

BUYING A USED CAR



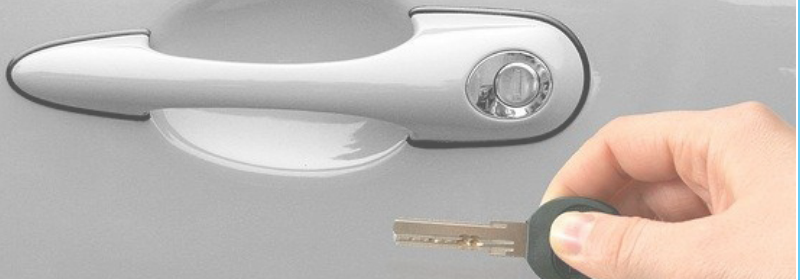
Advice and Guidance



www2.worc.ac.uk/moneyadvice/

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Introduction

Buying a used car is a great way of cutting the cost of your driving as most new cars lose value in the first year. But there are risks, so it's important to take your time rather than rush into any deal.

Remember, buying an old car for a low price can turn out to be an expensive bargain because of the costly repairs that may follow.

Year Old Cars Are MUCH Cheaper Than New Cars

On average, a new car loses almost half of its value in the first three years, and some lose their value even faster, being worth just a quarter or even a fifth of their list price as new.

Even a car that's one or two years old or an ex-demo car is typically far better value than a brand new one.

Do Your Research

Unless you already have a car in mind, start looking at cars on the road, at your local car dealers, in car magazines and on motoring websites.

You could also ask friends, family and work colleagues for recommendations.

Car Review Websites - New & Used

www.honestjohn.co.uk

www.parkers.co.uk

www.whatcar.com

www.carbuyer.co.uk



Cheapest Cars to Run

Smaller Engines Can Be Cheaper

A large engine will usually burn more fuel than a smaller one. So engine size is a vital consideration if fuel economy is an important factor in your decision. Of course, this depends on how you use the car. A small engine is most efficient when it's used as intended, such as to drive around town. If a small engine is used at high speed, it'll need to work much harder to keep the car moving - burning more fuel.

Petrol Cars Tend To Be Cheaper Than Diesel

Diesel engines are often more economical than their petrol counterparts. However, diesel cars are more expensive, and they usually cost more at the pump than petrol.

Manual Cars Are Cheaper Than Automatic

Automatics take some of the hassle out of driving, but they come with a higher price tag. Yet many automatics are more fuel-efficient than their manual counterparts, as they 'know' the best gear to be in, so you could recoup the extra cost over time.

Hybrid Cars Are Cheap To Run, But Cost More To Buy

Fuel-economy and cheap or even zero tax rates make part-electric models appealing. They also tend to hold their value for resale. But they usually cost more to buy – so weigh up the savings.

Check CO2 Emissions, As It Affects The Road Tax You Pay

Buyers of the most polluting cars pay the most road tax. Find tax rates at: www.gov.uk/vehicle-tax-rate-tables

Smaller Cars Are Cheaper To Insure

Check the insurance group rating of the exact car model you have in mind before buying at www.thatcham.org/what-we-do/insurance-group-rating/. The higher the number, the bigger your premium is likely to be.

Also see: www.moneysavingexpert.com/insurance/car-insurance/

Finding the Right Car for You

You need to think about what you personally need in a car:

How much space do you need for passengers?

How much will it cost you in fuel ie. is it fuel efficient?

Do you want a small car, family car, 4x4 ?

Are the tax and insurance costs affordable with your budget?

Do you need a large or small boot (eg. do you need space for a push-chair, sports equipment or even a dog)?

What size engine do you need – ie. does it need to be able to cruise at motorway speeds without straining, or is it just needed for short journeys around town?

Do you prefer petrol or diesel? The fuel you want to use can make a big difference in the model you might choose.

Do you want a manual or automatic car?

Do you want to consider an eco-friendly car? If so, a hybrid or electric car could be an option.

Do you want a 2 door or 4 door vehicle?

Do you need it to be economical to run and repair?

Do you need to be sure the car will fit in your garage, on your drive or small parking space outside your property?





