

# What's the law?

Australian law for new arrivals

## Answer sheet 4: **Buying a car**

November 2013

Requirements: A copy of the DVD.

### Pre-teaching

Vocabulary: auction, bargain, bills, dotted line, expired, gears, loan, payment, sign, thief, trouble, yard.

Warmer activity to introduce topic: Class survey: *Who has signed a contract? For example, to buy a car or washing machine, to rent a house, to have a mobile phone plan, to connect gas or electricity?*

### Key messages

1. A contract is an agreement between you and another person or company. The law says both sides must do what they promised to do in the contract.
2. It is important to read and understand all contracts before you sign them. If you do not understand what a contract means you can get free legal advice before you sign.
3. Take your time to think about signing a contract, especially if it involves a lot of money. If someone is putting pressure on you to agree to a contract, be very careful. It may be 'too good to be true.'
4. It can be very difficult to change or cancel a contract after you have agreed to it.
5. There are many different kinds of contracts. A contract to buy a car is one contract. A contract to borrow money is a separate contract. Other common contracts include mobile phone contracts, contracts for gas and electricity, and contracts for pay TV.
6. Most contracts do not have to be in writing. For example, when you buy something like a toaster, you and the seller have made a contract with each other. The contract is that you will give the seller some money and they will give you a toaster. You can also enter a contract by agreeing to it over the phone or online.
7. When you sign a contract to get a loan, you pay extra for the benefit of having the money immediately. You pay for the loan by paying fees and interest. Always ask about how much interest you have to pay and how often.
8. Think carefully about whether you can afford to pay, after you have paid for food and rent. There may be other costs too, for example, if you buy a car you will have to pay for registration, insurance, maintenance, repairs and petrol.
9. Entering into a contract means you agree to all the terms and conditions of the contract. This is so even if you did not read or understand the terms of the contract.
10. You can 'shop around' to compare prices and contract terms to see which offer is best for you.

### Answers

#### Activity A

- |                            |        |                         |                              |
|----------------------------|--------|-------------------------|------------------------------|
| 1. she crashed her old car | 2. 18% | 3. the gears don't work | 4. it will be taken and sold |
|----------------------------|--------|-------------------------|------------------------------|

#### Activity B

- |      |      |      |      |
|------|------|------|------|
| 1. d | 2. c | 3. a | 4. b |
|------|------|------|------|

#### Activity C

- |             |             |             |                 |
|-------------|-------------|-------------|-----------------|
| 1. warranty | 2. interest | 3. contract | 4. repossession |
|-------------|-------------|-------------|-----------------|

#### Activity D

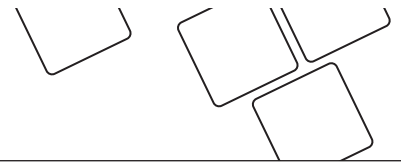
- |         |          |         |         |          |
|---------|----------|---------|---------|----------|
| 1. true | 2. false | 3. true | 4. true | 5. false |
|---------|----------|---------|---------|----------|

#### Activity E

Discussion

#### Activity F

Check last slide in the DVD for the best place to get free legal help.



## Script for Buying a car story

Maryam Hey Tom, I'm getting a car this weekend! I crashed my old car a few weeks ago.

Tom Oh no! Are you OK?

Maryam Yes, I'm fine. But the car isn't.

Tom Hope you find something!

Maryam I really like that car!

Dealer Well this car's a bargain. Best car I've had in the yard for months. It's worth \$10,000.

Maryam But it costs too much!

Dealer Hey, I like your face - you can have it for eight and a half.

Maryam I don't have that much money.

Dealer No problem. Come into the office and let's see what we can do.

Maryam Umm, I think I need some more time...

Dealer Trust me, that car will be gone in an hour...you're getting it for a great price.

Maryam *I really like that car. Nothing can go wrong. I'll sign it.*

Dealer Just sign here on the dotted line - it's easy.

Friend Very nice...How much was it?

Maryam Only \$8500.

Friend Yes, but look here. The interest is 18%.

Maryam What does that mean?

Friend You'll have to pay \$4400 in interest!

Maryam Really?

Friend That means you will pay \$12,900, NOT \$8500. That's \$215 every month for 5 years!

Maryam *I have to pay rent and food! Ohhh, I don't know if I can pay it! Hmmm...*

Friend So what will you do?

Maryam Oh it'll be OK. At least I have a good car. Get in, I'll take you for a drive!

Maryam The gears don't work.

Dealer Sorry. The warranty has expired so I don't have to fix it.

Maryam *I'm not going to keep paying for a broken car. I got this letter from the bank.*

Friend What does it say?

Maryam Well, I missed two payments on the car, and now I have to pay the whole amount I owe within 28 days.

Friend They're thieves!

Maryam I can't pay it, I don't have enough money!

Friend Ooh that car is trouble.

Maryam I'll read them later.

Company rep You have to pay the loan.

Maryam But the car is broken. I can't drive it!

Company rep You have a loan contract with us - you have to keep paying.

Maryam Hey, that's my car, what are you doing?

Truck driver We have to take the car - you haven't paid the loan.

Maryam *Repossession notice: Pay total amount of \$11,300 plus fees within 21 days or car will be sold at auction.*

Maryam They take my car and I still have to pay the loan! This is crazy!! Maybe I should call a lawyer to find out what I can do.

Lawyer Did you read the contract?

Maryam Umm, no.

Lawyer Well, because you signed the contract it's not easy to get out of it.

Maryam I see that now! I haven't got a car, I haven't got any money and they still want me to pay. What can I do?

Lawyer You should see a financial counsellor. They can talk to you about your options.

Maryam These are all the papers.

Financial counsellor Thanks. Now I can help you work out what to do next...