



Traps to avoid

with car dealer finance



Would you *finance your house on the spot* from the Real Estate Auctioneer?

So would you *buy your car finance on the spot* from a car dealer? These are some reasons why you *shouldn't...*

> Going through your car dealer for finance might seem convenient at the time, but you could end up with an expensive loan and/or more restrictive terms and conditions.

Extra costs could include: establishment fees, annual fees, early exit fees and late payment fees. Watch out for these penalties being obscured or played down.

> Car dealers may try to avoid giving you a guaranteed interest or repayment rate until you have entered into a contract.

This is because once you have the quote you can potentially go to bargain with another car dealer. Ultimately, this can lead to long negotiations, or entering into a contract when there are better options available. With your adviser, you have access to a wide range of competitive quotes straight away.

> A car dealer's aim is usually to close the deal. But this could mean being rushed into a decision without considering other options.

If you are not confident about repayments or how the deal will affect your tax and financial situation, being rushed into an agreement can have damaging effects on your personal or business capital.

> Always make sure you feel comfortable with your finance options.

For example, avoid dealing with two sales people at once in a car yard, as this can put pressure on you to accept an agreement.

> Did you know...?

The 'Rule of 78' 'Rebate of the Finance Charge' is where the interest rate appears favourable at the start of the contract, but in the long term the consumer can end up paying much more.

The practice has been in existence for over 100 years, although it was banned in the US in 1998. It is still in operation within Australia – however **Count advisers do not recommend such leasing contracts.**

Make sure you understand the full consequences of any offer as the penalties can hurt!

When it's time to buy your next vehicle, contact WLF Financial Services on (03) 6223 6155 to get the best deal for you.