Buying a Used Car

What It Is

What is a used car?
A used car is a car that is not new. Another person owned the car before you.

What is a Buyers Guide?
The Buyers Guide is a written document that tells you about the used car. The Buyers Guide tells you:
- if the dealer is selling the car with a warranty
- if the dealer is selling the car without a warranty, or “as is”
- what portion of the repair costs a dealer will pay under the warranty
- the major systems on the car and some problems you should look out for
- to have the car inspected by an independent mechanic before you buy
- to get all promises from the seller in writing

What is a manufacturer’s warranty?
A manufacturer is the company that made the car. A manufacturer’s warranty is a promise from that company to pay for some repairs or services. A warranty is for a specific period of time, usually a few years. You pay for the warranty in the price of the car.

What is an extended warranty or a service contract?
An extended warranty is a promise from the warranty company to pay for some repairs or services after the manufacturer’s warranty expires. An extended warranty is not included in the price of the car. It costs extra. An extended warranty is sometimes called a service contract.

What is a vehicle history report?
A vehicle history report tells you about a car or truck. It will tell you:
- who has owned the car
- the mileage
- if it has been in any accidents

What is an annual percentage rate?
The annual percentage rate tells you how much it costs you to borrow money for one year. It includes the interest rate and fees you pay the lender. It is also called the APR.
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Why would I buy a used car?

A used car is often cheaper than a new car. You can save a lot of money.

Who sells used cars?

Some car dealerships sell used cars. Sometimes, the person who owns the car sells it herself.

Where can I find used cars for sale?

You can find used cars for sale:
- on websites or in magazines that advertise cars for sale
- in the classified or automotive section of the newspaper
- at a used car dealership

Are there rules for selling used cars?

Yes, if you buy a car from a car dealer. A car dealer must put a Buyers Guide in every used car they are selling.

How do I know the car works well?

When you find a car you like:
- Review the service records. Did previous owners do the scheduled maintenance on time?
- Get a vehicle history report. Vehiclehistory.gov has a list of companies that sell vehicle history reports.
- Ask the seller if there are safety recalls that have not been completed. You also can check at Safercar.gov. Enter the vehicle identification number to search for recalls.
- Test drive the car in your normal driving situations. Do you usually drive in heavy traffic? Test drive the car in heavy traffic.
- Hire a mechanic you trust to inspect the car. The mechanic will tell you what repairs the car needs and how much they will cost. If the car needs repairs, the seller might reduce the price or pay for those repairs before selling the car to you.

What To Know

Do used cars come with a warranty?

Some used cars might still be covered by the manufacturer’s warranty. Ask the seller if the warranty is still in effect. If the manufacturer’s warranty is not in effect, the dealer might try to sell you an extended warranty.

What To Do

Teacher Resources for Consumer.gov | Developed for the FTC by the Center for Applied Linguistics
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A used car is a car that is not new. Another person owned the car before you. A used car is often cheaper than a new car. You can save a lot of money by buying a used car instead of a new car.

What To Know

What should I do before I start shopping for a car?

Decide what kind of car you need and how you will use it. Ask yourself:
- How many passengers will usually ride in the car?
- Do I need extra space to carry bags, tools and other things?

Decide how much you can pay for a car. Think about:
- the cost to register the car in your state
- sales tax
- car insurance
- gas
- maintenance costs

Decide how you will pay for the car. You might decide to borrow money. Compare offers from several lenders. Ask the lender to pre-approve your loan.

How do I avoid a problem with dealer financing?

Ask the dealer if your deal is final. If it is, make sure that is written in the contract.
If the deal is not final, the terms of your financing could change. Get a written promise that:
- the dealer will not sell your trade-in vehicle before the financing is approved
- the dealer will return your down payment if the financing is not approved

If the dealer offers you another deal, you do not have to accept it.
Read the contract before you sign it. Check the financing terms. That means the annual percentage rate, length of the financing, and amount borrowed. Are they what you expected?

What if I have a problem with dealership financing?

If you have a problem with financing you got from the dealer, report it to the Federal Trade Commission (FTC).
- Call the FTC at 1-877-382-4357. Tell the person on the phone what happened. You can give as much or as little information as you want.
- Go online: ftc.gov/complaint.