

Bargain Hunting

Where to find your car



If you really don't mind how much you pay for your next car, we advise you to shop among the car dealers in a big city. Car salesmen have a well-earned reputation as shysters, but you get some legal protection when buying from a yard, and it's a hell of a lot more convenient.

However, if you're like most people, you're on a budget, so read on, because, with a little common sense you can save yourself a whole heap of money.

If you're looking for a bargain, you won't find one at a car yard, regardless of what the salespeople may say, and regardless of whether they use terms like 'wholesale cars' in their advertising. Typically you'll pay significantly more at a used car dealer. If you want a bargain, you have to shop around. That probably means buying privately or buying from a public auction.

There are two ways you can hunt for bargains: in person, or over the internet. Newspapers are yesterday's news. True, there is still no shortage of newspapers and magazines filled with advertisements for cars, but they are really on the losing end of a battle with the internet. The internet is vast, efficient, accessible and immediate.

There are two main types of internet vendors: commercial businesses who offer their products from their own websites, and private sellers who use eBay or some other equivalent to offer their products. Often the distinction between the two is blurred. Often used car dealers will have their own website but also offer the same cars over eBay.

Often so-called private vendors on sites like eBay are in fact commercial businesses who operate under a number of identities to avoid taking responsibility for their products once they're sold.

There are also commercial car auctions that have traditionally operated out of fixed premises. They're still there and they're still auctioning cars, but instead of having to stand in some cold and windy building in order to bid at the auction, you can bid over the internet. The only problem is, you can't kick the tyres; that is, if you don't go to the cold and windy building, you don't get to see the car you're bidding on until you've already bought it.

To get around this problem, many commercial auction sites now offer a pre-auction mechanical inspection service as well, so that you can be more certain that the car you're bidding on is the real McCoy (more about this later).

In every country there's usually one dominant player in the internet trading market. Mostly it's eBay, but in countries like New Zealand, local players like TradeMe dominate.

The rise of the internet coincided with a decade or so of economic good times internationally, and thus a generation of young people who've never known anything else. Therefore, they are risk takers but they are also generally streetwise as to the things you should and shouldn't do on the internet. Scams are often uncovered quickly and messages sent out all over the globe in a matter of seconds to warn other buyers.

However, the biggest problem of the internet is still that it's vast and largely unpoliced. Sometimes the cars being advertised don't actually exist or aren't all they were promised to be.

There is an element of risk on the net, yet the people who get ripped off are in the minority, and, provided that some basic rules are followed, the internet is a good source of cars.

Here are the ground rules:

Think globally; act locally

A cheap BMW in Outer Mongolia is probably a poor bargain, assuming that the car actually exists, even if you could figure out some way of getting it past Customs in your home country.

Many apparent car vendors in other countries are in fact crooks offering non-existent vehicles. Once you send them your deposit they will quietly disappear and that's the last you'll see of your money. So, regardless of the apparent bargain you are being offered, avoid people offering cheap cars from some foreign country.

The same applies to out-of-town purchases in your own country:

- 1) You usually can't see the actual vehicle unless you spend the time and money to travel to it, and:
- 2) You have to get it home if you buy it, which can be both expensive and time consuming.

If you're looking for a specialist car like a Ferrari it may be worth travelling to get it, but for a car like a Toyota Corolla, you're far better off buying something within an easy drive of home. We shouldn't have to say this, but you should never buy a car you haven't seen. However, many people do, and some of them get ripped off. About 15% of cars on the internet are bought sight unseen, which just goes to show you how stupid some people are. Sometimes they get away with it, sometimes not, but it's like driving without a seatbelt – the more often you do it, the bigger the risk you're taking.

If you get ripped off you can certainly blacken the reputation of the vendor on eBay or TradeMe, but fraudulent vendors often have multiple identities and will simply sell dodgy cars under a different alias in the future.

If you see an attractive car in a different part of the country, you may be able to arrange a mechanical inspection by phone or over the internet. This is a good idea, and provided you trust the



inspection service, you can buy a car that they approve of without ever seeing it.

A few sites are also offering pre-checked vehicles over the web. These vehicles have been given a mechanical inspection before being offered for sale and therefore, at least in theory, you can safely buy these cars without having actually seen them first.

