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Tuesday, 29 June 2010

### **CRACKDOWN ON 'BACKYARD' CAR DEALERS**

A Consumer Affairs investigation has triggered a number of reports being made about so-called 'backyard' car dealers in South Australia.

Over the past 4 months, the Office of Consumer and Business Affairs has:

- Reported individuals for interfering with the odometers of second hand vehicles.
- Reported a licensed second-hand vehicle dealer who's allegedly been posing as a 'private' seller, therefore avoiding their obligations under the *Second-hand Vehicle Dealers Act 1995*. The dealer's been reported for alleged breaches of the *Second-hand Vehicle Dealers Act 1995* and one alleged breach of the *Fair Trading Act 1987*
- Issued written warnings to licensed dealers about failing to ensure required particulars are contained in their advertising of second-hand vehicles.
- Issued written warnings to people about carrying on business as a second-hand vehicle dealer whilst unlicensed.

"OCBA is currently investigating further reports of unlicensed second-hand vehicle dealing and it is expected that more alleged offenders will be reported," Ms Gago said.

"This work is a great step in helping to protect consumers and also helping to create a fairer and more ethical industry for legitimate licensed second-hand vehicle dealers who do the right thing."

"People often believe they are dealing with a genuine private seller, but that deception often hides many more issues which can cost them dearly."

"Buyers are often told that the seller of the vehicle has owned the car for years and that the vehicle has been reliable, when in fact the seller has only recently acquired the vehicle. "

"Cases of odometer interference detected by OCBA are usually associated with 'backyard' car dealing.

"Buying a used car through a licensed dealer affords greater protection for the consumer under the *Second-hand Vehicle Dealers Act 1995*.

"It's not just buyers being ripped off. Instances of backyard car dealing often go unreported and can be very hard to detect. Backyarders gain a commercial advantage over licensed dealers as they do not

offer warranty on any of the vehicles they sell. When purchasing from a licensed dealer, consumers are guaranteed vehicle ownership.

“They should also be informed of previous owner details as well as receive a warranty on the vehicle in certain circumstances,” Minister Gago said.

The *Second-hand Vehicle Dealers Act 1995* requires that any person who carries on business as a second-hand vehicle dealer, be licensed.

The Act presumes a person to be a dealer if they sell, or offer for sale, four or more second-hand vehicles in a 12-month period.

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

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