



117 Auto Dealer Scams

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117 Auto Dealer Scams

Cost Consumers \$51.3 Billion a Year

[/vc_column][/vc_row][/vc_section][vc_row][vc_column][vc_column_text]Thinking of buying a car? Then you're probably like most consumers - afraid and anxious about being ripped off. Consumers in the U.S. lose over \$51.3 billion each year to car buying scams. Over the last 23 years, we have been researching how car dealers work and have documented over 117 scams and tactics used throughout the industry. Not all car dealers are bad, but it can be difficult to figure out which ones are really honest. Our goal is to expose the tricks used



by the worst offenders so you don't end up becoming another victim. Our ultimate goal is to save our clients Time, Money and Hassles when buying or leasing new and used automobiles.

New Car Buying Scams

- 1. Confusing Window Stickers** - Dealer displays a “dealer sticker” next to the official MSRP. It will look official, but the only purpose is to fool buyers into paying more for the vehicle. The dealer sticker will include options that were installed AFTER the car arrived from the manufacturer. They're usually worthless and some aren't even options at all, but simply made-up charges. For example, you might see things like “Special Value Package” which includes fabric protection, or charges labeled ADP or ADM. Those stand for “Additional Dealer Profit” and “Additional Dealer Markup”. They are



completely worthless! (Purchase our New Car Report to Protect You)

2. **Useless Add-Ons** - Most dealers will try to sell you useless but highly profitable add-ons such as paint protection, fabric protection, VIN etching, undercoating, rust-proofing. (Purchase our New Car Report and Protect Yourself)
3. **Charging Deposit to “Hold” the Vehicle for You** - Most dealers will try to sell you useless but highly profitable add-ons such as paint protection, fabric protection, VIN etching, undercoating, rust-proofing. Dealer tries to get a deposit to “hold” or find a car for you. This is usually done on high-demand, low-supply vehicles that are hard to find. The only time a dealer should legitimately ask for a deposit is if they’re doing a dealer trade on your behalf. g. (Purchase our New Car Report and Protect Yourself)
4. **Hiding Dings, Scratches and Other Flaws** - Dealer lots can have lots of tight spaces which can easily result



in accidents, scratches, and dings on a new vehicle. Always inspect a new car for damage before driving off the lot.

5. **Stealing Your Rebate** - Sometimes manufacturers offer multiple consumer rebates and incentives on one model and car shoppers may not be aware of all of them. This creates an opportunity for dealers to take advantage of this lack of information and keep some of these rebates for themselves. They can get away with it because manufacturers don't audit every single sale. (Purchase our Rebates and Incentives Report and get the most up to date information.)
6. **Negotiating on "Wrong" Vehicle** - The dealer will mislead the consumer by giving pricing on the wrong vehicle. For example, you may think you're negotiating for a 2013 model, turns out the dealer was negotiating based on a 2012 model. Make sure you are clear on the Automobile you are negotiating.
7. **Switching from New to Used** - Watch out when a



salesman tries to switch you from a new car to a used car or vice-versa. It's usually because that particular vehicle has been stagnating on the lot and likely comes with a bonus if he can get rid of it.

8. **Rebates Good Only at MSRP Price** - The dealer will try to convince you that cash back rebates from the manufacturer are only good if you pay MSRP for the vehicle. All rebates stand independent of the sales price of the automobile.
9. **Failing to Include Promised Equipment** - Failing to include promised equipment in purchased vehicles such as the navigation systems and the floor mats, etc. This could simply be an error on the dealer's part, but they have been known to do this on purpose. Make sure you do a thorough check of vehicle before you leave the lot.
10. **Tricking You Into a Lease** - You're looking to buy a car, but the payments are too high. Salesman says, "if we can get the payments lower with no down payment, will you buy today?" The problem is, they are putting you into



a lease instead of a purchase. Some buyers stumble into a lease without being aware of it. The salesman may call it a balloon payment.

