

Traders responsibilities to buyers

Traders have a number of responsibilities to consumers under the Motor Vehicle Sales Act 2003 (MVSA).

Consumer Information Notice (CIN)

A trader must display a window card (CIN) in any cars that are for sale. If no CIN is displayed in the vehicle offered for sale the trader is in breach of the MVSA.

Traders are required to obtain written acknowledgement from a buyer that they have received a copy of the CIN immediately before the sale of the vehicle (or just after the sale in the case of an auctioneer), and traders are obliged to keep a copy of the CIN and the acknowledgment for a period of not less than six years.

Car market operators are required to take reasonable steps to ensure that a consumer selling a vehicle attaches a CIN. Motor vehicle traders selling through car markets are also responsible for displaying the CIN. Car market operators may supply sellers with a blank window card for them to fill in - it is not the responsibility of the car market operators to complete the card for the seller.

A trader may be liable under the Fair Trading Act 1986 if false or misleading information is contained in the CIN.

Traders will be required to disclose if a motor vehicle has been used as security for a debt. To find out if a security interest has been registered against a vehicle can be found on the [Personal Property Securities Register \(PPSR\)](#).

The PPSR is a government register of security interests (debts) in personal property (such as a car). A registered security interest means that someone may still owe money on the vehicle, and therefore the vehicle can be repossessed.

Under the MVSA, a purchaser who buys from a registered motor vehicle trader will receive the vehicle free from any existing security interests, unless a security interest is disclosed on the CIN and the purchaser continues with the purchase, in which case the security interest remains and the motor vehicle might be repossessed.

The MVSA and Personal Property Securities Act 1999 (PPSA) provide that a buyer takes a vehicle free of a security interest if the interest was not disclosed to them. In this instance the vehicle cannot be repossessed from the buyer and it would be for the secured party to serve claim for payment of outstanding monies on the MVT under section 59 of the PPSA.

Before you buy a second hand vehicle, you can text us to check if money could be owing on the vehicle. There are three basic steps to completing a TXTB4UBUY search. It costs \$NZ1 per submitted search (the fee is charged to your mobile phone). Instructions on how to use this service are available on [the PPSR website](#).

The CIN is regulated under the Fair Trading Act 1986, and is enforced by the Commerce Commission as well as by any person individually. If there is no CIN, or the information is incorrect or misleading refer to [the Commerce Commission](#).



Further information on the CIN

For more information, head to the [CIN information section](#) at the Ministry of Consumer Affairs website.

Penalties and enforcement

There are a number of offences under the MVSA, including:

- Carrying on the business of motor trading without being registered

- Tampering with odometers
- Failure to display a CIN
- Providing false or misleading information on a statutory declaration.

For detailed information on offence provisions, see sections 95-110 of the [MVSA](#).

Where offences have occurred, the [MVSA](#) provides a number of penalties under sections 116-119.

The maximum penalty for the most serious offences is set at \$NZ200,000 for a company, and \$NZ50,000 for an individual. There are lesser penalties dependent on which section of the MVSA has been breached, plus the ability for the Registrar to issue an infringement notice which is an instant fine of \$NZ500.

There are a number of activities which may result in a trader being banned from carrying on the business of motor vehicle trading. These include odometer tampering and committing fraud. Section 68 of the [MVSA](#) lists the banning criteria.

Anybody may apply to a district court to have a person banned from participating in the business of motor vehicle trading if they believe section 68 has been met. We would recommend you seek legal advice in this regard.

Where an investigation by the Registrar's National Enforcement Unit determines a trader is in breach of the MVSA by committing banned activities, the trader will be pursued and, if convicted, their names recorded in the [banned persons list](#) which is publicly available on this website.

See also, the [How to make a complaint](#) section.