

Time to buy a new car

With the new registration out this month, Teri Harman looks at the best way to buy a brand-new car

MANY DRIVERS hanker after a personalised numberplate, but another option would be to buy a new car between September and next March and acquire a registration that includes the iconic number 66.

The number is significant in British history, with the Norman Conquest (1066), Great Fire of London (1666), and – in living memory so perhaps even more momentous – England winning the football World Cup (1966).

According to the Society of Motor Manufacturers and Traders (SMMT) more than half a million of us took advantage of the plate change in March and bought new cars, and there was a 26.8 per cent increase in the registration of hybrid and electric cars as drivers seek to reduce emissions and running costs (see case study). September may see even more people opt for a brand-new car.

What to buy?

If you have had a reliable car for some time, it is tempting (and not a bad idea) to go for a new model from the same manufacturer. However, there is a bewildering choice beyond the familiar, with hundreds of models to choose from.

Once you have decided what type of car you want – small hatchback, family

Top sellers

According to figures from the SMMT, the six best-selling new cars in the first half of 2016 were:

- 1 Ford Fiesta
- 2 Vauxhall Corsa
- 3 Ford Focus
- 4 Volkswagen Golf
- 5 Nissan Qashqai
- 6 Volkswagen Polo

saloon, SUV, 4x4, for example – specialist magazines such as *What Car?* or a website like (www.carbuyer.co.uk) list all the options in each category. Usefully, they also list the recommended retail price and a ‘target’ price which they believe is the maximum you should have to pay after shopping around and some hard bargaining.

Where to buy?

Car salesmen, especially those selling used cars, traditionally had a reputation for dodgy deals and putting potential buyers under pressure, but franchised dealerships have improved their image. They are still obviously keen to make a sale, but are much less likely into a hasty decision.

There are advantages in buying from a main dealer. They’ll give you a more personal service, advise on the exact specification to suit your requirements, and part-exchange your old car.

In order to induce you to buy a new car, they may even offer you a good price on your old one. If there are any problems after you take delivery, you can easily pop back and complain.

Research from the Government-backed Money Advice Service found that 64 per cent of people who tried to negotiate when buying a car were successful, so if you can achieve a discount, and/or some add-ons such as free servicing for the first few years, a main dealer can be a good option.

You might get a better offer from a dealer if you visit at the end of the month or the end of a quarter as the salesperson will have sales targets they are under pressure to meet. (If you are not worried about the new numberplate, you may also be able to grab a bargain on a pre-registered 16 plate or by buying immediately before the new 66 ones come in.)

You may, however, be able to save money by opting to buy at a car supermarket, either at a ‘physical’ site or online, for example at (www.buyacar.co.uk). The magazine *Auto Express* says the main advantage of car supermarkets is that they stock models from many

different manufacturers so you’ll be able to compare different options together and take test drives to help you narrow the field down. They also generally offer part-exchange.

Car supermarkets buy in bulk and should be able to offer pretty big discounts. However, it means you may have to be less particular about specification and colour, as the cars aren’t factory-ordered – they’re already waiting for a buyer.

The ‘new’ cars may be ex-demonstration or pre-registered models (those already registered with the DVLA but with only delivery mileage). If you chose one of these, check how long ago that was done as the ‘clock’ will be ticking on the manufacturer’s warranty.

A third option is a car broker. Brokers will negotiate a discount on your behalf with a main dealer (not necessarily the one closest to you) so they are a good option for readers who are reluctant to drive a hard bargain for themselves.

Reputable brokers are remunerated by the dealer, so the service to you, the buyer, is free. However, most brokers don’t offer

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Choice editor Norman Wright:

Hybrid electric car cuts emissions – and bills

“When I was looking to replace my car recently, my first thought was whether I should switch from diesel to petrol. I hadn’t even considered electric power. My Mitsubishi ASX automatic was up for a service so I browsed the showroom. Added to the conventionally powered range was the PHEV, standing for Plug-in Hybrid Electric Vehicle. At the time there was a £5000 government ‘green’ grant towards the purchase; road tax is zero, as is London congestion charge. The fuel consumption claims were impressive and you’re helping the environment.