Car Budget

It's crucial that you are realistic about your budget. Over-extending yourself can lead to problems later on, particularly if you have little or no savings and your income drops unexpectedly. Also remember, once you have bought your car, you have to keep it on the road, so it's important to think about how much this is going to cost in the long run.

Insurance and Car Tax Rates

Get insurance quotes and check car tax rates before signing on the bottom line, and remember to factor in the cost of any work that might be needed too. You can check out how much road tax you'll need to pay on the Gov.uk website at www.gov.uk/vehicle-tax-rate-tables

Compare Insurance quotes on comparison sites such as:

www.comparethemarket.com

www.moneysupermarket.com

www.confused.com

www.gocompare.com

www.uswitch.com/

Additional Costs

MOT

Once the car is 3 years old, you'll have to pay for an MOT every year, which currently costs a maximum of £54.85 for the test, and then you need to pay for any necessary work to be done if the car fails.

Servicing

You'll need to get your car serviced typically once a year, though this varies by model. The average cost of a basic car service is £125.

Fuel Costs

Take into account fuel costs (the Honest John website, www.honest-john.co.uk has a "real MPG" section where drivers have reported how many miles per gallon they get).

Remember

Parking Costs and Additional Spending for such things as Tyres.

Finance

If you're going to borrow money to buy the car it's a good idea to get loan quotes before you go out to view any cars. That way you'll know what you can afford and will be able to tell whether any finance a dealer offers you is good value or not. Note, a car bought on hire purchase belongs to the finance company until payments are completed. If you fall behind with payments, the lender can take it back.

Car Budget Checklist



Have you factored the following costs into your budget:

Cost of buying the car upfront

Car Insurance

MOT

Road Tax

Servicing

Fuel Costs

Parking / Parking Permits

Other Spending – tyres, repairs etc (good idea to allow approx. £200 for additional spending per year)

Finance repayments – if you've taken out a personal loan, or dealer finance, can you afford the repayments



Where to Buy a Used Car

If you've decided to buy a used car, there are a number of ways you can go about this ie. used car dealer, a private seller, a car auction showroom or a car auction website.

Some are more risky than others so make sure you do your research first.

Buying From A Private Seller

Buying a used car privately can be risky because if there are problems afterwards you have less legal comeback than with a dealer.

Pros of buying privately

- You're likely to pay less than if you bought the same car from a dealer.
- If a seller is desperate to find a buyer you can probably negotiate a big discount.
- You get to meet the previous owner.

Cons of buying privately

- You won't have the reassurance of a warranty unless the car comes with time left on a manufacturer's warranty.
- You have fewer consumer rights – the car only needs to be road-worthy and 'as described', and the seller must have the legal right to sell it.

Dealers – Franchise And Independents

If you're thinking of buying a used car from a dealer, you can go to a franchise dealership that also sells used cars, an independent used car dealer or a car supermarket.

Pros of buying through a dealer

- Your consumer rights are stronger than if you buy privately.
- A car bought from a dealer is likely to have a warranty.
- You're likely to be able to part-exchange your existing car.
- Car finance options may be available.
- If you're buying nearly new, there may be some of the manufacturer's warranty left.
- Dealers will normally have inspected the car and repaired any major faults.
- You can negotiate with a dealer.
- At certain times of year you may get a particularly good deal if they are keen to offload used cars to hit sales targets.

Cons of buying through a dealer

- Dealers' prices tend to be higher than when buying a car privately.
- The warranty offered might include restrictive clauses.



Where to Buy a Used Car continued...

Car Auctions

For the unwary, auctions are one of the riskiest ways to buy a used car. But they can be a good place to find bargains, as long as you stick within your budget and take a few basic precautions.

- Live car auctions

The two major car auction groups, BCA and Manheim, no longer allow members of the public to register and buy cars, but some independent auction companies across the country still run physical and online general car sales.

Pros of live car auctions

- Good place for bargains, as long as you do your research first and test drive the car if you're able to.

