

Auto Purchasing

Consumer Protection Division
Edition: 2024

AUTO PURCHASING

Buying a car is a big investment, and, for more New Mexicans, a necessary one.

Unfortunately, car dealerships and retailers know this too. Sometimes, that means that they try to take advantage of consumers. Thankfully, there are laws put in place to protect consumers in New Mexico, including statutes and regulations.

Before purchasing a car, take the time to familiarize yourself with applicable law, the dealership, and even the car you're looking for!

BUYING FROM A DEALERSHIP

Before going to a dealership, you should familiarize yourself with the process, including your purchase options:

- Buying outright
 - Pro: You own the car! No monthly payments.
 - Con: This method requires a lot of upfront expense.
- Financing
 - Pro: Allows you to purchase a vehicle that you couldn't afford in one payment.
 - Con: Requires financing approval and monthly payments, usually at a relatively high interest rate.
- Lease
 - Pro: you only pay for the depreciation of the vehicle for the time that you lease the vehicle (typically over a period of two to

three years, with monthly payments and a down payment).

- Con: You don't own the vehicle.
- No matter which option you choose, check your credit score and other financial information before setting foot in the dealership. Additionally, avoid financing "in house" at the dealership.
- Inspect the vehicle as much as possible, including test driving, looking under the hood, checking climate controls, checking every automatic system, driving at variable speeds, etc. To that end, educate yourself on new vehicle technologies, especially driver assistance technology.

WHAT TO LOOK OUT FOR

Dealerships are rife with red flags. Below are just a few things to look out for or expect when you go to a dealership:

- High pressure sales tactics.
- "No down payment" when there is actually a down payment.
- Misleading or deceptive advertisements.
- "Lemon vehicles," vehicles that have a defect.

Additionally, be especially aware when you're trading in a vehicle.

- When trading in a vehicle, make sure that you've checked the value of your vehicle independently from what the dealership quotes.



- Make sure that financing is approved and the transaction is complete **BEFORE** the dealership sells your vehicle. If you're not approved for financing within 20 days of taking possession of the car, you can void and nullify the contract.

When you're ready to buy, read the contract! It seems obvious, but consumers will typically glaze over this step and miss important details. Be on the lookout for inconsistencies and mistakes, but especially contract additions that have been made without your knowledge. Even if these fees are legal, they're not ok if they were added without your consent, depending on the fee. These can include:

- Extended warranties,
- Credit life fees,
- Dealer preparation fees
- Undercoating,
- Or fees that reflect the overhead expenses of running a dealership.

Remember – you have the right to walk away at any time. Be very clear about what you want to a dealership. If they took your keys to test drive a prospective trade-in, ask for them back. If a dealership refuses, call your local law enforcement.

SOURCES

- 1 See NMSA 1978, §§57-16-1 to 16; §§57-16A-1 to 9. See also NMAC 12.2.4.1 to .31; NMAC 12.2.13.1 to .9; NMAC 12.2.14.1 to .13
- 2 How to Buy a Car | U.S. News (usnews.com)
- 3 Driver Assistance Technologies | NHTSA
- 4 See generally NMAC 12.2.4.1 to 31.
- 5 NMAC 12.2.13.8(B)

IF YOU'RE STUCK IN A BAD DEAL

First and most important, keep records of everything related to the deal. No text, email, recorded phone call, or any other communication is unimportant. The contract and the copy of all other attachments, exhibits, and addendums to the contract are also extremely important to keep on hand.

Next, try to resolve your concerns with the dealership. Even if they aren't willing to resolve your issues, they may reveal more information that you can use to your advantage in resolving this complaint.

If the dealership isn't responsive, report your concerns to or file complaints with the following agencies and associations **FIRST**:

- The New Mexico Motor Vehicle Division ("MVD") through their Automotive Industry Complaint form.
- The New Mexico Automotive Dealers Association Automotive Consumer Protection Program (AUTOCAP) through their AUTOCAP submission process.

If the above resources aren't responsive, then try filing a complaint with the New Mexico Department of Justice through our Consumer Complaint Form.

If none of the above has resolved your concerns, contact an attorney to discuss your case.

