check the vehicle condition of used cars.

Find out the condition of the vehicle. You can purchase a vehicle history report through a [National Motor Vehicle Title Information System](#) approved vendor, or check to see if there is a free service through your bank or credit union. Do not buy the vehicle if you

find a record of serious damage, an existing lien, or if the title is identified as salvage, junk, rebuilt, or flooded. Have a mechanic check out the vehicle. Many mechanic shops offer this service for around \$100.

**Card #7: Make sure the seller signs an official document for used car purchases.**

Make sure the seller signs a document showing the purchase price, date, name of the seller, and the year, make, and model of the vehicle—the title document itself may be sufficient for a private-seller transaction.

**Card #8: Make sure the title transfers properly.**

Check with your local department of motor vehicles for the rules. Many AAA offices have a vehicle registration service and can assist with the title transfer.

**Card #9: Problems after the sale is complete: repair scams:**

Don't get scammed by the dealer on repairs. Some unscrupulous dealers repeatedly sell the same defective car, knowing that the buyer is likely to spend more money at the dealership for ineffective repairs. The buyer may spend so much on repairs that they are unable to make payments, giving the dealer the opportunity to repossess the car and run the same scam again.<sup>2</sup> If you experience mechanical problems soon after the purchase, comparison shop before taking it back to the dealer. Pay with your credit card, so you will be able to withhold payment through your credit card company in the event there is a problem with the repairs.

Source: Ibid.

**Card #10: Know the “lemon law” for your state.**

Some state lemon laws hold dealers responsible for sale of defective vehicles, while others don't. The Center for Auto Safety has an [online guide to state lemon laws](#).