Lastly, remember that if you are buying a vehicle outside your city, you're going to have to get it home somehow. That means travelling to where the car is, or paying quite a lot of money to get the vehicle transported to you.

Buying local

Most people buy local for reasons of comfort and convenience. You get to check the car out before you order a mechanical inspection at great expense (see *the five minute car check* for details of how to do this for yourself and why you should do it).

Before you get to check out the car in person, you first have to contact the seller. Some auction sites don't like you contacting the seller direct, but most allow you to send some kind of public message to the vendor. You should ask the vendor when you can come around and look at the vehicle. Often the vendor will reply with a phone number, at which stage you can set up a time.

When you ring up, don't say: "I rang about the Nissan," say: "I rang about the car". If the person on the other end of the phone says: "Which one?" then you are probably talking to an unlicensed dealer and you should hang up.

Never agree to meet a seller away from his home or work. Aside from the fact that you could be mugged, you should always have some way of tracing the seller other than a phone number or internet identity. Everyone works or lives somewhere, and if they don't want you to know where, there's usually a reason.

Be polite, but don't be afraid to ask tough questions, either by message or by phone. Say "I'm going to have the car checked by my mechanic. Does it have

any rust at all?" If the reply is "Almost none," "Just a little tiny bit" or "There was a bit but we had it all cut out," we suggest you give up on that one. Rusty cars are often sold because the owner can't pass a safety check. Why should it become your problem?

If you can get to see the car and if it looks okay, you may be able to complete the purchase on the spot. However, **don't ever, ever, buy a car that hasn't been checked out by a real mechanic** (not a panelbeater, and, please, please, please, NOT 'a friend who knows a bit about cars').

Sometimes one of the mechanics at your local garage will hire himself to you for a couple of hours before or after work to come with you to check out one or more cars. If you can arrange this you are miles ahead. If the mechanic is any good his fee will be well worth it (you'll have to arrange this the day before, so do your homework).

If you have to check out several vehicles, pick the best two or three cars to inspect that are nearest to your area. Make sure you have a map in your car, your *Dog & Lemon Guide*, together with the phone number for your local register of encumbered vehicles on a separate piece of paper (if it's different from the ones at the end of this section).

If you're nervous about carrying around a large amount of cash, give the vendor a small cash deposit and arrange to go back later with a bank cheque. This will annoy unlicensed dealers, who are very nervous about having anything go into their name. Remember, however, that a bank cheque is made out to a fixed amount which can't be altered. If you plan to do a little last-minute negotiation with the seller, at least part of the deal is going to have to be in cash.

Make sure that the name of the seller is the same as the name listed on the ownership papers. If the names don't match, suggest that you both go around and show the paperwork to the cop behind the counter at the local police station. The seller's reaction to this question will tell you all you need to know.

Often, internet sales involve putting the money into some stranger's bank account. There's an element of risk in this. You'll be far safer paying a small deposit into the vendor's bank account and paying the balance by bank cheque once you pick up the car and change the ownership into your name.

If you have no transport, you might try getting the seller to bring his car to you. Obviously, a person with a bargain won't bother to leave home, but there are still plenty of sellers who will bring a car to you if you seem genuinely interested. Just remember that most people who agree to do this are having trouble selling their car. Why?

If, after reading all this, you decide you can't deal with the jungle of the private sale and simply want convenience, we suggest you buy from a used car dealer. But remember, you'll probably pay 30% over the price of the equivalent private sale. Oh, and don't forget to read our rude comments on used car dealers •

Unlicensed Dealers

Despite the best efforts of the legal car dealers' groups, unlicensed motor vehicle dealers are everywhere.

Some are people such as panelbeaters who make a bit on the side by dealing in a few cars. Some are part of a million dollar scam involving hundreds of cars.

The solo operators are bad enough, but some large operations are focused around recent immigrants with large extended families and a distrust of the authorities.

Some rackets revolve around vehicles held under the names of relatives and then on-sold through places like car fairs or the internet.

Some of these vehicles are simply dogs tarted up to look new. Some of them are just average cars offered at well-above average prices. Some are stolen cars with false IDs.



The main problem with illegal car dealers is that they tend to simply disappear when things get rough. Some simply flee the country as the prosecutors move in. They won't be back, and neither will your money.

