

Buying a Used Car From a Dealer



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Buying a Used Car From a Dealer

Whether you're 16 or 60, buying a used car can be an exciting experience. But it can also be a big financial commitment, with some industry reports estimating that the average price of a used car is close to \$28,000. The more you know going in to the dealer, the better you'll feel driving out. For example, dealers have to put a Buyers Guide on every used car. You're also entitled to a Buyers Guide if you buy a used car online. The Guide will tell you if a car has a warranty, or is being sold "as is." You'll also want to get a vehicle history report and get the facts about independent inspections, payment options, and what to do if you have a problem after the deal is done.

► Do Some Homework

Before you start shopping for a used car from an auto dealer in person or online, do some homework. It may save you serious money. Consider the kind of car you need, how you'll use it, and your budget. Don't forget other costs like registration, insurance, gas, and maintenance. Research models, options, repair records, safety tests, and mileage.

Once you have a car (or cars) in mind, ask for the out-the-door prices **in writing** from dealers before you visit. Use those quotes to

- confirm that advertised prices, discounts, rebates, etc. are actually being applied
- confirm that the vehicle is actually on the lot
- spot add-ons and other charges that the dealer may try to introduce at the last minute

Then, find out about the dealer before you visit.

Contact your state ([usa.gov/state-consumer](https://www.usa.gov/state-consumer)) and local consumer protection agencies to find out if any unresolved complaints are on file about a particular dealer. Also check out a dealer's reputation by searching online for the company's name with words like "scam," "review," or "complaint."

► Dealer Sales and the Buyers Guide

Dealers have to display a Buyers Guide ([ftc.gov/documents/buyers-guide](https://www.ftc.gov/documents/buyers-guide)) in every used car they offer for sale. They also have to give it to buyers after the sale. This includes light-duty vans and trucks, demonstrators, and program cars. Demonstrators are new cars that haven't been owned, leased, or used as rentals, but have been driven by dealer staff. Program cars are low-mileage, current-model-year vehicles returned from short-term leases or rentals. Dealers don't have to display a Buyers Guide on motorcycles and most recreational vehicles.

The Buyers Guide tells you

- the major mechanical and electrical systems on the car, including some of the major problems to look out for
- whether the car is being sold “as is” or with a warranty
- what percentage of the repair costs a dealer will pay under the warranty
- to get all promises in writing
- to ask to have the car inspected by an independent mechanic before you buy
- to get a vehicle history report and to visit [ftc.gov/UsedCars](https://www.ftc.gov/UsedCars) for information on how to get a report, how to check for safety recalls, and other topics

- to ask for a Spanish Buyers Guide if the sale is conducted in Spanish
- the dealer's contact information, including the contact for complaints
- to remember: spoken promises are difficult to enforce

Dealers in Maine and Wisconsin display their own version of the Buyers Guide.

► **Be Aware of Add-ons**

Add-ons are optional products and services offered by the dealer, like gap insurance, Vehicle Identification Number (VIN) etching, and rustproofing. Often, add-ons can cost thousands of dollars and are mentioned only at the end of an already difficult and time-consuming day at the dealership. Other times, dealers may try to include these and other add-ons in your deal without ever discussing them with you, and without your knowledge or approval. You can usually buy the vehicle you want without any add-ons, and you can buy most add-ons from independent retailers. If you want an add-on from the dealer, be sure that you ask how much you're paying for each add-on and what you'll get, and get answers in writing.

► Get an Independent Inspection Before You Buy

A vehicle history report ([ftc.gov/UsedCars](https://www.ftc.gov/UsedCars)) is not a substitute for an independent vehicle inspection. A vehicle history report may list accidents and flood damage, but typically it will not list mechanical problems. That's why it's always a good idea to pay for an independent mechanic to conduct a mechanical inspection of a used car. A mechanical inspection is a good idea even if the car has been "certified" and inspected by the dealer, and is being sold with a warranty or service contract. You'll have to pay the inspection fee, but it can help you avoid paying for a car with major problems.

