

## What tricks does Motor Finance Wizard use on car buyers?

### Use this fact-sheet if:

- You are considering buying a second hand car and you are seeking finance for your purchase
- You have any dealings with Motor Finance Wizard or Kwik Finance
- You want to know what you are getting for your money

### How does Motor Finance Wizard run its business?

Motor Finance Wizard sells and provides finance for the purchase of second hand motor vehicles. Many consumers have contacted us as they are unhappy with the price and quality of the vehicles they have purchased. Through an associated finance company, Kwik Finance, Motor Finance Wizard claims to offer a good deal to consumers by offering 'interest free finance'. Our analysis of Motor Finance Wizard and Kwik Finance contracts suggests that this may be untrue – in fact, there may be a very high "interest" component incorporated into the purchase price of the vehicles that are sold.

Like all businesses, Motor Finance Wizard seeks to make a profit. In cases we have seen, they make this profit by selling cars at a price two or three times its actual value and by selling cars of very poor quality that soon break down.

Below are some of the tricks that Motor Finance Wizard uses in selling poor quality and expensive motor vehicles.

### Trick 1: Interest free finance

Beware of offers of 'interest free' finance – Motor Finance Wizard is out to make money, not help you by giving you something for 'free'.

We believe that Motor Finance Wizard actually charges a huge amount of "hidden interest". This is because Motor Finance Wizard sells its cars for many times their real value – this covers and hides the true interest you are paying. You might find a car you will pay \$16,000 for is worth only \$5,000, so the other \$11,000 is in effect interest on the \$5,000. Hiding the cost of credit in this way also makes it difficult for consumers to compare Motor Finance Wizard's offer to other finance options

Many people buy cars from Motor Finance Wizard and then find that they cannot afford the repayments. The cars are often then repossessed, and the buyer is left with nothing.

If you are thinking of buying a car ask yourself a few questions.

- Is there some way you can buy a car outright? If so, you can avoid the risk of running into debt that could eventually lead to bankruptcy.
- Is there another way to finance a purchase? Loans with interest may cost you less and you can shop around for a good quality car.
- Is there some way you can manage without a car? If so, you can save a very large amount of your household budget if you go without a car and rely on other forms of transport such as public transport. You might then be

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able to save for a car or at least a significant deposit.

### **Trick 2: Keeping you waiting**

Many, if not most, of the consumers who have complained to us about the practices of Motor Finance Wizard have reported being kept waiting for many hours to finalise their contract and obtain possession of a car.

We are concerned that making you wait is a tactic used to wear down consumers. After all, you're hardly going to be making a rational decision about your needs after being kept waiting for a long period of time.

### **Trick 3: Trading in your old car**

Motor Finance Wizard may offer to pay you for your old car in a trade-in deal. Would you trust them to pay you a fair price?

Motor Finance Wizard may offer you a very low price for your old car. Sometimes you might find it hard to trade-in your car elsewhere. Is it worth getting a few hundred dollars for your trade-in car but paying Motor Finance Wizard thousands of dollars too much for the car you are upgrading to?

### **Trick 4: Avoiding consumer protection laws**

Victoria has strong laws to protect consumers, particularly where credit is involved. Motor Finance Wizard claims that it is not covered by these laws. One way they do this is by saying that they are offering 'interest free finance' and therefore that the Uniform Consumer Credit

Code that protects consumers of credit does not apply. Evading consumer protections:

- Enables Motor Finance Wizard to undertake repossessions without providing notice or waiting minimum periods;
- Prevents consumers from applying to have their loan varied should they suffer hardship;
- Enables Motor Finance Wizard to prepare contracts that do not disclose the additional amount you are paying to use the credit.

Do you want to deal with a company that says it is not bound by laws designed to protect consumers?

### **Trick 5: Selling you a car that may not be reliable or safe**

If you buy a car you want it to be safe and reliable. We have many reports from Motor Finance Wizard customers who have purchased cars that are both unreliable and unsafe. Engine failures, faulty transmissions, broken driveshafts, break failures ... these are just a few of the faults in Motor Finance Wizard cars that we have been told about.

Do you think a car with these sorts of faults is worth \$15,000 or more?

### **Trick 6: Providing a warranty that may be of no use if your car breaks down**

Motor Finance Wizard encourages customers to buy a warranty. Consumers pay \$1,500 and even more for this warranty. Consumers



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naturally expect that it will protect them if their car has any faults or breaks down.

We have seen examples of these warranty agreements, and they contain many exclusions and limitations on what can be claimed. This means that when a car breaks down the warranty may not cover the cost of repairs. Consumers who have bought the warranty expecting it will cover common faults and defects may be in for a nasty surprise.

### What you should do

Motor Finance Wizard claims that it says 'yes!'. If you really want a car this can be a tempting advertising claim.

Sometimes you really need a car and it's hard to find someone who will sell you one. But some businesses will use anything, including your weaknesses, to rip you off.

How will you respond to Motor Finance Wizard? After reading this, it's up to you to decide whether you say 'no' to Motor Finance Wizard.

If you are having trouble getting together the money for a car, it might be appropriate to see a Financial Counsellor before you make any decisions like buying a car on credit. You will find a freecall number you can call to arrange a meeting with a Financial Counsellor below.

### 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](http://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](http://www.legalaid.vic.gov.au)

#### **Federation of Community Legal Centres:**

Ph: 9654 2204

To find your local community legal centre.

[www.communitylaw.org.au](http://www.communitylaw.org.au)

#### **Victorian Civil & Administrative Tribunal (VCAT)**

General ph: 9628 9700,

Country callers: 1800 133 055

Credit List ph: 9628 9790

Civil List ph: 9628 9830

[www.vcat.vic.gov.au](http://www.vcat.vic.gov.au)

#### Telephone interpreter service:

Free to callers. Available 24 hours.

Ph: 13 14 50.

**Note:** This fact sheet is based on the many car buyers we have spoken to who have had problems in their dealings with Motor Finance Wizard. 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 10 April 2008.



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### **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](http://www.aceinfo.net.au).

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