

NAME: JOSH.
PROFESSION: BUILDER (UNEMPLOYED).
AGE: 33.

JOSH'S STORY: Josh was stoked when he finally decided to buy his new car. But last month a lot of things went wrong. He lost his job, and a week afterwards the car started playing up. Josh took it to a mechanic but was told he needed a new transmission, and that's not cheap. Josh doesn't have the money needed to fix his car. What should he do?

WHAT HE DID: Josh contacted the car dealer and explained his rights under the Consumer Guarantees Act. He managed to get his car repaired and back on the road within 2 weeks.



WHO CAN YOU TURN TO FOR HELP?

Budget Advice

Contact the Budget Advice Service by calling 0508 BUDGETLINE (0508 283438) or visit www.familybudgeting.org.nz

Understanding Your Credit Contract

Community Law Centres can help you understand your credit contract. Contact details of your local Community Law Centre are in the White Pages or online at www.communitylaw.org.nz

Consumer Advice

Your local Citizen's Advice Bureau can help you with general consumer advice. Find your local Citizen's Advice Bureau in the White Pages, call 0800 FOR CAB (0800 367 222) or visit www.cab.org.nz

Insolvency issues

Contact the Insolvency and Trustee Service at www.insolvency.govt.nz or 0508 INSOLVENCY (0508 467 658).

**More information?
Go to www.keepyourcar.org.nz**

The purpose of this leaflet is to provide a general explanation on the laws relating to credit and the purchases of motor vehicles. This guide should not be used as a substitute for specialist legal advice.

Ministry of Consumer Affairs
P O Box 1473
Wellington
Phone (04) 474 2750
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www.consumeraffairs.govt.nz

KEEP YOUR CAR, BY KNOWING YOUR RIGHTS.

A guide on how to keep your car if you're experiencing financial hardship – or if it breaks down while you're still paying it off on credit.

www.keepyourcar.org.nz



KNOW YOUR RIGHTS.

Take this leaflet with you when talking to your car dealer or finance company.

Your car is your pride and joy. However, if you've bought your car on credit you might be wondering what happens if you can't keep up with repayments, or if the car suddenly breaks down. The good news is that you have rights, and if you take action now you may be able to keep your car and keep mobile. For further information visit www.keepyourcar.org.nz

ARE YOU STRUGGLING TO KEEP UP WITH CAR REPAYMENTS?

If something unexpected happens – such as you're made redundant, or you get sick and can't work, or you have an accident – contact the finance company before you miss a payment. Tell them you wish to make an application “under the hardship provisions of the Credit Contracts and Consumer Finance Act”.

‘Hardship’ lets you change your contract. To make everything a little smoother, there are a few options open to you.

You can ask your credit company under ‘hardship’ to:

- Reduce the amount you pay by spreading payments over a longer period.
- Take a payment holiday (that means suspend the payment dates until a time in the future when you are financially able to start them again).

REMEMBER: *by taking either of these options, it will take longer to pay the loan off.*

Even if you don't qualify for a hardship application, you can still take action by:

- Approaching the finance company to see if they can help.
- Getting advice from the Budget Advice Service.
- If things are really tough, you may want to consider contacting the Insolvency Service to discuss your bankruptcy options.

Contact details of these services are listed at the back of this leaflet.

You may instead consider returning the vehicle to the finance company. Ask them if this is possible – you will still owe them money but your debt will not include penalty interest and repossession costs.

NOTE! Is your vehicle for business?

The hardship provisions in the Credit Contracts and Consumer Finance Act apply only to consumer loans, not loans for business purposes. For example, the hardship provisions will not apply if you bought a vehicle for your business.

DO YOU HAVE INSURANCE?

Did you take out insurance with your credit agreement? If you did then, in some circumstances, you may be able to claim – for example, if you have been made redundant. Check the terms and conditions of your insurance agreement for details of how to claim.

FAULTY OR DEFECTIVE VEHICLES.

What happens if your car turns out to be faulty? First of all you should approach the vehicle dealer. Under the Consumer Guarantees Act you may have the right to get the car repaired, replaced, or to get your money back. If the dealer arranged the finance on the car through a finance company, that finance company may also be responsible for fixing the problem.

FOR MORE INFORMATION ON THIS:

Contact the Citizen's Advice Bureau (see contact details at the end of this leaflet).

Read the Ministry of Consumer Affairs' publication *Back on the Right Road* available to download from www.consumeraffairs.govt.nz

NOTE! Stopping loan repayments?

Don't stop loan repayments without contacting the finance company first. You may find your vehicle could be repossessed by your finance company if you do. Once this happens it can become difficult in many cases to confirm that the vehicle was faulty or apply for 'hardship'.



**NAME: TANYA AND MAX.
PROFESSION: FULLTIME MUM AND SON.
AGE: 35 AND 3.**

TANYA'S STORY: Tanya bought her car 6 months ago on credit through a finance company the car-yard recommended. She visited her mum on most weekends with Max. However, two months ago she lost her job, and since then has been struggling to meet payments. She can't keep up with the payments, but without a car life will become difficult.

WHAT SHE DID: Tanya went to her local Community Law Centre. They told her because she had lost her job, and had not yet missed any payments, she had the right to apply to her finance company for hardship relief. She ended up talking to her finance company and they postponed her repayments for 4 months.