

Legal Yarns

LEMON CARS



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Artwork by Dixon Patten, a proud Gunnai, Yorta Yorta, Gunditjmara and Dhudhuroa man.



What is a “lemon car”?

A "lemon car" is a new or second-hand car that turns out to be faulty. For example, after you buy a car:

- the car breaks down not long after; or
- you find out that the car has mechanical issues.

Faulty cars sold by car dealerships can be a big issue for our community.

What does the law say about lemon cars?

There are laws that protect you when you are sold a lemon car from a car dealership.

Under the Australian Consumer Law, the car sold to you must:

- be safe and durable;
- have no defects (faults);
- be fit for purpose and acceptable in appearance;
- be the same as what has been advertised;
- not belong to anyone else.

In Victoria, cars that are under 10 years old or have done less than 160,000 km are also covered by warranties if they are bought from a licenced dealer. This provides cover for any defects or mechanical issues that happen after you buy the car and before:

- 3 months; or
- the car has been driven for 5,000 km.

When you buy a car that is less than 10 years old from a dealer, make sure the number of kms recorded on your contract or receipt matches exactly with the number on the odometer.

What should I do if I buy a lemon car?

If you are worried that the car you have bought is faulty, you should contact the car dealership immediately to tell them about the faults and ask that they fix them. It is best to put this in writing (through texts, emails, etc).

The car dealership should help you, even if:

- there is no warranty; or
- the dealership tells you it's the manufacturer's responsibility (the dealership cannot tell you to contact the manufacture instead).



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Your rights depend on whether the problems with the car are "major failures" or "minor failures".

- If the problem is **major** and it cannot be fixed (so you cannot drive the car at all), you can:
 - reject the car by clearly stating the faults in writing, return the car and request a refund or replacement; or
 - keep the car and ask to be paid for the drop in value caused by the problem.
 - If you want to reject the car, it is important to do this as soon as possible. The law says you need to do so within a "reasonable" time.
- If the problem is **not a major failure**, you can ask the dealership to repair the car for free.

It can be helpful to bring someone with you as a support person when yarning or writing to the dealer.

It is important to keep records of all communication between you and the car dealer.

It's important that you gather and keep documents in a safe place:

- any contract or receipts related to buying the car;
- any documents or contract related to car insurance;
- any certificate or documents about the roadworthiness of the car, including the logbook, records of services and the roadworthy certificate;
- any advertisements about the car, such as its sale price and quality described (e.g. screenshot of the car's sales ad); and
- any mechanic quotes or invoices. It can be a good idea to get a mechanic to look at the car and provide a quote on the issues that need to be fixed.

What should I do before I buy a car?

1. **Get copies of all repair receipts and inspection checks**

- This will help you decide if you should buy the car.

2. **Organise pre-purchase inspection report**

- Buying a car can be expensive, so this additional cost may not be an affordable option for you. However, it is a good idea to consider getting a qualified, independent mechanic to inspect the car. Even if a car has a roadworthy certificate, the car could still be faulty. Getting a mechanic to look at the car will help protect you from buying a lemon car.

3. **Do a "PSSR" search**

- This will tell you if the car has any money owing on it, has been stolen or has been written off.



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- This can be ordered for \$2 at <https://www.ppsr.gov.au/searching/used-car-or-vehicle-search>.
- If the car still has money owing on it, you should not buy it, because it still legally belongs to someone else.
- If the car is listed as wrecked or written off, you should not buy it, because:
 - If it is not a repairable write-off, you will not be able to register the car; and
 - If it is a repairable write-off, you may not be able to register the car until the repairs are done and it has passed inspections; and
- Even after it has been repaired, the car might still have further issues in the future.

4. Do a VIN check

- This shows the records of past accidents and service history, and can be ordered from websites such as Carfax and AutoCheck.
- A car's VIN can usually be found:
 - Stamped on the dashboard near the windscreen (on the driver's side of the car);
 - On a plate sticker on the driver's side door jamb; and
 - Stamped on the engine firewall.
- You should compare the VIN written on the registration papers with the VIN that is visible on the car – they must be exactly the same.

5. Check the car registration on VicRoads to confirm the cars details and registration status

- You can do this at: www.vicroads.vic.gov.au

6. Check if there are any defect notices displayed on the car

- Defect notices are yellow or red stickers that set out details of defects that the dealer thinks the car has.
- Defect notices cannot be removed until a defect is fixed and the car has been inspected by VicRoads.
- Cars with a defect notice cannot be driven on the road.
- Defect notices can also be an electronic document that lists all of the work that needs to happen before the car can be driven on the road.

7. Check if the car or part has been recalled

- Check if the car or a part has been recalled at www.vehicle recalls.gov.au

8. Check the safety rating

- Check the car's safety rating at www.ancap.com.au





What to do if you think you have bought a lemon car

DO:

- Act quickly to let the person or the dealer who sold you the car know about the faults. It is best to put this in writing.
- Gather and keep all relevant documents, for example:
 - any contract or receipts when buying the car;
 - any documents about car insurance bought;
 - any documents about the roadworthiness of the car, including the logbook, records of services and roadworthy certificate;
 - any ads about the car such as its sale price and quality;
 - records of all communication with the dealer; and
 - any mechanic quotes or invoices.

DON'T:

- Delay in taking the above steps. It is important to act quickly to protect your rights.
- Keep on driving the car, as it may be dangerous.
- Feel shame. You have legal rights under the Australian Consumer Law and VALS is here to support you.

Where can I get help?

VALS provides legal advice and representation to Aboriginal and Torres Strait Islander people in Victoria. **You can call 1800 064 865 to speak to a lawyer for free.**

If you're not sure if your matter is something we can help with, please contact us anyway! We can provide information, advice and referrals in lots of areas.

If you want to report a car dealership's or manufacturer's conduct, we suggest you seek legal assistance first, but you can also contact:

- Consumer Affairs Victoria (CAV): www.consumer.vic.gov.au
- The First Nations Helpline number is 1300 661 511
- The Australian Competition & Consumer Commission (ACCC) on 1300 302 502.



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Disclaimer

This document contains general information only and does not constitute legal advice or services.

This fact sheet was published in September 2026. All information is accurate as of date of publication. For further information please head to VALS website.



For more information or to speak to our legal teams,
call VALS on 1800 064 865.

