

6.1: Buying a Car

Learn what to do before buying, leasing, or renting a car.

Buy a New Car

Whether you are buying or leasing a new car, consider these tips to get the best deal and avoid problems:

- Compare car makes and models. Visit the websites of car manufacturers to review the models that interest you.
- Research the dealer's price (or wholesale price) for the car and options. This information can help you negotiating the final price.
- Find out if the manufacturer is offering rebates that will lower the cost.
- [Read car advertisements](#) closely. Ads may over promise on the deals, or only apply to a small group of buyers.
- Get price quotes from several dealers. Find out if the amounts quoted are the prices before or after rebates are deducted.
- Research financing options. Be mindful of "loan packing," where a lender presses you to add features and services to your car to increase the amount of your loan.
- Avoid low-value extras such as credit insurance, auto club memberships, [extended warranties](#), rust proofing, and upholstery finishes.
- Get estimates for how much your auto insurance would cost for each model you are considering.

Buy a Used Car

Consider these factor If you are buying a used car from a dealership.

- Contact your [state or local consumer protection office](#) to learn your rights when buying a used car.
- Find out from your [state motor vehicle department](#) what paperwork you will need to register a vehicle.
- Check prices of similar models with used car guides that you can find online or at your local library.
- [Research the vehicle's history](#). Ask the seller for details concerning past owners, use, and maintenance. You can also find out whether the car has been damaged in a flood, involved in a crash, had its odometer rolled back, or been labeled a "lemon." Get the car's unique vehicle information number (VIN), usually found on the car's lower left dashboard.
- [Research the car's title history](#) with your state motor vehicle department.
- [Find out if the car has any recalls](#), investigations or complaints searchable online database.
- Verify that mileage disclosures match the car's odometer reading.
- Check with the manufacturer to verify if the manufacturer's warranty is still in effect.
- Get and read the seller's return policy in writing.
- Have the car inspected by your mechanic. Talk to the seller and agree in advance that you'll pay for the examination if the car passes inspection, but the seller will pay if the mechanic discovers significant problems. A qualified mechanic should check the vehicle's frame, tires, air bags, and undercarriage, as well as the engine.
- Examine dealer documents carefully. Make sure you are buying—not leasing—the vehicle. Leases use terms such as "balloon payment" and "base mileage" disclosures.

Buying a Car from a Private Owner

You may choose to buy a car directly from an individual, instead of a dealer. The purchase price is often lower and easier to negotiate if you buy a car from a private owner. You should still take the same steps as if you bought the car from a dealership. There are more factors to consider if you buy from a private owner.

A private owner sells the car "as is." If the car has defects when you buy it, the seller isn't required to repair them before you purchase it. Also, federal protections and rules, such as FTC's Buyer's Guide don't apply. If the seller is fraudulent, it can be more difficult to resolve the problem. You can't complain to your local consumer protection office about the seller.

If you choose to purchase a car from a private seller:

- Ask to get service records from the owner.
- [Verify that the seller actually owns the car](#) and that the title and registration are in their name.
- Verify that there are no liens against the car, or if it is still under a finance agreement.
- Contact the manufacturer to determine if the manufacturer warranty, or other warranty protection, transfer to you.
- Meet the seller in a public place or busy area, especially if the seller is a someone you don't know.

Vehicle Financing

Learn about the options available for paying for a vehicle.

A link to an interactive elements can be found at the bottom of this page.

Lease a Car

When you lease, you pay to drive a vehicle owned by a automobile dealership or leasing company. Monthly lease payments may be lower than loan payments, but at the end of the lease you have no ownership or equity in the car. To get the best deal, follow the advice below.

- Compare leasing versus owning. The Consumer Leasing Act requires leasing companies to give you information so that you can compare monthly payments and other charges.
- Compare lease offers from multiple dealers. Consider buying from an independent agent rather than a car dealership
- Find out what the down payment, or capitalized cost reduction, is for the lease.
- Calculate the total cost over the life of the lease, and include the down payment. A lease with a higher down payment and low monthly payments may be a better deal for you.
- Ask for details on wear and tear limits. Damages that you regard as normal wear and tear could be billed as significant damage at the end of your lease.
- Find out how many miles you can drive in a year. Most leases allow 12,000 to 15,000 miles a year. Expect a charge of 10 to 25 cents for each additional mile driven.
- Check the manufacturer's warranty. It should cover the entire lease term and the number of miles you are likely to drive.
- Ask the dealer what happens if you give up the car before the end of your lease. You could be responsible for termination fees if you end the lease early.
- Ask what happens if the car is involved in an accident.
- Get all the terms in writing. Everything included with the car should be listed on the lease to avoid being charged for "missing" equipment later.