In most places it's illegal to sell more than a few vehicles in a year unless you are a licensed motor vehicle dealer. Therefore, most illegal car dealers are easily spotted because their cars are registered in someone else's name.

The story is always the same: "It's my wife's car. It's my cousin's car." Sometimes it is, but if someone tries to sell you a car that is in anyone's name except their own, we suggest you treat the sale with caution. If you suspect that the car may be stolen, contact the police.

Otherwise, demand identification from the seller and make sure that you have a signed change of ownership form from the person whose name the vehicle is in •

Car Fairs



Car fairs are a tried-and-true way of getting a reasonable secondhand car. Depending on where you go, there may be hundreds of cars on display, and there's usually a car inspection service available on site.

Sellers put a card on the windscreen displaying an asking price. Unless you've shopped around enough to get a feeling for actual market prices, you may pay too much. On the other hand, you can just as easily go to the car fair with false

expectations that you're going to get a real bargain and then be disappointed when the cars seem too expensive.

Remember that everyone selling cars at the fair expects to negotiate the price down a bit. Realists tend to put an asking price about 10%-20% higher than they expect to actually get. These people are okay to deal with.

Dreamers, on the other hand, remember what they paid for their car just ten short years ago, and want you to pay most of what they paid for it. After they've been at the car fair a few times they tend to come down to earth a bit, but initially at least, they will put a silly price on the windscreen.

These people are simply not worth dealing with. If you're in doubt about the right pricing for a car, check our listings and then go and look at what a group of similar cars are selling for at the fair.

For example, there might be six Toyota Corollas for sale for between \$4000 and \$7500. Presuming that they're all in reasonably similar condition, then you can assume that the average price for one of those cars is, say, \$5000-\$6500. If someone tries to sell you one at \$11,500 you know you're in the presence of a dreamer.

Illegal car dealers are much harder to negotiate with. They tend to have a semi-fixed price for their car, and this price will be high to start with. They are on the lookout for bunnies. When you try to negotiate with one of these dealers, they'll stick closely to their price, only making token drops to clinch the deal. If you're not careful you'll end up paying caryard prices and getting no legal protection whatsoever.

'Park & Sell' car fairs

Park & Sell car fairs were often started to get around the law on unlicensed motor vehicle dealers. You can display your car on their lot for a small fixed fee per week. Buyers, in theory, will come and look and buy your car. We have no objections to this style of car

fair, it's just that they have never made a big dent in the market because there are so many more immediate ways of buying and selling a vehicle.

There are two real advantages in shopping at a park & sell – you can take your time and there's usually no pressure. Other than that, the prices tend to be higher than lower, and it's often difficult to negotiate higher prices down low enough to make it all worth it. People selling cars at park & sell fairs often do so because they are having trouble ridding themselves of the vehicle. Other vendors simply don't wish to stand around all day at the ordinary car fair.

At a park & sell the seller is usually not there. There's a man sitting in a tiny office reading a newspaper, and when you express interest in a car he rings the seller, presuming he or she is available. The park & sell man then negotiates with you both, hopefully the deal is done and you drive off with a car. From the seller's point of view, that's fine, but what the buyer lacks is real competition. When you are selling at an ordinary car fair, your vehicle is one of dozens or hundreds, but there are always more serious sellers than buyers, so an ordinary car fair is to some extent a buyers' market. Prospective buyers are free to laugh in your face if your prices are too high. Further, a prospective buyer can offer you cash. Right then. This is the sort of environment where bargains are found.

Park & sell car fair buyers tend to end up with cars at, well, reasonable prices – not excessive, but a long way from cheap •

- This style of car fair may not be legal in your area.



Auctions

(the ones that take place in large, open buildings, not the eBay type)



Whether you bid in person or over the internet, the older-style auctions of large numbers of cars inside large open buildings are still a great way of finding a bargain. but they're not for the fainthearted.

The first problem is simply the confusion factor. You must first walk through aisles of cars stored in windy yards or booming warehouses. In the cheaper end of the market most of the cars have crawled there to die, and in fact many cars you may be looking at are ones which some unwary buyer bought the week before and is now desperately trying to unload on you.