Cons of live car auctions

- Once the hammer has gone down there's no backing out.
- Unless the car is not owned or described by the seller, you're unlikely to have many consumer rights – check the auctioneer's website about this.
- It's easy to get carried away and exceed your budget.



- Online auctions

Online auctions are becoming increasingly popular, with eBay Motors (www.ebay.co.uk/motors) one of the favourite sites. There are similar pros and cons to buying privately, with a few additional ones below. If you're thinking of buying a car through an online auction, it's particularly important to research the car you're after in advance. Then make sure you've given it a thorough check and test drive before making a bid.

Pros of online auctions

- Easy to search using filters.
- Good place to find bargains.

Cons of online auctions

- To ensure that the car really is what it seems to be, you need to inspect it before bidding – but this isn't always possible.
- You have few or no legal rights, apart from if the car doesn't meet its description or if the seller isn't the legal owner.



Best Time to Buy a Used Car

Once you've decided what car to pick, you need to know how to get the best deal. One way to cut costs is to buy at the right time.

Dealers have targets to meet, with bonuses up for grabs. Typically, these are based on quarterly sales, making the end of March, June, September and December a good time to buy. They need to shift cars, so will be more willing to negotiate and offer attractive finance packages.

For a quiet time, try to avoid weekends, or the start of the month, just after payday. A dealership crammed with wannabe buyers isn't a good place to bargain hard.

But, if you're buying from a private seller, there's unlikely to be a good or bad time.

Private sellers don't have targets to meet, other than the price they want to achieve. If you're buying this way, keep an eye on prices a few months before you actually buy - if they're heading down, you may want to wait. Otherwise it may be prudent to buy sooner.

If you're buying privately, it's also worth picking your time when other potential buyers might be away. This could be over Christmas, or deep into the summer holidays.

Think about the style of car too. Summer is when drivers dream of buying convertibles, making winter a good time to haggle for a deal on one.

Safety Measures

Viewing The Car

Go to a seller's home to see the car, not a carpark or station. If the seller offers viewings anywhere other than their home, think again. This could mean they don't want you to know where they live if there's a problem. Take a friend or family member as another precaution.

The Vehicle Safe Trading Advisory Group (<https://vstag.co.uk/>) has useful Buying Safety Tips that might come in handy.

Always Check The Car's History

When buying a used car, it is extremely important to carry out a history and finance check. This is particularly recommended if the car is being offered by a private seller. A HPI check will tell you if the car has any outstanding finance, or has previously been stolen or written off by an insurer. It costs approximately £20, but could save you from losses much higher than that if you don't check.

See websites such as:
<https://hpicheck.com> and
www.mycarcheck.com

If you belong to a motoring organisation they may also offer the service.

Car Purchases Are NOT Protected On eBay

If you buy a car on eBay, it's worth noting that if you pay using PayPal its purchase protection does NOT apply to cars – and neither does eBay's own buyer protection. So if anything goes wrong, you cannot turn to either to sort it out. So make sure you've done all the necessary checks before you place a bid.

Pay Something Toward The Car On A Credit Card

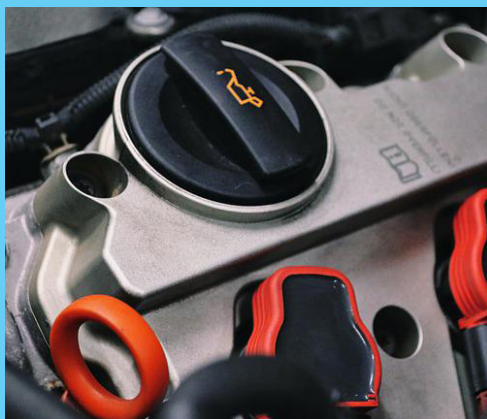
Provided that the total cost of the car you're buying is between £100 and £30,000, paying anything towards it by credit card means the card company (or finance company, in some cases) is equally liable along with the dealer if things go wrong.

This is because you're then covered by Section 75. So, if you're choosing a personal loan or savings to pay for your car, and not the dealer's finance, it's worth using a card to pay at least something. It just gives you that little extra peace of mind if something does go wrong. For more information on Section 75 see:

www.moneysavingexpert.com/reclaim/section75-protect-your-purchases/

Note, some dealers don't accept credit cards, others charge you for using one, so figure out how important this is, and ask your chosen dealer if it can accept cards before deciding how to pay.





