



## Buying from a car-yard trader



This section applies to buying from a motor vehicle trader operating from a car-yard (caryard 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.

### What to check

Before you buy a car from a dealer check:

[the quality of the vehicle](#)

[the Consumer Information Notice](#) (for information about the car's history)

[if money is owed on the vehicle](#)

[if you really need an extended warranty](#)

[the finance deal](#)

[that you don't feel pressured.](#)

### Quality of the vehicle

Although you may be entitled to a remedy from the car-yard trader if the vehicle is faulty, it's best to have the vehicle checked before deciding if you wish to purchase it. If any problems are found you can talk to the car-yard trader about putting any problems right before the sale is finalised; or you can choose not to buy the vehicle.

### 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-yards sell extended warranties. These are also known as:

- mechanical breakdown insurance
- breakdown insurance
- mechanical insurance
- mechanical warranty.

### Checking the terms and conditions of the warranty

If you are buying the vehicle for a business purpose, you may not be covered by the Consumer Guarantees Act. If you consider buying a 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?

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 by checking the price of similar vehicles at other yards.

If the trader tells you that you can't buy the vehicle at the advertised price unless you also buy a mechanical warranty, this is a breach of the Fair Trading Act.

## Getting finance for the car

Many car-yard traders offer finance deals but look into other finance sources too. Remember that using hire purchase or taking out a loan will usually add to the overall price.

[Find out the TrueCost of you car loan.](#)

## Before you sign

- don't be pressured into buying before you are really sure. If a trader tells you they're offering you a good deal, compare the price of similar vehicles at other yards
- read very carefully what you are signing. Don't can get caught out by signing something you haven't read properly

## Consumer Information Notice

All motor vehicle traders must attach a Consumer Information Notice to every used vehicle they offer for sale. (Private sellers do not have to display a notice.)

Read the Consumer Information Notice carefully – it contains important information about the vehicle you're buying.

If the notice is missing, inaccurate, not completed, or misleading you can report this to the Commerce Commission on 0800 943 600 or [by email](#).

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

[View an example of a Consumer Information Notice \[PDF format\].](#)

[More on the Consumer Information Notice is here.](#)

## 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 doesn't cover vehicles bought for business or commercial purposes. If you buy from a trader, this law gives you a number of guarantees about 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 – e.g. 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.

[See here for more information on your rights after buying a motor vehicle.](#)

### 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. If the trader does not contract out, the Consumer Guarantees Act will 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 Consumer Information Notice must be true and correct, and anything the trader tells you about the vehicle must also be true (this includes: information in adverts, 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.

[See here for more information on your rights after buying a motor vehicle.](#)

If you believe you have been misled you can report this to the Commerce Commission. Contact:

Telephone: 0800 943 600

Website: [www.comcom.govt.nz](http://www.comcom.govt.nz) or send an [email](#).