

Before making a decision, be aware of the costs involved:

- The cost price of the car
and
- Insurance
- Vehicle and driver's licences
- Regular services
- Petrol
- Unexpected repairs
- Finance charges, like interest
(see Open a Bank Account)

A car means freedom, fun and the wind in your hair! Especially if it's your own car. So buying a car is a thrilling step, but it's also a fairly big expense, to be approached in a sensible way.

Make The Right Decision About Where To Buy The Car:

1. A Dealership

On the upside:

- You can be reasonably sure that you're not buying a stolen car.
- You'll get a warranty (service contract) with the car.
- You'll benefit from the dealer's expertise.
- In most cases, you'll get a roadworthy certificate with the car.
- Dealers can have your car registered with the local authorities (but you'll have to pay the licence fee).
- Dealers can arrange vehicle financing.

On the downside:

- Cars bought from dealerships are often more expensive.
- Car dealers have a poor reputation. To avoid being 'ripped off', shop around and use reputable dealers only.

2. A Private seller

On the upside:

- The car will be cheaper if you buy it directly from the seller.

On the downside:

- You can't be sure you're not buying a stolen car. Never take a chance and buy a car that could be stolen! Doing so is dangerous not only because it creates markets for criminals, but also because you could pay good money for a car – in all innocence – and have it taken away from you if it turns out to be stolen. Be careful!

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- Make sure that the seller doesn't still owe money on the car when he/she sells it on to you.
- It's difficult to ensure that the car is in good working condition. So take a trusted mechanic or someone from the Automobile Association (AA) with you.
- A vehicle bought privately is voetstoots (it doesn't have any warranties), so the seller isn't responsible if there's a problem.
- You'll have to sort out roadworthiness, registration and other requirements yourself.
- It's not always easy to get finance.

3. An Auction

On the upside:

- Buying at an auction can be much cheaper than buying from a dealer or private seller.
- The auction house may give you a certificate to say that the car is in good order.

On the downside:

- You can't have the vehicle examined like you can with a private seller.
- All vehicles on auction are voetstoots. You'll have no comeback if the engine falls into the road on your first drive.

Figure Out How You're Going To Pay For The Car:

The easiest and best way is to pay cash. But most people can't afford to pay cash for a car, so finance houses offer loans for vehicles. Wesbank (FirstRand Bank), Bankfin (ABSA) and Stannic (Standard Bank) are finance houses linked to major banks.

- Vehicles are usually financed over a maximum of 42 months.
- Interest and other costs are included in the total loan amount.
- Before obtaining finance, you'll have to measure up to certain financial and credit standards.
- You'll have to make a minimum deposit of 15% of the cost of the car when signing the purchase agreement.
- The bigger your deposit, the lower the loan you'll need (and the less interest you'll pay).
- As with other loans, you'll have to make monthly payments on the car.
- Beware: the finance house can re-possess the car - and blacklist you - if you miss a payment!

Plan carefully.

Read contracts and documents carefully. Choose carefully.

Make your decision slowly and deliberately.

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