Car Inspection

When you've found a car you're interested in, it's important to check it over. Listed below are a few things to look out for, but if you're not confident about cars, take someone knowledgeable with you, or consider getting the car looked over by a professional such as an AA or RAC inspector (fee charged).

Remember, don't view a car in the rain, in poor light or at night as you won't be able to check the condition of the car properly if it's wet – water hides scratches, dents and other problems.

Panels and Window Seals - Check for signs of repairs and welding, large areas of filler. Misaligned panels or mismatched colours on doors, bonnet and tailgate can indicate that the car has been repaired after a shunt. Traces of spray paint on door handles, window seals and mouldings can indicate repairs too.

Oil or Water Leaks - Inspect the area around the car for any signs of leaks. Brown stains around the car mean the engine has been leaking oil. Water patches or chalky marks near the car could mean it has been leaking water.

Engine Bay - If the engine bay looks like it has recently been power-washed clean, the owner could be trying to remove evidence of fluid leaks. A check under the bonnet after a lengthy test drive should reveal any problems.

Tyres - Make sure that tyres have enough tread and that there is a spare one.

Electrics - Check these are working by seeing that the lights, air conditioning, electric windows, security system and any radios/gadgets are all working as they should.

Mileage - Check that the car's mileage corresponds to the visual age of the car. Are the pedals worn? Is the steering wheel as fresh as the mileage suggests?

Locking Wheel Nuts - if locking wheel nuts are fitted, check to make sure that the special adaptor required is included with the toolkit and that it fits the nuts.

Check the Oil – do this by lifting out the dipstick to see if the level's correct.

Handbook - Make sure the handbook is in the car as they can be expensive to replace if not.

Car Inspection Checklist



Have you checked:

Are the Panels and Window Seals in good condition?

Are there any Oil or Water Leaks?

Is the Engine Bay free of fluid leaks?

Is there enough Tyre Tread on the tyres, including spare tyre?

Are all the electrics working? ie. lights, air conditioning, electric windows, security system, radio/gadgets etc.

Does the mileage correspond to the visual age of the car?

If locking wheel nut fitted, is the special adaptor in the car, and does it fit the nuts?

Is the oil level correct?

Is the handbook in the car?

Is the inside of the car in good condition ie. seats, carpets, steering wheel?

Be wary of anything that seems like a real bargain, or has a very low mileage for its age. There are bargains to be had but in general, if a deal looks too good to be true then it most likely is.





Test Drive

A thorough test drive is vital. It's your best chance to make sure you're comfortable, that you'll enjoy driving the car and that it's right for all your needs. And more importantly it's your main opportunity to make sure everything's in good working order.

Test Drive Tips

- Allow at least half an hour and drive on all kinds of road.
- Can you get in and out of the car easily?
- Can you adjust the seat and steering so you're comfortable?
- Can you see the instruments clearly and reach the controls easily?
- Try reversing into a parking space to check all round vision and blind spots.
- Take any child seats you use with you and check that they fit.

What To Look For?

Engine & Suspension

The engine should be quiet and pull smoothly. Check for signs of excessive smoke when you start the car and when you're driving. Listen for unusual rattles or clonks from the suspension, and see how well it soaks up bumps and takes corners.

Steering

Steering should be responsive with no vibration or 'free play'. Do a three-point turn to check for play in the steering. Is the car veering to one side, or does it feel balanced?

Brakes

Brakes should give confidence and stop the car in a straight line. Do an emergency stop on an empty road to double check the brakes. Try the handbrake on a hill.

Clutch & Gears

Can you engage all gears smoothly without crunching? If the clutch doesn't start 'biting' until the pedal has nearly reached the top, the clutch could be worn and may need to be changed.

Lights

Check lights and brake lights work.

Driving Position

Check that the driving position is comfortable, and that you can adjust the seat and steering wheel position.

Important! Check you're insured before doing a test drive.

