

A Simple Guide to Buying a Car



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Fills the gaps other insurance leaves behind

Choosing the right car

Purchasing a car is a major financial commitment. To make the right choice, there are many factors you need to consider.

Lifestyle and Life-stage

Priorities differ from one person to another. If you've just passed your test the costs of insurance are likely to be high, so this will be a significant factor in your car choice. Whilst for young families, the size of the car, ongoing running costs and safety will be the major factors.

Do you need to transport a lot of luggage, children's buggies or wheelchairs on a regular basis? If so, do you need an estate car, an Multi- Purpose Vehicle (MPV) or a normal hatchback? Whatever your preference, you should ensure that it has sufficient space and flexibility to handle your requirements.

Will the car be used for short local journeys or a longer commute? Fuel consumption, will be dependent on these elements and you should check the car manufacturer's brochure for published figures on economy.

Safety

Safety is important for everyone; however it becomes a more key consideration when transporting children. For many years cars have been given a safety rating through an organisation known as Euro NCAP. This is an industry wide indication as to how safe a car is for both its passengers and pedestrians and it is easy to check how safe a car is by going to www.euroncap.com.



Manual or Automatic, Petrol or Diesel?

For many the choice between manual and automatic is driven by the car they learnt to drive in. However, when considering the two, you need to bear in mind that automatics are usually more expensive to buy and to run as they use more fuel. Traditional automatics use 10% more fuel than a manual transmission. The upside of automatics is that they are easier to drive, especially around town where traffic can be stop start as there is no need to change gear.

Fuel Types

Petrol	Petrol cars use more fuel than diesel ones, giving out around 10% more carbon dioxide (CO ₂) and as the emissions level affect what Road Tax you are charged, this is an additional consideration.
Diesel	Diesel cars use less fuel than petrol ones, so give out less CO ₂ . Direct-injection diesel engines give the best fuel economy.
LPG	Of course with the pressure for cars to be greener, there are now more fuel choices with hybrids (a mixture of electricity and conventional fuel) and Liquefied Petroleum Gas (LPG). Although these give off lower toxic emissions than diesel and pre Euro IV petrol engines, fuel consumption can be worse so this is worth looking into.

“Purchasing a car isn't a decision that is taken lightly; after all it is a major financial commitment which you'll have to live with for some time.”

Financing your new car purchase

Once you've decided on what type of car you are looking for, the next key consideration is how best to finance it.

Finance Options

When considering your maximum budget, you should also factor in the costs of any selected finance options.

You may think the easiest thing to do is take the dealer's finance package, however, although, this is convenient, it's always worth checking to see if you get a more competitive deal elsewhere. Online comparison sites will provide you with a good benchmark.

Whether you are buying through a dealer or privately, arranging a loan in advance may give you the advantage of being a "cash buyer". This may put you in a stronger negotiating position.

There are also other alternative finance options to buying the car outright.

Hire Purchase (HP)

This is where the finance company retains ownership of the car but you buy it from them over an agreed term, normally up to 60 months. A minimum deposit of 10% is usually required up front. Please note that you will only own the car once the final payment is made.

Personal Leasing (PL)

When leasing a car, you pay a fixed monthly over an agreed term, at the end of which you simply hand the car back. You usually agree to a maximum mileage during the term of your lease. If you go over it, the leasing company may charge you extra for it.

Personal Contract Purchase (PCP)

PCP is a hybrid between a PL and HP agreement.

If you want, you can just lease the car for a fixed term and agreed mileage. Alternatively, if you wish to own the car at the end of the agreement, you will need to pay a lump sum (also known as a Balloon Payment).

You don't have to make this decision at the start of the agreement, so this can provide you with flexibility.



“ It's always worth checking to see if you can get a more competitive finance deal elsewhere. ”

Running Costs

In addition to purchasing a car, there are ongoing running costs that need to be considered.

Motor Insurance

Motor Insurance is mandatory for every driver on the road. The cost of insurance depends on many elements, such as make, model, value of car, the age of driver, how long they have been driving, their history of accidents, the area where the car is registered to and where it's kept at night. It's always worth getting some on-line quotes for cars that you are considering before you buy so that you have an indication of what your insurance premium might be.