A mechanical inspection is different from a safety inspection. Safety inspections usually only focus on things that make a car unsafe to drive.

If the dealer won't let you take the car off the lot, maybe because of insurance restrictions, you may be able to find a mobile inspection service that will go to the dealer. If that's not an option, ask the dealer to bring the car for inspection at a facility you choose. If a dealer won't allow an independent inspection, consider going to another dealer.

Ask the mechanic for a written report with a cost estimate for all necessary repairs. Be sure the report includes the car's make, model, and VIN. If you decide

to buy from the dealer after seeing the inspection's results, you can use the estimated repair costs to negotiate the price of the car.

► Payment Options

When it comes to paying for a car, you have two choices: pay in full or finance over time ([ftc.gov/financing-leasing-car](https://www.ftc.gov/financing-leasing-car)).

Financing increases the total cost of the car because you're also paying for the cost of credit, including interest. Consider how much you can pay as a down payment, the monthly payment, the financing period (such as 60 months), and the annual percentage rate (APR).

Low monthly payment offers may be tempting but often have longer loan periods and higher interest rates, which means they're much more expensive overall. So make sure you know the total cost with financing — not just the monthly payment amount.

Dealers and other places that offer financing — like banks, credit unions, and finance companies — offer a variety of financing terms. Shop around, compare offers, and negotiate the best deal you can.

If you decide to finance the car, make sure you understand the financing agreement before you sign any documents.

- What's the exact price you're paying for the car?
- What is the total sales price with financing — that is, the sum of the monthly payments plus the down payment?
- What's the finance charge (the dollar amount the credit will cost you)?
- What's the APR (which measures the cost of credit as a yearly rate)?
- How many payments will you make — and how much is each one?

► Return Policies

Before you buy from a dealer, ask about the dealer's return policy, get it in writing, and read it carefully.

- Federal law doesn't require dealers to give you three days to cancel the deal and return the car.
- In some states, dealers must give you the right to cancel. In other states, the right to return the car in a few days for a refund exists **only** if the dealer chooses to offer this option. Dealers may describe the right to cancel as a "cooling-off" period, a money-back guarantee, or a "no questions asked" return policy. Check with your state attorney general ([consumerresources.org](https://www.consumerresources.org)) for the rules in your state.

► Types of Warranties

The Buyers Guide must show any changes you negotiate in the warranty coverage. It will override anything in your sales contract. So as you negotiate, be sure the dealer makes any changes to the Buyers Guide, as well as in your contract. For example, if the Buyers Guide says the car comes with a warranty and the contract says the car is sold “as is,” the dealer must give you the warranty described in the Guide.

There are several types of warranties. It’s important to know their differences.

As Is - No Dealer Warranty means the dealer won’t pay for any problems or needed repairs. You’re assuming the risk of anything that goes wrong after the sale. There are several things to know about “as is” sales:

- When the dealer offers a car “as is,” the box next to the “As Is - No Dealer Warranty” disclosure on the Buyers Guide must be checked.
- If the “as is” box is checked, make sure any verbal promises — like promises to repair the car or cancel the sale if you’re not satisfied — are written on the Buyers Guide. Otherwise, you may have a hard time getting the dealer to follow through. To find out what disclosures are required for “as is” sales in your state, contact your state attorney general ([consumerresources.org](https://www.consumerresources.org)).

Implied Warranties are unspoken, unwritten promises from a dealer to the buyer. If a used car doesn't come with a written warranty, it's still covered by implied warranties — unless it's an “as is” sale. Here are some common implied warranties:

- A **“warranty of merchantability”** means the dealer promises the car will do what it's supposed to do: it will run. This promise applies to the basic functions of a car. It doesn't cover everything that could go wrong. Just because your car breaks down after the sale doesn't mean it's automatically covered by the warranty of merchantability. You'll need to prove that the problem or defect existed at the time of the sale. But the dealer may disagree and refuse to pay for the repairs.
- A **“warranty of fitness for a particular purpose”** applies when you buy a car based on the dealer's advice that it's suitable for a particular use. For example, a dealer who suggests you buy a specific vehicle for hauling a trailer is giving an implied warranty that the vehicle can do the job.