Test Drive Checklist



Have you checked:

Is the engine quiet and pulls smoothly?

Is the suspension good when going over bumps or round corners?

Is the steering responsive, with no veering?

Do the brakes work well, and stop the car in a straight line?

Do the gears engage smoothly without crunching?

Does the clutch bite at the correct position?

Do all the lights and brake lights work?

Is the driving position comfortable?

Are the seat and steering wheel positions adjustable?

Can you see all the mirrors and through the windows when driving?

Important! Check you're insured before doing a test drive



Paperwork and Spares

Take the time to make sure all the paperwork is in order, before agreeing a price or signing a contract.

Logbook or V5C Registration Document

This is issued by the Driver and Vehicle Licensing Agency (DVLA) as proof that you are the keeper of the vehicle. It shows the registered keeper, though this may not be the owner if the car is bought on finance. Insist on seeing this document to make sure all the details are correct eg. colour, model, engine size. Check the chassis number (or vehicle ID number) and the engine number. If the car doesn't match logbook details, or numbers seem to have been altered, don't buy the car because it may be stolen or built from the parts of more than one car.

MOT

If the car is three years old or more make sure there's a continuous series of annual MOT 'certificates'. If you know the vehicles' registration number, you can check this online at www.gov.uk/check-mot-history

Service History

Ask for records of regular servicing, so you know the car has been well maintained. If there's no history then ask why.



Manuals

Make sure you've got these. As cars get more and more technical, it's good to have manuals as a backup.

Spare Wheel

If you were expecting a spare wheel, check it's there along with the tools needed to change it.

Keys

Make sure you're given at least one spare, as replacements are expensive.

Sales Contract

Make sure you get a dated sales contract showing that you've completed the deal and paid the right money. Check your name and address, plus the full details of the car, the agreed price, and any payments already made.

Finance Package

If you're opting for finance, make sure you understand any jargon in the fine print before you sign.

Paperwork & Spares Checklist



Have you checked:

Logbook, or V5C Registration Document

MOT Evidence (paper copy or checked online)

Service History

Car Manual

Sales Contract

Finance Package (if applicable)

Keys – make sure you're given at least one spare

Spare Wheel and Tools (if applicable)





Negotiating a Price

After checking and test-driving the car, it's time to negotiate a price. Listed below are a few tips from Money Saving Expert www.moneysavingexpert.com/loans/buying-used-car to help you get a good deal.

Buying From A Dealer

- Always haggle - arm yourself with the cheapest web prices and make dealers compete for your custom.
- Get them to throw something in for free - Dealers often say they're not allowed to give discounts but you could ask them to throw something in on top, such as free sat-nav or floor mats.
- Look for already-discounted cars - if the price is already reduced, there's often more flexibility.
- Don't fill the silence - as negotiations come to a close, a classic sales technique is staying silent. They want you to accept the price just to fill the awkward silence. Make them fill it with a cheaper offer.

- Walk away - get them to call you back - psychologically, if they have to chase you, rather than you being super keen, is more likely to lead to a better deal.
- Flaws mean discounts - look for the tiniest of dents or scratches. This makes them more difficult to flog, but still perfectly nice to drive.
- Be friendly, but firm
- Watch for the "whack-a-mole" effect - haggle on the price of the car, and the dealer might then charge more for the finance. Haggle on the finance, and there might be no wiggle room on the price of the car. It's worth doing your sums to see how much each saving from haggling will be - and taking the most valuable.

Note! Some car supermarkets have a no-haggle policy, so check this out beforehand.

Buying Privately

If you're buying privately, it never hurts to make an offer. Look for things that could be costly, such as a short MOT or worn tyres, and use these as bargaining points.

Be wary of, and don't be swayed by, 'sob stories' like change of job, break-up of relationship, moving abroad, new baby on the way and so on

www.moneysavingexpert.com/loans/buying-used-car/

Taking Ownership of your New Car

Before You Hand Over Any Money

- Agree collection/delivery arrangements.
- Confirm exactly what's included in the price.
- Confirm any work that the seller has agreed to do.
- Make sure you get a receipt showing vehicle details, price, terms of sale and the seller's details.