Road Tax

The amount of road tax you will be charged is dependant on the CO₂ emissions of your vehicle. The lower the emissions, the lower the tax. It is worth noting that some vehicles with very low emissions don't have to pay any road tax, whereas vehicles with high emissions may have to pay up to £435 a year!

Fuel Efficiency

As a general rule, small diesel engines are the most fuel efficient, with some models now getting upward of 70 miles to the gallon. In contrast, cars with much larger petrol engines can get as little as 15 miles to the gallon. You should check the fuel economy of the vehicle you choose to ensure it meets with your needs.



Depreciation

Unfortunately the value of your car will reduce as it gets older and you need to consider this if you plan to sell it on as it might not be worth as much as you had hoped it would be. Cars depreciate at different rates based on their make, model and mileage so you should research prior to making a decision.

Depreciation is also an issue if you are unfortunate enough to be involved in an accident whereby your vehicle is written-off. In this situation your motor insurer will normally only pay a settlement amount based on the value of your car at the time of the accident and not when you purchased it. This could leave you seriously out of pocket when trying to get a replacement car.



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The cost of a car doesn't stop as soon as you have it on your driveway and you need to be sure you have considered ongoing expenditure.

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Where should I buy from?

There are various places where you can purchase a car.

Dealerships

As a general rule, you will pay a premium when purchasing from a car dealership rather than in the private market. However, you could receive such benefits as warranty, servicing, finance and insurance.

If you buy from a dealer it is also easy to verify their membership of a trade body (SMMT/Motorcodes.co.uk, Retail Motor Industry/RMI) and you are protected by consumer buying legislation.

Franchise dealers generally offer the best service and after-sales support. Some manufacturers also run approved used car schemes. As a result, cars may cost more but they will have had a thorough pre-sales inspection and all faults should have been fixed.

The key thing to remember is never be frightened to ask for a discount especially if you have seen a similar car cheaper elsewhere.

Auctions

If you are purchasing a car privately, you need to be sure of what you are getting for your money. Buying a used car at auction is not advisable unless you are technically minded and aware of current price trends.

Car Supermarkets

They can differ in size greatly and can be found at various locations across the UK. Their prices can be very competitive with a wide range of vehicles on offer.

Unlike Dealerships, haggling is generally not encouraged. The price you see will be the price you pay. There is also no guarantee that you will be able to part exchange your old car so you should check this with them in advance.

Test drives are not usually available so make sure the car's right for you before visiting a car supermarket.

Private Sale

In general, this option offers the greatest choice of all. If you know what you are looking for and have a good knowledge of cars, you'll be able to negotiate a good price.

Your legal rights are very limited if you buy privately, as the car is considered to be sold as seen. It's always best to get an inspection done by an expert before you buy.



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Having decided on your ideal car, it is important that you now get the best deal. It pays to shop around.

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A close look at buying a car privately

Below is a check-list that will take you through the main steps, when buying a car privately.

Find out more about the car's history

Always prepare questions to ask the seller and take note of the answers you are given. Some example questions can be found below:

- How long have you owned the car?
- Does the car have a current MOT and when is it valid until?
- Is the car taxed at present?
- Are there any faults, major or otherwise with the car?
- Has the car been involved in an accident?
- Have any modifications been made to the car? If so, what are they?
- Have there been any recent problems with the car?
- Does the car have a full service history?

It is essential that you know the history of the vehicle that you are considering.

In addition, there are also several independent vehicle checks that you can find on-line. These will give you details of any accidents the car has been involved in, whether any outstanding finance is owed on the vehicle and the identity of the legal registered owner of the car.

There will be a charge for these reports but it is small in comparison to the security that it can give you.

The report will also confirm the Vehicle's Identification Number, so you can match it up to the numbers on the car itself (commonly found on the chassis, on the windscreen or on the floor by the driver's seat).

Arrange a viewing of the car

- Always visit the seller at their home address.
- Don't arrange to meet them at a motorway service station, lay-by or any other address aside from the one where they live.
- Check the address is the same as the one listed on the V5C document.