11. **Failing to Disclose Previous Repairs** -Dealers are not required to disclose repairs on new vehicles if the cost to repair was less than a specific amount - usually less than \$1,000. Accidents happen often on the lots, the cars are fixed in the dealer's service department and never disclosed to the consumer.
12. **Rebates in Negotiated Price** - Dealer will quote you prices with rebates included; making it seem like the price is lower than it really is.
13. **Interest Rate Increase** - Increasing the interest rate at the finance desk is a major way dealers increase their profits. Auto dealers in many cases will give the consumer the highest interest rate available. Don't be a victim. (Purchase our National Interest Rate Report to make sure you get the best rate available in the US.)
14. **Run Your Credit before Negotiating the Price of the**



Auto - When a dealer runs your credit report before you have negotiated the price of the auto, they use it against the consumers that may have low credit scores. The dealers take the opportunity to increase your interest rate and overcharge you on your auto purchase. Don't let the dealer run your credit until the Price of the auto is determined.

15. Negotiating New Car Trade-in and Financing at Once Scam - All automobile dealers want to discuss all of these transactions together. All three of these transactions when negotiated together allow the dealer the opportunity to maximize their profits and keep the consumer confused. (Get our New Auto Price Negotiation Service and never be ripped off again.)

Used Car Buying Scams

1. **Curbstoning** - Curbstoners are car dealers that pose as



private individuals in order to defraud consumers or skirt the FTC rules pertaining to selling used cars. They will post ads in various classified sites such as Craigslist and pretend to be the owner just trying to sell their vehicle. You may be thinking this is harmless, but these curbstoners are not only breaking the law, but are usually selling vehicles with hidden problems that can affect its safety and value. They usually sell vehicles that no reputable dealer would touch. Some even go as far as selling a car that's been totaled and had its title registered in another state to hide the fact."

2. **Escrow Scam** - This scam tricks you into thinking you're sending money to a legitimate escrow company when in fact it's just a fake website run by the seller. The seller usually lists cars at too good to be true prices and usually has a good story behind it. Sometimes they claim to be military personnel overseas and need to get rid of the vehicle quickly. They ask you to send money, usually through Western Union or MoneyGram to this fake



escrow company. Once you do, they take the money and run, never to be heard from again.

3. **Title Washing** - Hiding the history of a vehicle that has been salvaged usually due to flooding. Title washing is common after major disasters like floods and hurricanes. The title is “washed” by transferring a salvaged vehicle to another state that doesn’t recognize the salvage brand. (Purchase our Title Fraud Report; it will protect you from being a victim.)
4. **Odometer Fraud** - Digital odometers, which were thought to be less susceptible to tampering, can be even easier to manipulate. Unscrupulous people are reprogramming digital odometers using relatively inexpensive software and devices made for legally recalibrating faulty odometers. NHTSA estimates that consumers will lose billions of dollars to odometer fraud each year and up to 1 in 10 used cars sold may have had their odometers tampered with. (Purchase our Odometer Fraud Report; it will protect you from becoming a



victim.)

5. **Fake Certified Used Cars** - True certified used cars are sold ONLY through franchised dealers. They have gone through a manufacturer-backed multi-point inspection process and usually come with some sort of extended warranty. Certified used cars come with a price premium - usually at least \$1,000 over their non-certified counterparts. This creates an attractive opportunity for unscrupulous car dealers. They figure if they slap a certified sticker on a used car, they can sell it for more - and many do.
6. **Fake Lowball Price** - Dealer gives you an extremely low price quote on a used car over the phone, encourages you to shop around to see if any other dealers can match it. Nobody will, when you get to the car lot, they say, let me make sure I can get this price approved by the manager. Of course, they can't, so they try to wear you down. Basically, this scam is used primarily to get you to come into the store. (Order our Used Car Report on the



automobile and protect yourself from this scam.)

7. **Misleading Pricing Guide Values** - It's a well-known "secret" that car pricing guides are oftentimes error-prone in the dealer's favor. The common consumer guides are not the same ones dealers use. They're often outdated and not very specific when it comes to local market conditions. Dealers will take advantage of this by advertising prices "below blue book value".
8. **Psychological Tricks** - A common method dealer's use is to get you to diminish the value of your vehicle by using psychological tricks. They'll have you walk around the car with them as they point out every single scratch, ding, dent, and worn-out part. They may utter some comments under their breath - just loud enough for you to hear and make you question the value of your vehicle. When starting the vehicle, they may pretend to hear a weird noise. Their methods are all designed to prepare you for a low-ball offer. (Purchase our Used Car Auto Appraisal Report to get your auto's true value.)



