

Wednesday, 17th February 2010

ACTION AGAINST BACKYARD CAR DEALERS

A major operation is underway to detect dishonest 'backyard' car dealers and bring them to justice.

Minister for Consumer Affairs Gail Gago says "Backyard car dealing is often not reported and can be very hard to detect. People who purchase vehicles from backyarders often have no clue if they've been 'had' as they believe they've been dealing with a genuine private seller."

The Office of Consumer and Business (OCBA) is targeting 'backyard' car dealers by using data held by other government agencies and private organisations to help find out where they are operating.

"Second-hand vehicle dealers must hold a licence and must also meet certain obligations, such as marketing their products in a truthful and ethical manner and providing warranties in most cases," says Minister Gago.

"Backyard dealers are not licensed and they often on-sell vehicles bought as wrecks, repaired 'on-the-cheap' and resold in private sales to unsuspecting consumers.

"'Backyarders' often falsely represent the history of vehicles and may adjust odometer readings to inflate the selling price.

"Consumers are left with no protection if something goes wrong with a car bought from a backyard dealer, whereas when purchasing from a licensed dealer, consumers are guaranteed vehicle ownership, should be informed of previous owner details and receive a warranty in certain circumstances".

Since OCBA's current activity began, one 'backyarder' has been reported for unlicensed dealing and is awaiting charges. Two backyarders have signed formal assurances that they will cease and desist from illegal conduct and are in the process of obtaining second-hand vehicle dealers licences. OCBA is currently investigating four other alleged offenders.

Under the *Second-hand Vehicle Dealers Act 1995* a person who sells, or offers for sale, four or more second-hand vehicles in a 12-month period is presumed to be a dealer and must be licensed.

The maximum penalty for unlicensed dealing in South Australia is \$20,000.

Anyone who is aware of unlicensed dealing is encouraged to report the activity to Consumer Affairs on 8204 9777, or 131 882 for country callers.