If you have problems that aren't covered by a written warranty, see if there's protection from one of these implied warranties. Implied warranty coverage can last as long as four years, although the length of the coverage varies from state to state. A lawyer ([ftc.gov/hiring-lawyer](https://www.ftc.gov/hiring-lawyer)) or a state consumer protection office ([usa.gov/state-consumer](https://www.usa.gov/state-consumer)) can tell you more about implied warranty coverage in your state.

Full and Limited Warranties

Dealers may offer a full or limited warranty on all or some of a car's systems or components. Most used car warranties are limited and their coverage varies.

If you have a full warranty, it will include these terms and conditions:

- Anyone who owns the car during the warranty period can get warranty service.
- Warranty service is free of charge, including removing and reinstalling a covered system, for example, steering, brake, fuel or exhaust systems.
- If the dealer can't fix the car or covered system after a reasonable number of tries, you can choose replacement or a full refund for your car.
- To get service under the warranty, you only have to tell the dealer you need it.
- There's no time limit.

If any of these statements doesn't apply, the warranty is limited.

A full or limited warranty doesn't have to cover the entire car. The dealer may specify that only certain systems are covered.

Warranty Documents

If you buy a car that comes with a warranty, make sure you get a copy. Review it carefully and know what's covered. The warranty gives detailed information, like

how to get repairs for a covered system or part. It also says who's responsible for fulfilling the terms of the warranty.

Unexpired Manufacturer's Warranties

If the manufacturer's warranty still is in effect, the dealer may note that in the "systems covered/duration" section of the Buyers Guide. To make sure you can take advantage of the coverage, ask the dealer for the car's warranty documents. Verify the information (what's covered, expiration date/miles, and necessary paperwork) by calling the dealership. Make sure you have the VIN when you call.

► Service Contracts

A service contract ([ftc.gov/autowarranties-servicecontracts](https://www.ftc.gov/autowarranties-servicecontracts)) is a promise to perform (or pay for) certain repairs or services. Sometimes called an "extended warranty," a service contract is **not** a warranty. You can buy a service contract anytime. They're sold by car manufacturers and dealers, and independent companies. Prices and coverage vary widely.

To decide if you need a service contract, consider these questions:

- Does the service contract duplicate warranty coverage you already have? Does it begin after your current warranty runs out? If the service

contract lasts longer than you expect to own the car, is it transferable, or is a shorter contract available?

- Is the car likely to need repairs, and how much are they going to cost? Is the cost of repairs likely to be more than the price of the contract?
- Will the service contract cover all parts and systems? Does “bumper to bumper” coverage mean what you think?
- Is a deductible required, and if so, how much and under what terms?
- Does the contract cover incidental expenses, like towing and rental car charges while your car is being serviced?
- Will repairs and routine maintenance have to be done at the dealer?
- Is there a cancellation and refund policy for the service contract? Are there cancellation fees?
- Is the dealer or company offering the service contract reputable? Does the dealer sell third-party service contracts?

If you buy a service contract from the dealer within 90 days of buying a used car, the dealer can't remove implied warranties on the systems covered in the contract. For example, if you buy a car “as is,” the car normally is not covered by implied warranties. But if you buy a service contract covering the engine, you automatically get implied warranties on the engine.

These warranties may give you protection beyond the scope of the service contract. Make sure you get written confirmation that your service contract is in effect.

► If You Have a Problem

If you have a problem that you think is covered by a warranty or service contract, follow the warranty or contract instructions to get service. If a dispute arises, and you can't work it out with the dealer, you still have some options:

- If your warranty is backed by the car's manufacturer, contact the dealership. They can decide issues of warranty service and repairs.
- Contact your state attorney general ([consumerresources.org](https://www.consumerresources.org)). Consumer protection assistant attorneys general deal with issues that range from healthcare to automobiles to privacy.
- You might consider using a dispute resolution organization ([ftc.gov/resolutions](https://www.ftc.gov/resolutions)). In fact, under many warranties, using a dispute resolution organization may be a required first step before you can sue the dealer or manufacturer.
- File a suit in small claims court. You can resolve disputes involving small amounts of money, often without an attorney. The clerk of your local small claims court can tell you how to file a suit and the dollar limit in your state.