Get more tips to help you [understand the differences between a buying or leasing a car](#).

Car Safety Information

Car Safety Tests

These organizations conduct automobile safety crash tests:

- The National Highway Traffic Safety Administration (NHTSA):
 - Conducts new vehicle crash tests to determine the protection level for drivers and passengers during front and side-impact crashes.
 - Evaluates vehicle restraints such as air bags and safety belts.
 - Determines the likelihood of a vehicle rolling over if involved in a single-vehicle crash.
- The [Insurance Institute for Highway Safety](#) performs a different test that uses offset-frontal car crashes to assess the protection provided by a vehicle's structure.

Safety Performance Reporting

These organizations report on or provide automobile safety information:

- [SaferCar.gov](#):
 - Provides information on how to file a complaint about child safety seats, tires, equipment, and vehicles
 - Lists [vehicle and equipment defects and recalls](#) – If a vehicle has been recalled, ask your car dealer for proof that the defect has been repaired. Used vehicles should also have a current safety inspection sticker if your state requires one.
 - Lists [vehicles equipped with Electronic Stability Control \(ESC\)](#)
- The [National Motor Vehicle Title Information System](#) provides information about a vehicle's history and condition, including information about its title, odometer reading, and, in some cases, theft.

- Consumer Reports' car issue rates vehicles in terms of overall safety. Its safety score combines crash test results with a vehicle's accident avoidance factors, such as emergency handling, braking, acceleration, and driver comfort.

Car Rental and Car Sharing Services

Even if you don't own a car, there are times when you may need one. When you rent a car, you're using a company's vehicle for a short period of time. Use these tips before signing the rental agreement to help you avoid unexpected problems and charges:

- **Fees:** What is the total cost, after all fees are included? Will there be an airport surcharge or fees for car drop-off, insurance, fuel, mileage, taxes, additional drivers, an underage driver, or equipment rental (for items such as ski racks and car seats)?
- **Driving record:** Ask whether the rental company checks customers' driving records when they arrive at the service counter. If there are problems with your driving record, the rental company could turn you away, even if you have a confirmed reservation.
- **Insurance:** Be sure that you aren't duplicating coverage. You might have coverage through your personal auto insurance policy, a motor club membership, the credit card you used to reserve the rental, or your employer, if you're traveling on business.
- **Damages:** Before driving off, inspect the vehicle for dents, scratches, and marks and check the tires. Report any pre-existing problems and ask the company to note them on your rental agreement. Try to return the car during regular business hours so you and the rental staff can look at the car together to verify that you didn't damage it.
- **Fuel:** Some rental companies, particularly at airports, may require you to refuel within a 10 mile radius of the airport or show a fuel receipt when you return the car.
- **Payment method:** Pay with a credit card rather than a debit card to avoid holds on other funds in your checking account.
- **Rental deposit:** Does the rental company require a deposit? If so, ask for a clear explanation of the deposit refund procedures.

Some state laws cover short-term car and truck rentals. Contact your [state or local consumer protection office](#) for information or to file a complaint.

Car Sharing

If you'd rather rent a car on an hourly basis and have greater flexibility in where and when you can pick up a vehicle, you can join a car sharing service. You get the convenience of a car when you need one, without the costs of ownership.

- **Fees:** What fees does the company charge (annual fees, application fee)? Are they refundable, even if you cancel or are denied membership?
- **Availability of cars:** Are there cars available at times that you need one? How far in advance do you need to reserve a vehicle?
- **Attendants:** Are there on-site staff present when you check out your car and return it? This can be very helpful when you need to verify that the car is returned in the same condition as when you borrowed it.
- **Fuel:** Do you have to pay for gas out of your own pocket or does the company pay for it?
- **Extension of time:** How easy is it to extend the length of your rental? Is it done through an app or is there a dedicated customer service hotline?
- **Cancellation:** How far in advance must you give notice to cancel a reservation or your membership? And can the company cancel your membership without notification?
- **Damages:** Are you responsible for damages, even if they were not your fault or they happened after you returned the car? This is especially important if you return the car to a lot that does not have on-site staff.
- **Insurance:** Is insurance included? You may be insured by a personal policy or the credit card that you use to pay for this service.

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