Once the auction starts the confusion only gets worse as the auctioneer rattles off his machine-gun commentary and yells erupt all around you. At the end of it all, if you're lucky, you've got a good car for a better-than average price.

If you're unlucky – and some people are – it will all happen so fast you'll be panicked into buying unchecked cars or cars at prices that exceed what you'd pay from a car dealer. If you're on a budget you'll be wise to stick to popular makes & models such as the Toyota Corolla or Mazda6.

One of the biggest problems you will face at the auction is that most people are chasing relatively few cars. It's worse for people on a budget, because most cars in a budget auction are stuffed, plain and simple, and the few tidy examples of popular makes attract a large percentage of the buyers.

However, even in the more expensive auctions it's safe to assume that the cars you like are probably the same cars that lots of other people like also. You can go to the great trouble of choosing your ideal car and having it checked out, and there's still no guarantee that you'll end up buying it at a reasonable price.

There is also a big problem with 'the idiot factor' at auctions, particularly budget auctions. You'd think that people would realise that the fewer the bidders, the lower the price, but no, as soon as the auctioneer offers a car for sale, it's likely some idiot will shoot with his mouth and drive the price right out through the roof. There's nothing you can do about it other than derive a certain satisfaction from realising that he now has to live with the inflated price he just paid for his car.

The people who get good cars at a good price are the ones who do their homework. First, of course, they read their *Dog & Lemon Guide* and get a general idea of the makes and models they can afford. This is important, because most people wander along to auctions with only the vaguest idea of what they want, and that's where the trouble starts.

Each item sold at an auction is called a 'lot' and is given a lot number. So the first car auctioned will probably be lot one, the second one will be lot two, and so on. If you physically attend one of the big auctions bear in mind that they sometimes have so many cars that they auction two lines of cars at once. This is incredibly noisy and confusing. They split the list of cars in half, so, for example, lots 1-100 are auctioned on one side, while lots 101-200 are auctioned in the next row.

These days, you don't need to physically attend – you can both view and bid for cars over the internet, which is a lot more convenient, but – if you haven't actually checked the car you're bidding on – a lot more risky. If we were spending our own money we would check the vehicles ourselves at the auction building prior to the auction, register, and then

bid over the internet, away from the noise and bussle.

However, bidding over the internet on an auction requires that you think on your feet, because if you're the highest bidder, you have to pay. Therefore the same basic rules apply to online live auctions as apply to ones where you stand and bid in front of the auctioneer.

Most auction houses will gladly fax or email you a detailed list of cars at the next day's auction. This is a big help, because you have the time to look carefully over the list before you go to the auction. Eliminate all cars with over 150,000km on the speedo. Then (depending on your budget) eliminate all cars over a set age. If you have a reasonable budget, you can afford to be a bit choosy. For example, you can eliminate all cars over five years old and/or with more than 70,000km on the speedo.

After gathering a list of likely vehicles, you can actually go along and look them over. Most auction houses allow you to view the vehicles a couple of hours before the auction. Viewing the vehicles will probably shorten the list again.

Remember, before you can bid at the auction, you will probably have to register, either online or in person. When you're bidding in person, this means showing some form of identification and giving your name and address. The auction house will then issue you with a bidding number that will be valid for that auction only. If you come back another day, you'll probably have to register again.

Work out a reasonable bid for the car you want by checking our very general pricing in this guide and make a low bid, that is, a bid which would give you the vehicle at a bargain price if accepted. If you don't get that particular car, tough, there are plenty of others. Don't be pressured into paying too much. If you're going to end up paying car dealers' prices at an auction, why go through all the hassle? You'd be better off buying from a dealer in the first place.



Remember also that prices change from town to town and from season to season, so we suggest that you ask the auctioneer what you're likely to pay for the cars you are looking at. Obviously it's in the auctioneer's interest to get the highest price for each car, but he will have a pretty fair idea as to what a car's worth.

A quick note on costs: in addition to stinging the seller for a hefty commission at the time of sale, many auction houses now sting the buyer as well, so in addition to the auction price you can expect to pay between \$75 – \$200 'buyer's premium' on top. Although this often covers the cost of change of ownership and gives a guarantee that the vehicle is not stolen or likely to be repossessed, it is still an additional expense that you should keep in mind when you are thinking about going to an auction.

