



Does Motor Finance Wizard charge too much?

This fact-sheet contains information about **Motor Finance Wizard**, a company that sells **used cars**. This fact-sheet contains examples of the prices Motor Finance Wizard has charged, and the **real value** of these cars based on an authoritative price guide called Glass's Guide.

The examples in this fact-sheet confirm what we have long suspected – that Motor Finance Wizard often charges **very high prices** for the used cars it sells and these prices are usually several times above the market value of these cars.

About Motor Finance Wizard

Motor Finance Wizard sells used cars, and provides finance for their purchase through a related company Kwik Finance. Many consumers have contacted us, unhappy with the price and quality of the cars they have purchased. In many cases, it appears that consumers have paid a very high price. When we compared the price consumers paid for cars from Motor Finance Wizard with the market value of the cars, in most cases the price paid was several times more than the real value of the car.

Motor Finance Wizard advertises that it says 'YES!' and that it can provide cars to people with bad credit ratings, unemployed people or individuals who cannot obtain a car on finance anywhere else. We believe consumers should take these claims with a grain of salt, and should consider the

possibility that they are being charged too much by Motor Finance Wizard.

Examples of the true value of cars sold by Motor Finance Wizard

The market value of a used car can be determined by looking at comprehensive guides that estimate the value of used cars. One guide commonly used in the used car industry is Glass's Guide. This is the guide we have used to determine the real value of cars sold by Motor Finance Wizard.

In the examples in the table below, Motor Finance Wizard sold the used cars on various dates in 2007. We checked the value of these cars in Glass's Guide on 7 April 2008 – the cars may have had a slightly higher Glass's Guide value in 2007 as they would have been newer then.

The Glass's Guide provides a price range – the higher end of the range would be for a car in good condition while the lower end of the range would relate to cars in poor condition. Many of the consumers who have contacted us state the cars sold are in very poor condition.

Car/model	Motor Finance Wizard price	Glass's Guide price	Difference between Motor Finance Wizard & Glass's Guide prices
1998 Toyota Starlet	\$12,990	\$4,400-\$6,500	\$6,490-\$8,590

Warning: This fact sheet is for information only and should not be relied upon as legal advice. This information applies only in Victoria and was updated on 7 April 2008.

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Car/model	Motor Finance Wizard price	Glass's Guide price	Difference between Motor Finance Wizard & Glass's Guide prices
Hatchback			
1993 Holden Commodore Sedan	\$12,990	\$3,100-\$3,900	\$9,090-\$9,890
1998 Holden Commodore Wagon	\$17,990	\$5,800-\$8,100	\$9,890-\$12,190
1993 Ford Telstar Sedan	\$12,990	\$4,100-\$6,500	\$6,490-\$8,890
1996 Ford Fairmont Sedan	\$12,990	\$4,400-\$7,000	\$5,990-\$8,590
1995 Mazda 626	\$14,990	\$5,500-\$7,100	\$7,890-\$9,490
1994 Ford Falcon Sedan	\$12,990	\$2,700-\$4,200	\$8,790-\$10,290

What can I do if I am thinking of buying a used car?

If you are thinking of buying a used car, it may be worth your while to consider a few things. If you plan to buy a used car you might want to find out its real value before you sign any contracts. While the guide we have used for the examples above is not free and requires a subscription, there is an alternative guide that is freely available on the internet called Red Book: <http://www.redbookasiapacific.com/au/>.

If you are thinking about using finance to buy a car, you should ask yourself: 'Can I be sure that I will be able to afford the repayments for the life of the loan?' If you any have doubt about your capacity to repay, it may be better to wait until you can afford to buy a car outright.

If you consider your circumstances closely, you may be able to afford to buy a car outright. In some cases, we have assisted clients who have entered contracts with Motor Finance Wizard at a cost of over \$10,000 when the vehicle that had a market value of only \$4,000. The client realised later that they might have been able to afford to buy the car for \$4,000 without finance.

You might choose to see a Financial Counsellor (see below for a list of free Financial Counsellors) before you make any decision to buy a car on credit.

Many families are also choosing to make do without a car and use alternative transport such as public transport. You will need to consider your own circumstances to determine if this is suitable for you.

If you have any dealings with Motor Finance Wizard, we recommend you read this fact-sheet and our other fact-sheet called 'What tricks does Motor Finance Wizard use on car buyers?'



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Further information and assistance

Financial Counsellors

You can contact Consumer Affairs Victoria on 1300 55 81 81 to request a referral to a financial counselling service near you.

Consumer Affairs Victoria

Ph: 1300 55 81 81 Mon – Fri

Consumer Affairs can help you resolve a dispute with a trader by informing you of your rights or by conciliating with the trader.

www.consumer.vic.gov.au

Victoria Legal Aid:

Ph: (03) 9269 0234, or 1800 677 402 for country callers.

Mon – Fri 9am – 5pm

VLA publishes a useful series of pamphlets on credit & debt issues that it will send to consumers free of charge.

www.legalaid.vic.gov.au

Federation of Community Legal Centres:

Ph: 9654 2204

To find your local community legal centre.

www.communitylaw.org.au

General ph: 9628 9700,
Country callers: 1800 133 055
Credit List ph: 9628 9790
Civil List ph: 9628 9830
www.vcat.vic.gov.au

Telephone interpreter service:

Free to callers. Available 24 hours.
Ph: 13 14 50.

Hearing & Speech Impaired Access:

National Relay Service

All free calls (within Australia)
133 677

Speech to Speech Relay

All local and chargeable calls (within Australia): 1300 555 727
All free calls (within Australia): 1800 555 727

You can obtain more information about the National Relay Service on their website at www.aceinfo.net.au

Victorian Civil & Administrative Tribunal (VCAT)

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