

## Buying Your First Car

*Disclaimer: Consumer Credit Legal Service (WA) Inc. produced this information as a general guide only. The information is not legal advice. You may ring us on (08) 9221 7066 for more help. Please note the information provided is correct as of date of production, as of 15 August 2023.*

### IMPORTANT

There is no cooling off period in WA when purchasing a car. This means that once you sign the purchase contract, you will be legally bound by its terms. Read the purchase contract carefully, and do not sign anything that you do not understand. If possible, seek independent advice.

### Preparing to buy your first car

Before buying your first car, it is important to set a budget. This budget should include an allowance for:

- The purchase price of a car
- Vehicle license duty
- Insurance
- Registration
- Petrol
- Servicing
- Maintenance
- Financing fees (if you are getting a car loan)
  - Loan establishment fees
  - Monthly Account Fees
  - Interest



To learn more about one off and ongoing expenses before you buy your car, visit the MoneySmart website: [Buying and running a car - Moneysmart.gov.au](https://www.moneysmart.gov.au/buying-and-running-a-car)

If you are considering buying a car, you should also consider the car buyer's checklist prepared by Consumer Protection: [www.commerce.wa.gov.au/publications/buying-car-buyers-checklist](https://www.commerce.wa.gov.au/publications/buying-car-buyers-checklist).

### Pre-Purchase Inspection (PPI)

A PPI report is likely the best way for you to make sure that a car is roadworthy and does not have any major issues. You should obtain a PPI report regardless of whether you are purchasing a car from a dealer or a private party.

### **Consumer Guarantees**

If you are purchasing your car from a dealership the Australian Consumer Law (ACL) applies and you have consumer guarantees regarding the quality of your purchase.

You may be entitled to repair, refund, or replacement in certain circumstances if your consumer guarantees are breached.

Your consumer guarantees cannot be contracted out of and apply independently of any add on insurances or warranties. Please see our fact sheet on Consumer Guarantees.

### **Add-ons**

Don't be pressured into buying extra add-on insurances and warranties that are not good value or do not provide you with any benefit above the statutory rights you have anyway under the ACL.

The "deferred sales model" introduced in 2021 enforces a four day pause in the sale process between your car purchase and the purchase of add-on insurance to promote more informed decision making and reduce the number of unnecessary purchases as a result of high-pressure sales.

### **Personal Property Security Register (PPSR)**

Before you purchase a car, you should check the cars details on the PPSR. The PPSR is a database that records if the car you are looking at has money still owing on it, is stolen or has previously been written off. Do this at [www.ppsr.gov.au](http://www.ppsr.gov.au).

### **Subject to Finance**

If you are borrowing money to purchase a car, you will usually be entering into two separate contracts:

- A purchase contract with the dealership to buy the car; and
- A car loan credit contract with a lender.



If you are applying for finance to complete your purchase, it is important to make sure that the purchase contract is marked 'subject to finance'. This will ensure that the contract does not become binding until you obtain finance and allows you to terminate the contract if you are unsuccessful in getting finance. However, you must also have made reasonable attempts to get finance. We would consider applying to 2 or 3 different lenders will be reasonable. Further, you do not have to accept an offer for finance that is not financially suitable or does not meet your requirements of objectives for the loan. See our factsheet about ending a contract to buy goods or services which is "subject to finance".

It may also be beneficial for you to 'shop around' for finance, as although dealer financing is convenient, it may be more expensive than getting a loan elsewhere.

You should note that every application for finance may be reflected on your credit report and may impact your credit score and ability to obtain finance in the future.

<b>For further information contact</b>
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<b>Consumer Protection WA</b> Website: <a href="http://www.commerce.wa.gov.au/consumer-protection">www.commerce.wa.gov.au/consumer-protection</a> Telephone Number: 1300 30 40 54