Please also remember that auction houses usually demand a substantial deposit as soon as the auction on your particular car is complete – that is, as soon as the auctioneer bangs his hammer down. If you're bidding over the internet then you will have had to set up some payment system before you start. When you're bidding in person, most auction houses will require something like \$500 cash or eft-pos, with the balance by close of business that day. Few auction houses accept personal or business cheques. The golden rule is, *don't bid if you don't have the money*. The auctioneers will not wait long for payment – they'll simply put the car straight back into the next auction and they may ban you from bidding again.

Because buying at an auction can be confusing and scary, the better auction houses will assign you someone to help you, regardless of budget. You and this person can agree on a car & price you want to pay, and then the helpful person assigned by the auction house will bid on your behalf to a set limit. With auction houses that are recommended by your mechanic or local consumer organisation, this may be okay. With other auction houses we generally advise cau-

tion with such arrangements, because you can easily find yourself shoehorned into a vehicle you didn't really want.

If in doubt, sit back, don't bid, watch the auction live and get a general idea of how much each car sells for before you get actively involved in the buying process.

If you're going to bid yourself, be absolutely sure of which car you want and how much you want to pay. Don't ever bid without knowing what you are buying. Most of the great auction disasters occur when people bid on cars which weren't checked out, but looked good when they were being auctioned.

Please note that if you are the top bidder on a vehicle (provided it has met the reserve price), then *you have legally purchased the car*. Don't bid if you don't know what you are doing.

Please note also that vehicles come in two types at auction houses: those with reserve and those without. Most vehicles are sold with a reserve, meaning that the seller and the auction house agree on a minimum price for the vehicle. If a vehicle fails to reach the reserve price at the auction, the auctioneers will usually negotiate with the highest bidder on the buyer's behalf.

'No reserve' auctions

Sometimes auction houses advertise 'no reserve' auctions. This means, as we have said, that the vehicle concerned will be sold to the highest bidder, regardless of how low the highest bid is. This type of auction is almost irresistible to many people, which utterly defeats the whole purpose of being at an auction, for two reasons:

The first is that if you have an auction full of eager, naive bargain-hunters all fighting over the same vehicles, then, regardless of whether the vehicles are 'no reserve' or not, they are going to go for top dollar. The worst of these 'no reserve' auctions are held at times like Saturday morning, when large crowds are virtually guaranteed. Thus, you are unlikely to find a bargain at a widely advertised

'no reserve' auction of this type, unless you happen to pick the one day of the year when few people turn up.

The second is less obvious. Even if there aren't many customers, don't be too sure that you're going to get the bargain you expect. Auctioneers are very skilful at deceptive trade practices that amount to price-rigging. The worst of these is when the auctioneer invites bids of a ridiculously low amount, say \$1000 for a \$6000 car. When half a dozen people eagerly raise their hands, the auctioneer quickly points to each of the six different people in turn and says: "One thousand, two thousand, three thousand, four thousand, five thousand, six thousand."

None of those people offered six thousand dollars; they offered one thousand dollars, yet before they even have a chance to pull their hands down, they have been scammed into bidding market value for a car that was advertised as being a no reserve bargain.

Should you find yourself in this situation, refuse to buy the vehicle and threaten legal action. Most countries have laws against misleading and deceptive conduct, and this sort of auction scam is unquestionably illegal, despite the fact that it goes on every day of the week.

People still get bargains at no reserve auctions, however, by dealing only with reputable auction houses and by avoiding heavily publicised auctions held at times like Saturday mornings. The best no reserve auctions are often of vehicles with an unhappy past, such as repossessed cars, cars seized to pay fines, cars too old & rough for the main auction, and so on. There's a high risk involved in vehicles of this type and you **MUST** take a knowledgeable, friendly motor mechanic with you, or you could end up with the worst type of lemon. Or, if you play your cards right, you could end up with a good car at half the market value.



Reserve auctions

Most vehicles sold at auction have a reserve price. Should you bid on a vehicle that fails to reach the reserve price the auctioneer will 'pass in' the vehicle, meaning that it is withdrawn from sale, then they will negotiate with both you and the seller and see if you can come to an agreement over a reasonable price. The usual procedure is for one of the assistant auctioneers to come over and tell you what the reserve price was for the vehicle (they usually won't tell you before the auction) and then try and get the highest offer off you that he or she can.