“ It is essential that you know the history of the vehicle that you are considering. ”

A close look at buying a car privately (Continued)

Always check the car in detail – don't be rushed! Or even better get an expert to do it for you.

Checking the car

A quick guide to what to look for:

- ✓ Never check a car in the dark or in the rain as it makes identifying dents and scratches much harder – natural light is better than a lit garage.
- ✓ Does the car have a current MOT and when is it valid until?
- ✓ Try to arrange a viewing in the morning. This will mean that the car is less likely to have been driven and warmed up in advance. Engine problems are more evident when starting the car from cold.
- ✓ Ensure that all 4 wheels are aligned correctly and that the front ones are not offset with the back ones.
- ✓ If possible have a look underneath the car, along the line of the chassis to see if there are any signs of welding.
- ✓ Take a look at the tyres. The minimum legal tread depth for tyres in the UK is 1.6mm.
- ✓ Get inside the car and flick, switch and turn as many items as you can. Check that the seatbelts are in working order.
- ✓ Under the bonnet, look for signs of oil leaks on top of the engine, and underneath. Use the dipstick to check the amount of oil.
- ✓ Look around the oil filler cap for a white substance – if there is evidence of residue, this could mean that there is an issue with the head gasket and would be worth getting checked out further.



“ Never check a car in the dark or in the rain as it makes identifying dents and scratches much harder. ”

More tips on buying a car privately

Test drive, making an offer, legal paperwork and payment

Take the car for a drive

You should never buy a car without driving it first.

- ✓ Prior to taking a test drive it is advisable to contact your own insurance company to check that you are covered to drive a different car.
- ✓ When starting the car, make sure the radio is off and listen for any noises that don't sound right. Whilst cars don't run at their smoothest when cold, there shouldn't be any clunking or distinctive rattles either. Likewise the turning of the steering wheel from one side to another should also be smooth.
- ✓ Test the handbrake. Pull it on and drive off gently and slowly – there should be a distinct resistance.
- ✓ Use all gears on your test drive. Don't be scared to get to higher revs before changing up a gear. Listen for clonking when changing gear, both up and down.
- ✓ Be aware of the "bite point" of the clutch, it is generally accepted it should be about 2/3 of the way up.
- ✓ Keep the radio off and don't be distracted by the seller!

Making an offer

You need to consider several points when making an offer.

- ✓ What are similar vehicles selling for? Check local advertisements.
- ✓ Have you identified issues with the car that you believe should result in a price reduction. If so, inform the seller accordingly.
- ✓ Ask the seller what their expected price is. Make a lower offer, and then stay silent. This gives them two options – accept your offer or make a counter one. When it looks like they're about to accept your offer, shake their hand and confirm the deal.

The legal paperwork

Following the sale of the car, ensure that you are in receipt of the following documents:

- ✓ The logbook (V5C document). Check the seller is the recorded keeper in the V5C. If not, they're not legally entitled to sell you the car.
- ✓ MOT certificate and full service history (where available).
- ✓ A valid tax disc (if included in the sale of the car)
- ✓ Make sure all the documents are original. Don't accept photocopies.

“ With regard to the payment, make sure you ask for a receipt when making any payment, especially if it's cash. Get two copies signed - one for you and one for the seller. Make sure the seller's address and car details are on both. ”



Looking After Your New Purchase

Below are some simple steps to keeping a well maintained car.

Maintaining a car

A car that is well maintained will hold its value much better. You should always ensure you get your car serviced in line with the manufacturer's guidelines, found in your handbook.

This will tell you what intervals of time or mileage your service is due. This is essential if you want to ensure your car retains its value as cars with a full service history can command a premium.

If you've bought a used car, it would be very prudent to get it booked in for a "health check". By doing this you may be able to eliminate small issues before they become large ones!

Be aware of the simple "level checks" – your car will use up windscreen wash, oil and coolant in its day-to-day running. All three of these are easy to top up should levels become low. Consult your driver's handbook if you are unsure how to carry out these checks.

For additional peace of mind, you might want to consider breakdown cover for your car. This type of product is readily available on-line and can protect you from becoming stranded miles from home should the unthinkable happen.