The batteries are charged by plugging the car into a normal 13-amp socket, or you can get another grant (£ only paid £99) to fit a 16-amp charging unit in a garage or on an exterior wall for a quicker charge (about three hours).

Many car parks have charging bays now, some free, though irritatingly the ones near to our office are almost always out of order! The two electric motors (one for front and rear axles) and petrol engine cut in and out seamlessly according to

need, and the engine puts charge into the batteries when it can and when the car is decelerating. Performance is excellent and, as it has no gearbox, it is a very smooth automatic. With normal driving the batteries will do about 20 miles. To get the advertised 32 miles, you would have to drive slowly and without much stopping and starting.

But even so it is ideal for driving around town, so for much of the week I don’t use any petrol.

A full charge costs around £1 of electricity overnight at home so I spend about

£10 a week on that. My petrol bill is about £20 a week less than I was spending before for a similar mileage. Add that to no road tax and I am probably saving around £750 annually.

I love the car. It is roomy, with easy access, and the 4x4 performs well in slippery conditions but there is one disadvantage. Electric power is quieter than a milk float so you need to take care not to surprise dog walkers and other pedestrians when you drift past them...”

“I’m saving around £750 a year”

part-exchange and you may have to travel a distance to pick up your new car. There are numerous brokers offering different levels of service. *Auto Express* has a good guide to using a broker: (www.autoexpress.co.uk/car-news/90972/car-brokers-guide).

Financing your new car

Using savings, if you have enough money, without compromising your financial situation, is obviously an option. It won’t necessarily mean you get a better deal, as many sellers

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can make more money if you take one of their finance packages, but it still may be your best course of action. Interest rates on deposits are so low at present you would almost certainly pay more in interest on any loan or finance deal than you could earn on savings.

The only exception would be if the dealer was offering interest-free credit. At the time of writing several manufacturers were offering

interest-free deals on certain models, including Citroën, Fiat, Hyundai and Mazda. For a full list of interest-free offers, updated regularly, see: (www.carwow.co.uk/best/Cars-for-sale-with-0-per-cent-finance). You will almost certainly have to put down a pretty large deposit, possibly up to 40 per cent, and the repayments may be only over up to 36 months, but genuine free credit is pretty hard to beat provided you can afford the monthly repayments.

Recent research by Sainsbury’s Bank found that almost half (49 per cent) of buyers used some kind of finance deal to purchase a new car. Dealers will all have their own, and there are basically three types:

1 Hire purchase – A simple loan, where you pay a small deposit (normally at least 10 per cent) and pay back the rest, plus interest, in monthly instalments over an agreed period. Compare the APR (annual percentage interest rate) with a

leave a lump sum to pay off at the end of the contract. The amount you defer, which is set by the finance company, is called the ‘minimum guaranteed future value’. The lender guarantees your car will be worth that amount at the end of the contract. At that point you have three options: either pay the deferred sum and the car is yours, sell the car privately to pay off the final amount or hand the car back to the dealer, in which case you can choose another car and start the process again. This can be a good option for people who change their car regularly while keeping repayments relatively low.

3 Leasing – With a leasing agreement you never own the car. You choose your vehicle, how long you want it for and estimate your annual mileage, and these determine your monthly payments. You normally pay a few months’ rental in advance and have to take out comprehensive insurance to cover damage – which is more costly, the more expensive the car.

Independent finance

You might find it cheaper to take out a bank loan to finance the purchase of your new car. The advantage is that you are in effect paying cash to the dealer, meaning you own the car outright from day one (provided you keep up the loan repayments). Interest rates on personal loans vary, but currently you should be able to borrow at less than four per cent. For the best deals, see the website: (www.moneyfacts.co.uk).