



Truecost - for buying a car on finance

The Truecost Checklist for buying a car on finance

It can be hard to know what questions to ask when you're getting a loan (finance) to buy a car from a motor vehicle dealer and want to get a good deal.

Take the TrueCost Checklist with you when you're looking for a car to help you make sure the car you want comes with a loan you can live with.

[See the Truecost Checklist](#)

Here are quick tips on what to look out for when you go shopping for a car and a deal to finance its purchase. For more information that may help you to get a good deal and to know your rights and responsibilities look at the section [More About Buying a Car using a Loan](#)

Check the TrueCost of the Car

When you visit the car yards remember

- There must be a window notice (called a Consumer Information Notice) on each car for sale. It tells you important information like the year the car was first registered, whether a previous owner owes money on the car, the name and business address of the dealer, the cash price, and whether the dealer is registered.
- If the window notice says "there is a security interest registered over this vehicle", this means previous owners owe money on the car - and you could end up having to pay this money if you buy this car.
- Get the car you like the look of checked by your own mechanic to make sure it will be a good buy.
- Don't buy an extended warranty or breakdown insurance unless you are sure it will be useful, e.g. if the car is to be used in your business, such as a taxi driver. This is because you have rights to get the car fixed under the Consumer Guarantees Act if the car is of poor quality. Why pay more for rights you already have?

Check the finance

Ask the dealer to fill in the TrueCost Checklist to help you decide if their finance deal is a good one.

- Loan fees have to be reasonable. Ask the dealer what the fees are for.
- If insurances or warranties are added to the finance deal, ask the dealer what they cover. If you are not in paid employment, insurance for redundancy may not be of any use to you.
- Take the Checklist home and talk about the car and the finance deal with someone you trust, a law centre or budget advisor.
- Look at cars on other dealers' yards. Take the Checklist and ask if they can give you a better deal on the finance.
- Take the Checklist to a bank or credit union or other finance companies; ask if they can give you a cheaper loan to get the car you want.

Your rights in brief

- When you decide which loan deal you want for the car read the whole loan contract before you sign it, especially the part headed "What could happen if you fail to meet your commitments". This will tell you the penalties and what can be repossessed from you if you don't pay.
- If you use the dealer's finance, you should be given one contract for buying the car and another contract for the loan.
- Check that the cash price on the car window notice is the same as the cash price on the loan contract.
- You must be given a copy of your loan contract and "disclosure statement" when you sign it (or within five working days of signing it). You must also be given copies of any insurance policies you agreed to have. If you're not given all this information within the required time you may be entitled to some money back, which would be taken off the amount you owe on the loan.
- If you change your mind about buying the car AND you haven't taken possession of the car yet, you have three working days from the day you receive your contract to cancel the whole deal.