There are various levels of cover that you can tailor to meet your individual needs and budget.



“ Over or under-inflated tyres are not only dangerous but will also cost you more in fuel bills as your car will become less efficient. ”

Protecting your investment

A comprehensive motor insurance might not be as comprehensive as it sounds...

Minimise the financial risk

We often think that if we have “Fully Comprehensive” car insurance, the financial risk to us of an accident or theft of our car is minimal – except maybe for the excess charges.

Sadly, when the worst happens, it can often come as a surprise to find this isn't necessarily the case. In the event that your car is stolen or written off, the motor insurance payout that you receive will normally be based on the value of the car when the incident happened and not when you bought it.

This means that you could be seriously out of pocket if you want to get back into the same car as the one you have been driving due to the effect of depreciation in the value of your car.

To protect your investment you could consider taking out a GAP or a Return to Value Insurance Policy. This covers the shortfall between your car insurance payout and what your car was worth when you took out the policy.



“ GAP Insurance from helpucover covers the shortfall between your car insurance payout and what your car was worth when you took out the policy. ”

Car Value Protector (GAP Insurance) from helpucover

Car Value Protector (GAP Insurance) from helpucover offers the following key features and benefits:

helpucover's GAP Insurance

This policy pays the difference between your insurance company valuation at the time of the accident or theft, and the value of your car when you purchased Car Value Protector.

- Competitive GAP Insurance from just £5.95 per month.
- Maximum benefit of £25,000.
- Covers vehicles up to 7 years old.
- Covers you against financial loss from depreciation if your car is stolen or written off.
- Helps get you back into a car of similar value to the one you originally bought.
- Quick and easy application process.

Don't just insure your car, protect your investment and yourself against financial liability in the event that your car is stolen or written off. If the worst happens, you'll be glad you took out GAP Insurance from helpucover.



Here's an example of how helpucover's GAP Insurance works:

1. Duncan paid £14,000 for his car 3 years ago. Today, his car could be worth up to 50% less because of depreciation.*
2. Duncan's car is involved in an accident that sees it written off.
3. His insurance company agreed to pay £7,000 - the value of his car at the time of the accident.
4. **The bad news:** That's a £7,000 shortfall! For Duncan to get back into a car similar to the one he originally purchased, he'd either have to dip into his savings or take a loan.
5. **The good news:** He'd decided to purchase helpucover's GAP Insurance policy - Car Value Protector - when he originally purchased the car and arranged the car insurance. **helpucover paid Duncan the £7,000 difference!**
6. He is now able to replace his car with one similar to the one he originally purchased without having to find any extra money!

* This is a rough guide ONLY, as the devaluation percentage may be bigger or smaller depending on the type of car you drive.

“ Protect your investment and yourself against financial liability in the event that your car is stolen or written off, with GAP Insurance from helpucover. ”

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A happy customer

Pam Harrison, a retired teacher, and her husband have helpucover GAP Insurance for their two cars.

Pam's husband found out about GAP insurance after doing some research when he bought a new car last year.

As Pam had already received excellent service from helpucover when she claimed on her Mortgage Protection Insurance after an operation in 2009, she and her husband decided that they would also buy GAP Insurance from helpucover.

Pam has been driving for over thirty years and had never had a single accident. However, last year, she found herself spinning around in her car on the motorway and was absolutely petrified. Luckily, she was not hurt, despite hitting the central reservation, however, her car was a write-off.

As Pam had taken out helpucover GAP Insurance, she received the cheque for £3K, which meant that she was able to add this to the £5,650 that her insurance company paid out. She has now purchased a new car. The dealership where she bought the car from tried to sell her GAP Insurance but she informed them she already had it with helpucover and would not be changing.

She says "I told them I certainly was not changing to another company. I have had such excellent service from helpucover, I will always be loyal to them".



Pam Harrison

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If only all companies were as helpful as helpucover has been to me. I would also tell anyone to take out GAP insurance or they could get a shock if their car was written off or stolen. People just do not realise that they will not be paid what the car was worth when they bought it.

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Our call centre is open every weekday, from Monday to Friday from 8am to 8pm. On Saturday, from 8am to 6pm.

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