

## Sophie's ideal car loan

In the video, Nik had trouble keeping the car that he bought because he didn't get a REVS check. You can find out more about REVS checks on the *Money Stuff* website ([www.moneystuff.fairtrading.nsw.gov.au](http://www.moneystuff.fairtrading.nsw.gov.au)) or the REVS website ([www.revs.nsw.gov.au](http://www.revs.nsw.gov.au)).

Sophie had talked to Nik about his car buying problems. She tried to get all the information she could before buying a car. She checked out the *Money Stuff* website to read the car buying tips, she talked to friends and she shopped around.

Finally, Sophie found her ideal car at a local car dealer. Her brother had looked over it with the inspection checklist (also printed off the *Money Stuff* website) and organised an inspection by a qualified mechanic. The next step was to apply for a loan to buy the car. Sophie decided to take a loan with the car dealer's finance company. Answer the questions below to find out what Sophie needs to know about credit contracts.

Use the car and credit sections of the *Money Stuff* website to find the answers.

1. What should Sophie do before she decides to take out a loan with the car dealer's finance company?

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2. If she still wants to take out the loan with this company, what should she get before signing the credit contract?

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3. The sales rep from the finance company has asked Sophie to provide a guarantor. Tye has agreed to go guarantor. What will this mean for Tye?

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4. After Sophie has signed the credit contract, what should she get from the finance company?

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5. Sophie has decided to take out comprehensive car insurance. What is comprehensive car insurance?

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6. What are the disadvantages if Sophie adds the car insurance to the loan?

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7. What will happen if Sophie loses her job and can't make the repayments?

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Now you know some of the pitfalls involved in taking out a loan from the finance company, you may want to take your chances with the *Money Stuff Challenge*, on the *Money Stuff* website.

