

Indiana Legal Services, Inc

Using the law to fight poverty, empower clients, and improve access to justice.

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Buying a Used Car

Before you start shopping:

- It is a good idea to shop around before you buy a used car.
- You can check with the Better Business Bureau to see if there have been any complaints about the car dealer.
- Figure out how much you are willing to spend on the car and only shop within that price range.
- Ask your regular mechanic if he will inspect a car you are thinking about buying and give you an estimate on its value.
- Look up the car you are interested in on the Internet or in a “Blue Book” to see how much it should cost.

When you shop:

- Read the Buyers Guide (the window sticker) and get the warranty information from it. It may be covered by a warranty or be sold “as-is”. The sticker will say which one it is. If it is sold “as-is,” the dealer will not be responsible for any repairs to the vehicle.
- Don’t give up your keys to your old car until you are ready to trade it in.
- Ask for the selling price of the car you want to buy. Don’t let them tell you only the monthly payment because it may have hidden costs for things you don’t want in it. Ask for the price of just the car, without any add-ons.
- Ask the dealer about the car’s repair history. Make sure the car is not a rebuilt wreck, a flood damaged vehicle, or a “lemon” that has been returned by the previous owner. You can check these things by looking at the repair history, the title of the vehicle, and at the vehicle itself. Rebuilt cars are often repainted to cover up the repairs. A wrecked car may have glass imbedded in the carpet. Flood damaged cars often have rust or dampness up high in the engine compartment and the trunk, or mud in the tailpipe. A “lemon” may have been sold back to the dealership or the manufacturer.
- Inspect the papers you find in the glove box; they may give you some clues to the car’s history.
- Look to see if the mileage on the odometer matches the way the car looks. If the car is well-worn, but shows low mileage, the odometer may have been rolled back, which is a form of fraud.

- Take the car to your mechanic and have him look at it for you, telling you what is good and what is wrong with it. You can bargain with the dealer about the price once you have talked to your mechanic about the car. You might be able to get the price lowered.

When you buy the car:


- Don't sign any agreements until you have read and understood them. If you have to, ask for a copy of the agreement to take home and study before you sign it.
- Ask about the financing. What interest rate are they charging? Is there a penalty for paying off the car early? What is the repossession policy?
- If the dealer offers a service contract, read it carefully. Often, service contracts do not really protect the buyer very well. If the dealer does sell a service contract, there is still an implied warranty that says the car is safe and reliable enough for the reason you are buying it.
- Make sure you are not being charged for something you did not want. Unless you want the add-ons and are willing to pay for them, ask the dealer to sell you the car only, not anything else.

After you buy:

- Save all of your papers, contracts, service agreements, or anything else you signed. Keep them in an envelope in a safe place.
- If the car needs repaired, keep a record of any repairs and costs. You will need this information if the car turns out to be a "lemon".
- If you fall behind in your payments, pay what you can and keep track of how much you have paid. If the dealer has to repossess your car, he may still demand to be paid the rest of what you owe, so keep up on your payments if at all possible.

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