Car Dealerships

Protecting your interests when buying a car

FACT SHEET

CENTRAL COAST Community LEGAL CENTRE

If you are looking to buy a new or used car using credit or finance and are about to sign a contract, stop and think about whether there are any legal and financial issues involved and how to protect yourself from them.

Before signing the contract you may like to consider the following:

1. Can I afford this car?

Keep your budget in mind before signing any contract because once the loan is approved your contract becomes binding. If the dealer is making finance or loan applications on your behalf for higher amounts than you are comfortable, speak up straight away.

2. When will my loan be approved?

Loans are usually approved after the contract has been signed. The contract will generally have a term that says something along the lines of "subject to finance/loan approval", meaning the contract may only become binding once the loan is approved.

3. Have I read and understood the contract?

Read your contract, if there is anything in it that you do not understand, do not sign it! Most contracts are written in a small font over a few pages. There may be fine print and disclaimers, make sure you are reading everything and that it is making sense. Do not feel like you need to rush through reading the contract, and if you are being rushed that could be a warning sign. Ask a lawyer for help understanding the terms of the contract before you sign it if you need to.

4. Is there a cooling off period?

A cooling off period is the last chance for you, as the person buying the car, to get out of the contract without major legal or financial consequences.

If you buy a new or used car through a car dealership using finance provided through the dealership, there will be a cooling off period. The cooling off period usually lasts for one business day after you sign the contract. This means that you only have until 5:00 pm on the next business day to withdraw from the contract. This cooling off period can be waived or given up, sometimes dealerships will put this in the fine print of your contract without raising it with you first. If you back out during the cooling off period, you may lose the deposit you paid. This is why it is essential to read everything on the contract, including the fine print.

For more information, please see resources list on last page

After signing the contract

1. Do you want to pull out of the contract?

If you change your mind and do not want to go ahead with the purchase, think about:

- Are you within your cooling off period?
- How do you give notice of withdrawal?
- Were you informed of your cooling off rights?

During the cooling off period, you can cancel the contract by giving a signed, written notice in the form of a letter to the dealership. If you have purchased a second-hand car and you find that your cooling off period had been waived, contact your local community legal centre for advice as soon as you can.

2. Are you being threatened?

Is the salesperson threatening to "ruin your credit record" or take some kind of legal action against you if you do not sign or proceed with the contract? Do not panic, contact your local community legal centre for legal advice.

A reputable car dealer should never:	When buying a new car, it is recommended to:
Threaten you if you do not sign the contract	Bring a friend or family member with you to take notes. If you are alone, there is a greater risk that someone may try to take advantage of you.
Threaten to ruin your credit record if there is no binding contract	Before signing any contract, stop, think and make sure you understand what you are signing.
Sell you a car that is not approved by your loan	Trust your gut. If you are not comfortable with the price, do not sign the contract.
Fail to mention a cooling off period (If one applies)	Read reviews about the dealership before you go.
	Try to get referred to a dealership by a trusted friend or family member rather than going to one you know nothing about.
	If the dealer starts threatening you, make sure any further communication is in writing (texts, emails, letters).

How to get help

Central Coast Community Legal Centre provides free legal help and support for all people on the NSW Central Coast
- on the phone, in person or in specialist outreach clinics.

Call us on **02 4353 4988** to make an appointment for legal advice.

Hearing-impaired? If you are deaf or hearing impaired, please contact us through the National Relay Service:
133 677 (TTY/Voice) or 1300 555 727 (SSR).
These services can contact us on 02 4353 4988.

Need an interpreter? If you need an interpreter, please contact the Telephone Interpreter Service:
131 450 and ask them to call us on (02) 4353 4988.

Resources

BUYING A USED VEHICLE
nsw.gov.au/driving-boating-and-transport/buying-and-selling-vehicles/buying-a-used-vehicle

BUYING A NEW VEHICLE
nsw.gov.au/driving-boating-and-transport/buying-and-selling-vehicles/buying-a-new-vehicle

VEHICLE FINANCE AND CONTRACTS
nsw.gov.au/driving-boating-and-transport/buying-and-selling-vehicles/vehicle-finance-and-contracts

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Disclaimer:

Note to reader: This fact sheet provides general information relevant to New South Wales only and is not a substitute for legal advice. You should talk to a lawyer about your specific situation. This factsheet is valid at 7 June 2024.