Often the highest offer is quite close to the reserve price, in which case you should stand your ground and refuse to offer more. The assistant auctioneer will then phone your offer through to the seller, who will either accept or refuse your offer. If you agree to pay the reserve price, then you automatically have the right to buy the vehicle.

If there is a big gap between what you bid and the reserve price, then you may have some heavy negotiating ahead. The auctioneers, who get paid a commission on each sale, will automatically try to get you to pay a lot more than you are bidding. They may tell you that you will miss out if you don't offer to pay much more.

Our advice at this point: STOP. Tell the auctioneer that you need a couple of minutes to collect your thoughts. Go outside if you can, away from the noise and bustle, and think the whole deal through as quickly and as calmly as you can. Take several deep breaths, then:

1) look at the details for this vehicle in the auction catalogue. Is the mileage okay? Is it a popular model that you'll be able to get parts for? Is it what you really wanted, or did you just bid because you didn't want to go home without a car?

2) If you decide you don't want the car after all, please note that by 'passing in' the vehicle without accepting your bid, the auctioneer has indicated that *there is technically no sale at this point*. If

you have any doubts about buying the vehicle, you may withdraw from the sale at this point without loss. There is nothing that the auctioneer can do about it.

3) If you decide that you want the vehicle you bid on, then work out the maximum you can afford to pay on it. If it's an exceptionally good car, checked out by a mechanic and well below market value, then it may be worth upping your price a bit rather than losing the sale at this point. Although it's a good general rule that you should stand your ground and stick to the price you decide on, if you offer a ridiculous price for a vehicle, the auctioneer will simply tell you to piss off.

Supposing you bid on a Toyota Corolla with a 1600cc motor and 76,000km on the speedo. It's a local assembled model that has had one private owner. The auctioneer tells you that it is likely to sell for around \$5000-\$5500. It's a cold, wet day and there are few buyers. The bidding starts at \$4000. You make a bid, but no one else bids. Finally the auctioneer passes in the car and the auctioneer's assistant contacts you to negotiate. If you bought the same car at a car sales yard, you'd probably pay around \$6500-\$7500 for it. If you bought the same car privately, say at a car fair, you'd likely pay around \$5500-\$6000 for it.

If you've bid \$4000 for the car, you are well on the way to getting a real bargain. However, the auctioneer is perfectly aware that this is exactly the type of car that many people will want. If it doesn't sell at this auction, then the auctioneer can simply put it back into a later auction where there are likely to be plenty of buyers. If the car has already been in an auction before and has also been passed in before, then this may be the car's last chance of being auctioned, as it is likely to be withdrawn from sale and given back to the owner if it doesn't sell to you. However, there's no way you can tell this. Further, the owner, who was probably shocked to be told that the car he or she paid so much for when it was new was now only worth around \$5000,

is not likely to accept \$1000 less.

On a car like the one we have described above, your best bet is to meet the auctioneer half way. Offer \$4500. They'll phone the buyer and make the offer on your behalf. The buyer may accept or he may not. The most likely scenario is that you'll end up paying around \$4800. Even with the 'buyer's premium' of \$150, you've still got the car for slightly under the reserve price, and cheaper than you would have gotten anywhere else.

However, if you want a mechanical warranty (something that would be included in the price if you were buying from a dealer), you'd pay around \$295 for a year.

The grand total price of your new car (excluding the cost of pre-purchase checks) is $\$4800 + \$150 + \$295 = \5245 . For a couple of mornings at the auction house you are around \$1000-\$2000 better off than if you had purchased the same vehicle at a dealer. Yes, it's a hassle, but yes, it's worth it. How many hours did you have to work to take home \$2000?

Bidding

Always write down the lot number of the car/s you are going to bid on, and resign yourself in advance to the fact that you will probably have to come back to the auctions several times before you get the car you want at the price you can afford. Don't come to the auctions knowing that you have to buy a car that day. You will almost certainly come unstuck. It's better to hire a cheap car for a week than blow all your money on a dud.

