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Vehicles

How To Avoid Car-Dealer Rip-Offs

Hannah Elliott, 05.14.09, 04:45 PM EDT

The well-informed, confident consumer gets the best deal.



In Depth: How To Avoid Car-Dealer Rip-Offs

Car dealers get a bad rap--deservedly so in some instances. The Better Business Bureau processed 28,000 complaints about them last year, the second-most for any trade, behind only the cellphone industry.

Granted, dealerships report a higher rate of conflict resolution

than average (82% of complaints resolved, vs. the average, 73%), but that's small comfort to buyers who drive off feeling like they've been suckered.

Paying attention to a few car-buying pointers can alleviate a lot of that anxiety. Better yet, shoppers who follow these tips will feel more confident, and as a result, stand a better chance of negotiating the best possible deals.

In Depth: How To Avoid Car-Dealer Rip-Offs

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Go in Prepared

The good news is that these days, buyers have bargaining leverage at their fingertips. Online sources like [Autotrader.com](#), Kelley [Blue Book](#), and the National Automobile Dealers Association can narrow the list of what type of car might work best and provide a reasonable price range as well.

Print the prices and specs you find online and take them to the dealer, suggests Lori Johnson, an automotive consultant and owner of [Ladies Start Your Engines](#), an automotive repair class for women. That way, you'll have a hard-and-fast baseline for dealing with pushy salespeople.

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going to try to talk you into something, be very mindful of what it is you're looking for," Johnson says. "Don't say, 'Well, I'm not really sure.' That's how you get sucked in, and you end up with something that you may not like."

It's smart to know what you want before you hit the lot: Maybe a fast little number for weekend flings or a practical people-mover for soccer practice. But it's also important to stay flexible on specifics. The \$38,200 Lexus RX350 and \$37,200 Audi Q5, for instance, are well-known crossover SUVs that offer similar benefits but very different impressions.

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Both cars have their merits, but you'd have to drive each of them to tell the difference. The all-new Q5 is slightly lighter on its feet and more nimble around corners than the time-tested Lexus crossover, but the RX350 is the cushier of the two in terms of handling and interior appointments. (See: "[Ten Best Crossovers Of 2009](#).")

In short, be open within that predetermined range of vehicles. Having your heart set on one dream car will limit your leverage with the salesperson.

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Keep a Tight Hand

Another item to determine before hitting the sales floor? How much you can afford to spend each month. The general rule is that a car payment should run no more than 12% to 15% of your after-tax monthly income. In fact, don't talk price at all until you've selected a vehicle to buy, and then ask the salesperson for his or her very best offer.

Beware the lease option as a way to meet your monthly payment goals; it's more expensive in the long run and will sucker you into buying more car than you can afford. And don't discuss add-ons like warranties or trade-in prices until you've agreed on the price of the car itself. That will only muddle how much, in total, you're going to pay.

By the same token, if a trade-in deal sounds too good to be true, it probably is, says Bill Gerhard, AAA's director of financial services. Tough economic times mean dealers get especially "creative" about bringing customers into the showroom, he says. That creativity can involve a hope that the customer would rather trade in his vehicle than deal with the hassle of

Ford's Innovation Strategy



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selling it online or in the classifieds.

"If you have a 1972 Ford that's worth a couple hundred bucks, and they say 'drag it in and you're going to get \$3,000,' you ought to be sitting there going, 'Hmmm,'" Gerhard says. "There's probably fine print. Probably what they're going to do is find a way to add that to the price of the new car. Then if I have a loan for \$3,000 more than the purchase price of the car, what that means is that three years from now, when I trade it in, I will owe more on the loan than the car's worth."

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Indeed, dealers sometimes add line-item fees on the new car for rust-proofing, paint sealant or prepping to make up the difference of the trade. These charges will go unnoticed unless you review the invoice carefully.

Tag-Team

One way to avoid being pushed into a deal you can't afford is to bring a friend along to the showroom. Even if he or she isn't especially adept at negotiating, you can play good cop to your friend's bad cop, should the need arise.

"It's good to have somebody who can say, 'just a minute, we're going to walk over here,' and then to discuss it with them," Johnson says. "Just to have somebody to hash over the issues and say, 'Well, did you hear that? Or was that just me?'"

Above all, it's important to remember that it is OK to walk away from a sale. Even if you've invested several hours in hammering out prices and financing, if you don't like the end result, leave. It's just business. You should visit multiple dealers anyway.

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