



# How to buy a used car in 7 easy steps

Instead of buying a brand-new car from a dealership, purchasing a second-hand (either from a lot or privately) car can give you everything you need at a potentially lower price. But be aware that shopping for used cars can be slightly more complicated (or riskier) than you think.

To help walk you through everything you need to do before signing on the dotted line, use our handy seven-step checklist to make sure you're getting exactly what you want.

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## 1. Figure out your budget

How much do you want to spend on a used car? And is your budget adequate for the type of car you are looking for? Do a bit of research online to see what type of vehicles are out there and the average price you can expect to pay for them.

Keep in mind that buying from a private seller is usually cheaper than buying from a dealership, as there are no business-associated costs factored into the price. This means your dream car might be closer to your budget if you're willing to do the extra work required when purchasing privately.

It's okay to have a bit of wiggle room in your budget in case of tough negotiations, but once you've set a definitive price point, make sure you stick to it!

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## 2. What will the car be used for?

Are you looking for a large SUV to take your growing family on holidays? Or maybe you need a sleek-looking used car to meet new clients in. Whether it's for personal or business use, this will inform what type of car you should buy as well as how much you will need to pay for it.

If the car will be used for business purposes, you may also be able to [claim tax breaks](#) at the end of the financial year.

A great benefit of buying privately is that you can ask the seller about their experiences with the car in certain situations, so don't be afraid to ask for their perspective.

## □ 3. Stay aware of relevant regulations

Depending on where you buy the used car and where you plan to drive it, there may be different regulations according to the state or territory. For example, there are [motor trader obligations](#) for buying a used car in Victoria, and these will cover things like:

- Guarantee of clear title
- Statutory warranty
- Dealings book
- Forms of notice to be displayed on used vehicles
- Roadworthy certificates
- Consignment selling
- Odometer tampering

Also, be aware that some states may impose restrictions on driving certain cars depending on your license type. While most new cars come naturally aspirated, a used car may have been fitted with engine modifications by the previous owner, such as a turbocharger. These may be illegal for drivers on a Learner or Provisional license, so be sure to ask the seller if they've made any enhancements on the car before buying.

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## □ 4. Research your out-of-pocket costs

You may think you're getting the best deal ever for a particular used car, but the money you pay to the seller isn't your only cost. There will actually be a number of [out-of-pocket expenses](#) you will need to factor into your overall budget.

Firstly, there is usually a small fee to transfer the registration of the vehicle in your name. In South Australia you will pay a nominal fee of [\\$31 to transfer the vehicle's registration](#). [The fee in NSW is \\$34](#), however failing to transfer the registration within 14 days of purchasing the vehicle will incur an even higher cost. It's important to check the fees applicable in your home state as they may vary.

Then there are fees like stamp duty, which will depend on the amount you paid for the car. This can often be a substantial after-cost as it will depend on the car's value. For example, purchasing a vehicle for \$30,000 in NSW incurs a \$900 stamp duty fee. It's a good idea to [check the cost](#) by visiting your state's road and traffic authority.

Other costs to consider include a vehicle safety report (especially if purchasing a car inter-state), compulsory third-party insurance plus any additional [car insurance](#), as well as optional fees like a car history report or mechanical inspection.

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## □ 5. Go over the vehicle with a fine-toothed comb

A used car that looks sparkling on the surface could be hiding expensive defects underneath, so it's well worth taking the time to inspect the vehicle properly before agreeing to purchase it.

This includes:

- An exterior inspection that verifies the state of the tyres, panels, windshield and whether there are any scratches or bubbles in the paint.
- Interior inspection that verifies the condition of the seats (e.g. fabric or leather), seat-adjustment mechanisms, steering wheel, electronics and mirrors.
- Looking under the bonnet to check things like the radiator or other mechanical components.
- Starting the engine to listen for any irregular noises.

If you know your way around a car and feel comfortable checking it yourself, go ahead, but it's usually recommended to hire a mechanical expert to check the car for you in more detail.

You'll also need to conduct a [rego check](#) to verify the car's registration history, as well as a [PPSR check](#) to ensure the car isn't stolen or owned by someone else other than the person you are buying it from. For example, used cars may be under finance which means they are owned by the lender. In this instance, you need to make sure they are aware of the sale and what their terms are.

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## □ 6. Take it for a test drive

You really can't get a feel for a used car until you are sitting in the driver's seat yourself. So if you are serious about making an offer, ask to take it out for a test drive. Any [reputable seller](#) will allow you to do this – and you can expect them to join you on the drive.

During the test drive, listen for any anomalies such as clicking metal or squealing tyres that could indicate problems. Also look around the car to make sure all the electronics are in working order and there aren't any warning lights flashing on the dashboard.


Also pay close attention to how the car reacts in certain situations – do the gears change smoothly at the right torque level? Are there any strange noises when you press the brakes? Do the windscreen wipers work as intended? Take the time to really put the car through your daily habits to see if it can hold up.

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## □ 7. Don't forget the paperwork

When in the middle of negotiating, it's easy to get caught up in the excitement and forget about the essential paperwork you'll need to transfer the vehicle into your name. Even if the purchase is cash-in-hand, you will legally need to be presented with the [relevant paperwork](#). It's also recommended to get the deal down on paper, which will act as a sales contract. You don't need a lawyer for this, simply write out a note saying the car has been sold under the specified terms (date, time, price, name of the buyer/seller and the form of payment), and have both parties sign it. You need to keep this for your records as proof of purchase.

**Buying a used car privately can take more time and energy than heading out to a dealership and buying something brand new, but the cost savings may make it worth your while. Just make sure everything is above board and you take out the right level of [car insurance](#) before hitting the open road.**



Need to upgrade your car insurance or take out a new policy?

Real Insurance makes everything quick and easy – you can [get a quote today](#) or call us on 1300 620 268.