- Under the federal Magnuson-Moss Warranty Act ([ftc.gov/FederalWarrantyLaw](https://www.ftc.gov/FederalWarrantyLaw)), you can sue based on breach of express warranties, implied warranties, or service contracts. If successful, you can recover reasonable attorneys' fees and court costs. A lawyer can advise you if this law applies.

► For More Information

Learn more about buying and owning a car at [ftc.gov/cars](https://www.ftc.gov/cars).

Sample Buyers Guide

Actual Buyers Guide is at least 7.5" x 10"

Front Side of Buyers Guide

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE

MODEL

YEAR

VEHICLE IDENTIFICATION NUMBER (VIN)

WARRANTIES FOR THIS VEHICLE:

AS IS - NO DEALER WARRANTY

THE DEALER DOES NOT PROVIDE A WARRANTY FOR ANY REPAIRS AFTER SALE.

DEALER WARRANTY

- FULL WARRANTY.
- LIMITED WARRANTY. The dealer will pay ____% of the labor and ____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty, and for any documents that explain warranty coverage, exclusions, and the dealer's repair obligations. *Implied warranties* under your state's laws may give you additional rights.

SYSTEMS COVERED:

DURATION:

NON-DEALER WARRANTIES FOR THIS VEHICLE:

- MANUFACTURER'S WARRANTY STILL APPLIES. The manufacturer's original warranty has not expired on some components of the vehicle.
- MANUFACTURER'S USED VEHICLE WARRANTY APPLIES.
- OTHER USED VEHICLE WARRANTY APPLIES.

Ask the dealer for a copy of the warranty document and an explanation of warranty coverage, exclusions, and repair obligations.

- SERVICE CONTRACT. A service contract on this vehicle is available for an extra charge. Ask for details about coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of your purchase of this vehicle, *implied warranties* under your state's laws may give you additional rights.

ASK THE DEALER IF YOUR MECHANIC CAN INSPECT THE VEHICLE ON OR OFF THE LOT.

OBTAIN A VEHICLE HISTORY REPORT AND CHECK FOR OPEN SAFETY RECALLS. For information on how to obtain a vehicle history report, visit ftc.gov/usedcars. To check for open safety recalls, visit safecar.gov. You will need the vehicle identification number (VIN) shown above to make the best use of the resources on these sites.

SEE OTHER SIDE for important additional information, including a list of major defects that may occur in used motor vehicles.

Si el concesionario gestiona la venta en español, pídale una copia de la Guía del Comprador en español.

This Buyers Guide, with the paragraph about “Implied Warranties Only,” should be used in states that do not allow “As Is” sales. (See page 9.)

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE

MODEL

YEAR

VEHICLE IDENTIFICATION NUMBER (VIN)

WARRANTIES FOR THIS VEHICLE:

IMPLIED WARRANTIES ONLY

The dealer doesn't make any promises to fix things that need repair when you buy the vehicle or afterward. But *implied warranties* under your state's laws may give you some rights to have the dealer take care of serious problems that were not apparent when you bought the vehicle.

DEALER WARRANTY

FULL WARRANTY.

LIMITED WARRANTY. The dealer will pay ____% of the labor and ____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty, and for any documents that explain warranty coverage, exclusions, and the dealer's repair obligations. *Implied warranties* under your state's laws may give you additional rights.

SYSTEMS COVERED:

DURATION:

NON-DEALER WARRANTIES FOR THIS VEHICLE:

- MANUFACTURER'S WARRANTY STILL APPLIES. The manufacturer's original warranty has not expired on some components of the vehicle.
- MANUFACTURER'S USED VEHICLE WARRANTY APPLIES.
- OTHER USED VEHICLE WARRANTY APPLIES.

