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Your guide to purchasing a vehicle

Cars have become an essential part of our daily lives, but buying a new or used car can often be a complicated process. There are so many things to consider that you often don't know where to start, but that's why we are here to help!

We have put together some handy tips for you to consider when next buying a vehicle.

Tips for buying a car in South Africa

Do your homework

There are plenty of ways to purchase a car in South Africa. You can buy a car privately from an individual, through an auction house or from a dealership. Choose a car according to your needs and budget. If you are buying a used vehicle, check the car comparison websites to ensure you are getting a good deal.

Remember that a vehicle finance loan will not be your only expense. Consider insurance, servicing, fuel costs and the depreciation of the car when setting out a budget up front.

Spend time researching the value of various cars by looking at classified ads and by visiting local dealers. Understand what specifications each model has and how this may affect the price.

When buying a used car make sure you adopt some healthy scepticism. Ask about the car's mileage, age, condition and service history. If the seller or dealer is not forthcoming with information or make you feel uncomfortable, it's usually best to then just walk away. You are under no obligation to buy the car just because you are viewing it.

Inspecting

If you're not very knowledgeable when it comes to cars, it's a good idea to take a friend along who does have the expertise, particularly if you're buying a used car.

If you're under a tight budget consider taking someone along with you who isn't prepared to spend a lot of money, is less excited about the purchase of a new car and more interested in helping you get value for your money.

If you take your time and inspect the vehicle closely, you will have some idea how the car was treated. For peace of mind take the car to a qualified and independent professional who will tell you all you need to know about imminent repairs, the state of the engine, any potential odometer fraud and the overall condition of the car. It may cost you some money to do this type of inspection but it will be worthwhile as cars can be expensive to fix.

Check for any uneven partitions in the bodywork, body colour that does not match or for spray paint marks on sealing rubber -these are signs that the car was repaired after an accident.

Grab a front tyre in the middle with both hands and shake it to- and fro. If there is play, the wheel bearings or the steering could be worn. Also check the condition of the tyres and whether there are any uneven signs of wear that could indicate worn shock absorbers and incorrect axle tuning.

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The brake discs should have no rust signs and be of ample thickness. The tyre thread should at least measure three millimetres. Don't be shy of crawling underneath the car to check for oil leaks in the engine and gearbox. One look at the exhaust for signs of rust will show you whether the exhaust is soon in need of replacement.

Lift the floor mats and check for any moisture underneath. Check the workings of all the electrics such as air conditioner, sunroof and windows.

After satisfying yourself about the car interior you should take a look at the engine. The car battery should have a clean look. A low brake fluid level could indicate trouble with the braking system. Check all the piping, hoses and radiator for any signs of lime that indicate leakage. A recent engine wash could have been made to disguise such evidence. Once uncovered, use any faults to negotiate a better price.

Never buy a car which you have not test-driven yourself

Spend at least 20 minutes test-driving a car, looking out for any faults and make sure that you are comfortable with it. Make sure that you check all the equipment, and all electrically powered items. Knocking engine sounds, a humming gearbox, worn out wheel bearings, uneven braking or an exhaust in need of replacement are things you cannot find out by just looking at the car from the outside. Be sure to turn down the window, so you can hear suspicious sounds and don't let the seller turn the radio on, as he or she might be trying to disguise sounds.

Drive more than one car before you buy so that you have a benchmark against which to evaluate your test-drive.

Check the documents of a private seller

Make sure the registration documents have the correct seller's name and address. Ask to see the identity document of the seller so that you know you are talking to the rightful owner. Check the service history with care and make sure that the chassis number corresponds to the papers. Ask to see the service and maintenance records and compare receipts and the roadworthy certificate with the actual mileage of the car. Remember that a closer inspection of worn seats and pedals are sure signs that the car has done a lot of mileage.

Negotiate

Negotiation is an art that can save you money. The only way to come out on top is to stay cool, be aware and remain polite. Never be pressured into closing the deal, remember the buyer has the advantage. If you are unhappy, walk away. There are plenty of cars on the market and you don't need to make a desperate purchase.

Dealing with the money

Find the finance method that suits you. Remember to get a receipt which also needs to state that the vehicle is free of any outstanding payments and to sign the Change of Ownership document.

Assessing a warranty

Some warranties are great, others are useless. Read and understand the fine print. Never take anything for granted. If you are unsure, make sure you get the salesperson to explain and explain again until you are completely satisfied. There's no shortcut.

Registering your vehicle

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If you have bought your car privately, it's important that you then set about registering the vehicle in your name. Registration forms are available from the local traffic authorities. All used cars must pass a roadworthy test. This test can be done at DEKRA centres and if you are an Automobile Association (AA) member you can get a 15% discount. For more information click here:

<https://www.aa.co.za/services/technical-services/dekra/>.

Vehicle finance

Whether you buy your car privately or through a dealership you can apply for vehicle finance from a registered lender, such as a bank. If you have a good credit record you should be granted a loan.

But remember, before you apply for a loan you should always determine whether you can afford the repayments in the first place.

Once you have determined that you can afford a vehicle loan speak to your bank or motor finance broker to talk you through all the loan and repayment options. If you buy a car through a dealership they can send through the loan application forms on your behalf.

Why you should not agree to a balloon payment

Don't get talked into taking out a balloon payment. There are few benefits to taking out car finance of this nature. Balloon payments are often used as a gimmick by car dealers and sellers to reduce the price of the instalments.

A balloon payment is a lump sum payment that is attached to a loan. The payment is normally paid at the end of a loan, and has a higher value than your regular repayment charges. So, the larger your balloon payment at the end of the loan, the smaller your monthly instalments on your new or used car will be.

This kind of set up may sound attractive to buyers initially as it means that they are able to 'afford' a more expensive car for 'less'. But this 'attractive' deal will soon become unattractive, particularly if you come to the end of your term and have no way in which to pay the last balloon instalment.

Often, customers have no choice but to roll up the balloon payment in another loan in order to repay the amount. This is not ideal as it means you will pay more interest over the long term and take longer to pay off your loan as well.

Insurance

Now that you know all about the admin that's involved, we can get down to something that could potentially save you hundreds of Rands should something go wrong: insurance.

In South Africa, it is not compulsory to insure cars, which means that around 70% of drivers are uninsured. While you may save money by not insuring your car bear in mind that repairs are quite pricey and if you are involved in a bad accident you could end up being liable for huge sums of money, particularly if you are at fault.

In order to help protect yourself in the event of an accident, it's best to have car insurance. However, if you cannot afford comprehensive insurance, experts advise that insurance cover for Balance of Third Party, fire and theft is also a viable alternative.

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It is important to compare insurance quotes from different providers in order to ensure you get the best deal. Remember to review your premium once a year. For more information about how best to insure your car, check out our guide to car insurance.