By the time the actual bidding starts you should have a written list of the lot numbers you wish to bid on and the maximum price you wish to pay. **DON'T EXCEED THIS PRICE.** Bids can leap up in lots of \$500 or more and you can easily end up with a car that cost more than you would have paid from a dealer.

It's easy to say this in writing, but



when the adrenalin is pumping and the shouts are echoing around you it's easy to make that big mistake.

Japanese imports

If the model you are looking at is a Japanese secondhand import, exercise caution. There's no reason you shouldn't buy such a car as long as the price is right, but remember that most Jap imports have been clocked, that is, have had their speedos wound back.

Therefore, assume that the stated mileage is a lie and don't even think about bidding for this vehicle unless it is thoroughly checked. Bear in mind also that Jap imports are often cheaper at auctions. There's a good reason for this: you're buying an unknown quantity.

Some Jap imports are fresh from the wharves and not registered: you will need to pay a large fee for registration and other things before you can drive the car. The auction list will usually state if a car is registered or not.

Guarantees

Some auction houses offer guarantees on cars sold. This is really just a form of insurance – you pay over a few hundred dollars and an insurance company will pay out if a major mechanical fault occurs.

There are several catches: one is that most companies will not insure old or high mileage cars (buyers take note). They also charge more for cars with things like turbochargers, and they charge much, much more to insure (quality) cars like Mercedes and Audi, even if they're low-mileage examples.

Presuming that you can get insurance for your car at a reasonable cost, you'd better read the fine print. Not only must a vehicle be serviced frequently in order to be covered by guarantee, but if the car breaks, the insurance may not cover the full cost of repairs.

Most policies set limits on how much the insurance company will pay out for any one repair. \$2500 is a typical limit for an engine repair, but engine

repairs on modern cars can easily cost much more than that.

We do recommend you get breakdown insurance in most cases, but ask your mechanic first, and have the insurance salesman explain it to you, outlining what you do and don't get for your money •

Used Car Dealers



THERE ARE TWO big advantages to buying your car from a licensed motor vehicle dealer: **convenience and accountability.**

The first one is obvious – you can walk onto a yard and choose between dozens or even hundreds of cars, all of which are well-presented and usually available for an immediate test drive. In fact, it's all so convenient, before you know it you're test driving a car, and the next thing you know, you own it, never quite sure what happened, but hoping like hell that you made the right choice.

As regards accountability, there are a number of legal protections that cover any purchase from a licensed dealer. Combined, they give the consumer a reasonably heavyweight backup in the event that things go wrong. This is not to say that the system is foolproof. There have been a number of instances where people, for a number of reasons, didn't get their money back from a dealer after their car was repossessed or broke down. All in all, however, the protections offered to the consumer for commercial

purchases of this sort are more satisfactory and effective than you would get when buying privately.

Those are the good bits. Now here's the long list of bad ones:

1) *Used car salespeople have a well-earned reputation as crooks.*

There are good and bad car salespeople, but overall, they are lean and hungry professionals whose job it is to part you from your money as quickly and effectively as possible. Regardless of your legal protections, if a salesperson harasses you into a deal that's unfair but legal, there's not much you can do about it. For example, if you buy a car from a dealer for \$1800 over market price, it's your car. Unless you can prove he misrepresented it, there's little comeback, and you're \$1800 poorer.

2) *You'll generally pay much more, even from a legitimate car dealer.*

In the private market you'll find a wide variation in prices. By buying skilfully you can get your car at well under market price. The exact opposite applies to used car dealers. They have a well-developed instinct as to the exact limit that the market will stand, and what you will pay will be the very most that can be extracted from you. All the fancy trade-in deals don't alter the fact that often, you're being screwed.

3) *There's often no time to make rational decisions.*

There's an old French saying that the seducer should never give his intended victim time to think. That advice was probably given by a used car dealer. From the moment you step onto the yard, there'll be a blur as one or more salespeople descend on you with a smile and slick line of patter. Or often, it's not even particularly slick, more tedious and/or pushy.

Despite all the legislation and exposés on consumer TV programmes, the basic format of the car sales yard hasn't changed in 50 years. This doesn't mean that buying a car privately is a bed of roses, but it can be a hell of a lot cheaper and often more pleasant •