Ask the dealer for a copy of the warranty document and an explanation of warranty coverage, exclusions, and repair obligations.

- SERVICE CONTRACT. A service contract on this vehicle is available for an extra charge. Ask for details about coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of your purchase of this vehicle, *implied warranties* under your state's laws may give you additional rights.

ASK THE DEALER IF YOUR MECHANIC CAN INSPECT THE VEHICLE ON OR OFF THE LOT.

OBTAIN A VEHICLE HISTORY REPORT AND CHECK FOR OPEN SAFETY RECALLS. For information on how to obtain a vehicle history report, visit ftc.gov/usedcars. To check for open safety recalls, visit safecar.gov. You will need the vehicle identification number (VIN) shown above to make the best use of the resources on these sites.

SEE OTHER SIDE for important additional information, including a list of major defects that may occur in used motor vehicles.

Si el concesionario gestiona la venta en español, pídale una copia de la Guía del Comprador en español.

The back of the Buyers Guide alerts you to problems that may occur in used vehicles.

Here is a list of some major defects that may occur in used vehicles.

Frame & Body

Frame—cracks, corrective welds, or rusted through
Dog tracks—bent or twisted frame

Engine

Oil leakage, excluding normal seepage
Cracked block or head
Belts missing or inoperable
Knocks or misses related to camshaft lifters and push rods
Abnormal exhaust discharge

Transmission & Drive Shaft

Improper fluid level or leakage, excluding normal seepage
Cracked or damaged case which is visible
Abnormal noise or vibration caused by faulty transmission or drive shaft
Improper shifting or functioning in any gear
Manual clutch slips or chatters

Differential

Improper fluid level or leakage, excluding normal seepage
Cracked or damaged housing which is visible
Abnormal noise or vibration caused by faulty differential

Cooling System

Leakage including radiator
Improperly functioning water pump

Electrical System

Battery leakage
Improperly functioning alternator, generator, battery, or starter

Fuel System

Visible leakage

Inoperable Accessories

Gauges or warning devices
Air conditioner
Heater & Defroster

Brake System

Failure warning light broken
Pedal not firm under pressure (DOT spec.)
Not enough pedal reserve (DOT spec.)
Does not stop vehicle in straight line (DOT spec.)

Hoses damaged
Drum or rotor too thin (Mfr. Specs)
Lining or pad thickness less than 1/32 inch
Power unit not operating or leaking
Structural or mechanical parts damaged

Air Bags

Steering System

Too much free play at steering wheel (DOT specs.)
Free play in linkage more than 1/4 inch
Steering gear binds or jams
Front wheels aligned improperly (DOT specs.)
Power unit belts cracked or slipping
Power unit fluid level improper

Suspension System

Ball joint seals damaged
Structural parts bent or damaged
Stabilizer bar disconnected
Spring broken
Shock absorber mounting loose
Rubber bushings damaged or missing
Radius rod damaged or missing
Shock absorber leaking or functioning improperly

Tires

Tread depth less than 2/32 inch
Sizes mismatched
Visible damage

Wheels

Visible cracks, damage or repairs
Mounting bolts loose or missing

Exhaust System

Leakage
Catalytic Converter

DEALER NAME

ADDRESS

TELEPHONE

EMAIL

FOR COMPLAINTS AFTER SALE, CONTACT:

IMPORTANT: The information on this form is part of any contract to buy this vehicle. Removing this label before consumer purchase (except for purpose of test-driving) violates federal law (16 C.F.R. 455).

The FTC works to stop deceptive and unfair business practices and scams, and to help consumers like you recognize and recover from them. Sign up for email updates at ftc.gov/ConsumerAlerts.

Report fraud, scams, and bad business practices to the FTC at ReportFraud.ftc.gov. The FTC uses and shares reports with law enforcement partners to help with investigations.



**FEDERAL TRADE
COMMISSION**

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