

Selling used cars

Easy English

A licence to sell cars or motorcycles

The law says you must have a second-hand vehicle dealer's licence if:

- you buy, sell or offer for sale 4 or more vehicles in 12 months
- you and a close associate (such as your spouse, partner, brother or sister) offer to buy or sell 6 or more vehicles in 12 months. Both you and the associate must have a licence.

Licensed dealers must not pretend to be private sellers to get out of their legal responsibilities.

Odometer rules

Licensed dealers and private sellers must not change a vehicle's odometer – unless Consumer and Business Services (CBS) gives you permission before you change it. Changing an odometer includes things like replacing it, repairing it or changing the reading.

Dealer responsibilities

Licensed dealers must follow the *Second-hand Vehicle Dealers Act 1995* and the Australian Consumer Law.

If you don't do what these laws say, CBS could take action – for example, a formal warning letter, expiation notice (a fine), warning the public not to deal with you or court action.

Your business requirements include the following.

- You must register your sales address with CBS when you apply for your dealer's licence. You must advise CBS if you change address or wish to add more locations to your licence.
- You cannot employ salespeople who have been convicted of certain offences or suspended or disqualified from some jobs.
- Each year you must pay a fee to the Second-hand Vehicles Compensation Fund. This fund protects people from dealers who don't act legally. You pay the fee when you renew your licence.

Written information and contracts

You must put a notice on a vehicle for sale and also give a copy to the buyer. The notice must include things such as: the price of the vehicle; make and model and year of manufacture; registration number and year of first registration; engine number; and odometer reading.

You must not give buyers any information that is not true or might lead them to believe something that isn't true.

When you sell a vehicle there must be a written contract which is signed by both you and the buyer, and a copy given to the buyer.

Cooling off

The buyer has 2 clear business days to think about the purchase. Saturdays are also business days. The buyer may cancel the contract by giving you written notice within the 2 days.

Payments

You can ask a buyer to pay a deposit up to 10% of the selling price. If the buyer cancels during the cooling off period, you can only keep 2% of the contract price or \$100, whichever is less. You must give the rest of the money back to the buyer.

Defects

You should only sell vehicles that are roadworthy and tell buyers about any known defects (problems). Some problems don't affect how the car runs – e.g. problems with the navigation system or air conditioning. Not every defect is covered by a warranty.

You must not sell a vehicle classified as a statutory write-off. You must tell buyers if a car has ever been recorded as wrecked, written off or has suffered significant damage as a result of exposure to water. You must tell buyers if a car is a 'repairable write off'.

Repairs must be done to acceptable industry standards. If a vehicle is brought to you for repairs, and you cannot or will not do the repairs in a reasonable time, the vehicle owner can apply to CBS for a conciliation conference to attempt to resolve the matter. In some cases CBS could take disciplinary action against you if you do not attend the conference, you behave unreasonably at the conference, or you do not to fulfil your part with an agreement made at the conference.

Statutory warranty

For cars priced between \$3,001 and \$6,000, the warranty covers the car for up to 3,000 km or 2 months, whichever occurs first

For cars priced over \$6,000, the warranty covers the car for up to 5,000 km or 3 months, whichever occurs first.

The statutory warranty does not apply to motorcycles, and also does not apply to cars that:

- have been sold for \$3,000 or less
- have travelled over 200,000 kilometres before the sale
- were first registered more than 15 years ago.

Australian Consumer Law

Under the Australian Consumer Law (ACL), as a licensed dealer you guarantee that vehicles will be of acceptable quality. You also guarantee that any manufacturer's warranty, express warranty or extended warranty will be honoured.

Either you or the manufacturer must fix defects if a consumer guarantee is not met.

Consumer guarantees:

- apply to all vehicles, even if there is no warranty
- aren't limited by a certain timeframe or number of kilometres travelled
- apply for a reasonable period of time, even when a warranty finishes. What is 'reasonable' will depend on things like the price paid, age of the vehicle and distance travelled,

But if a buyer causes a defect by misusing the vehicle, you don't have to fix it.

More information

- Visit SA.GOV.AU for more information about [second-hand vehicle dealer responsibilities](#).
- If you have questions about your licence contact CBS via occupational@sa.gov.au.
- If you think a car seller is breaking the law report this to CBS via the online form at cbs.sa.gov.au/contact or call CBS on 131 882.