What About Tax?

Any remaining tax on the car isn't transferable between owners – so you'll need to get the car taxed as soon as you take ownership. You can do this online at:

www.gov.uk/vehicle-tax

Car Insurance

Make sure you sort out your car insurance before you take ownership of the car. Just like when you buy a property, you must have insurance in place as soon as you become the legal owner, even if you're not driving it straight away. This is because if anything happens to it, it's your responsibility. It's also illegal to drive on public roads without insurance.

If buying from a dealer, you can ask if the car comes with any insurance. You may be covered for a week (dealers often include this), but if not you'll need to arrange insurance before driving the car away.

Check out Money Saving Experts guide on Car Insurance at:

www.moneysavingexpert.com/insurance/car-insurance/





How to get Cheaper Car Insurance

Avoid Modifications to your Car

Even small modifications to your car, such as new alloys, can cause your premiums to rise. Alternatively, modifications that increase its safety could save you money eg. installing an alarm, tracker or immobiliser.

Tweak your Excess

All car insurance policies come with an excess (the amount you will have to contribute yourself in the event of a claim). Policies will include a compulsory excess, which you cannot change, and a voluntary excess, which you set yourself. Setting a higher voluntary excess means lower premiums. Make sure you set it at a level you can afford. Setting your excess too high makes claiming expensive.

Multi-Car Insurance

If you live in a household with more than one car, many insurers will offer savings for insuring them all together. Some insurers offer policies that will cover more than one car, while others enable you to “link” multiple policies together to earn a discount.

Named Drivers

If you’ve considered a high-risk driver, putting a lower-risk driver on the policy as a “named” driver can bring the overall premium down. However, it’s illegal to put someone down as the main driver if this isn’t the case.

It’s cheaper to pay annually

Insurers will give you the option to pay for your insurance as a lump sum or in monthly instalments. By paying in monthly instalments, you are charged interest and will end up paying more for the cover.

Don’t overestimate your mileage

Insurers ask you about your mileage to assess your risk. The more miles you clock up, the more likely you are to be involved in an accident and the more you’ll pay for your insurance. Be specific with your mileage and don’t overestimate how much you drive.

Don’t just auto-renew your insurance

Always shop around for the best deal, either by phoning around insurance companies or using comparison sites such as:

www.comparethemarket.com

www.moneysupermarket.com

www.confused.com

www.gocompare.com

www.uswitch.com

Sourced from:

www.which.co.uk (April 2022)

Garages and Repairs

After buying a car, you may at some time need to have repairs carried out at a garage. You will also need to book your car in for its MOT and Service.

Choosing A Garage

- Use a garage or a mechanic personally recommended to you (this can be more helpful than any number of certificates on walls).
- Otherwise look out for garages with ISO9000 quality control standard, although this isn't widespread.
- Also reassuring is a garage's membership of Retail Motor Industry Federation (RMIF) because you can complain to them if things go wrong.
- In addition, sometimes small independent garages offer better value than larger dealerships because they rely on repeat business and can't afford a bad reputation.

Things To Remember

- Obtain a firm price in writing (ie. a quote, not estimate) and make sure it includes parts, labour and VAT, from more than one garage.
- Be specific – if your car is not handling properly or making a strange noise, ask if you can take the mechanic for a drive.

- Ask for a copy of the repair order sheet listing all work to be done.
- If parts need to be replaced, ask to have the old ones returned to you. Find out if parts and work are guaranteed – ask for this in writing.
- If your oil has recently been changed, tell the garage so you don't pay to have it changed again.
- If the problem persists, take the car back – give them chance to make amends.
- Keep your invoices and receipts so you have evidence of any work carried out.
- Always keep a record of your car's service history.



Acknowledgements

Information in this guide was sourced from:

www.moneysavingexpert.com

www.moneyhelper.org.uk/en

www.theaa.com

www.which.co.uk





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Money Advice Service
firstpoint, Peirson Centre,
Henwick Grove, St Johns, Worcester, WR2 6AJ
www2.worc.ac.uk/moneyadvice/

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