9. **Auction Not Honored** - This happens regularly on eBay. Dealer puts car up for no reserve auction, gets less than what they want for it, then refuses to sell the car to the customer. This may sound weird, but eBay sellers are not under obligation to actually sell the cars.
10. **Masking Engine Problems** - If a used car has engine problems, putting diesel fuel or diesel oil in the engine can mask the problems temporarily. Diesel oil is thicker than regular oil. Mechanics say they see this all the time. (Purchase our Used Auto Appraisal Report and never buy another lemon.)
11. **Misrepresenting Vehicle Condition** - Dealer knows the car has problems or has been wrecked. Sells the car "as is", misrepresenting the vehicle's condition. Some states have lax laws about this. (Purchase our Used Auto Appraisal Report and never buy another lemon.)
12. **Selling Car With Open Recalls** - In most states, it is still legal for a used car dealer to sell a vehicle with an open recall unless the recall is for a serious safety issue.



You need to check for yourself and make sure there are no open recalls on the vehicle. Don't rely on the dealer for your safety. It is estimated that 1 in 3 used vehicles has an open recall. (Purchase our Auto Recall Report to guarantee your family's safety.)

13. **Lying About Warranty** - When buying a late model vehicle (especially from a private party), you'll find some advertised as having a "Factory Warranty" or the balance of a factory warranty remaining. But many situations can void a factory warranty. Accidents, Modifications, Abuse, and Commercial Usage are just some examples.
14. **Stealing Your Deposit** - The seller posts a vehicle for well below market price, then convinces you to leave a deposit so they can take the car off the market. Once they have your deposit, you never hear back from them.
15. **VIN cloning/Stolen Car** - Any used car you buy from a private party or even an independent dealer could be stolen. Thieves steal a car, then take the VIN number from a similar car and attach it to the stolen vehicle.



They basically create a fake VIN sticker. (Order our Title Fraud Report to protect you from being a victim.)

Car Lease Scams

- 1. Changing Figures in the Lease Agreement** – Due to the confusing nature of leasing, many dealers will change the numbers around in the contract and literally steal money from you. Things such as raising the capitalized cost or increasing the money factor. (Order our Negotiation New Auto Lease Service and protect yourself.)
- 2. Raising the Price on the Vehicle** – Many car shoppers don't realize you need to negotiate the purchase price of the car when leasing, so they leave it up to the dealer and end up paying full MSRP. (Order our Negotiation New Auto Lease Service and protect yourself.)
- 3. Lying About Money Factor** – Money factor is another thing that seems to confuse leasing customers. Money



factor is basically the interest rate shown as a fraction a lot of people don't realize this so it's an easy way for dealers to take advantage of the situation. An unscrupulous dealer may tell you the interest rate is 2.5%, hoping you get confused between 2.5% and .0025. A true 2.5% interest rate would equal a money factor of .00104 - but in the agreement, the dealer will put down .0025. If you bring it to their attention, they will claim they told you 2.5 for the money factor, not the interest rate. This is straight up fraud, but they always have an excuse. (Order our Negotiation New Auto Lease Service and protect yourself.)

4. **Hiding Add-ons in Lease Agreement** - Dealer hides useless add-ons such as pin striping or even extended warranties into the lease agreement. (Buying an extended warranty on a lease is ridiculous since the manufacturer warranty usually covers everything during the short duration of the lease). The additional fees are hidden in the capitalized cost portion of the lease. The



uninformed consumer doesn't notice the increased monthly payments.

5. **Double First-payment Scam** - Leases usually require you to make the first monthly payment upfront, but sometimes the down payment includes this, other times it doesn't. Some dealers will try to take advantage of this ambiguity and get a double first payment out of you.
6. **Stealing Your Trade-in or Down Payment** - As crazy as this sounds, dealers can literally steal your trade-in or down payment with a stroke of a pen. The dealer simply changes or removes the "capitalized cost reduction" portion in the contract. It's the confusing terms that seem to trick people.
7. **Increasing Length of Lease** - You may be negotiating for a 24 or 36 month lease, but if the monthly payment is too high, some dealers will lengthen the term of the lease to 39 months or longer to lower the payment. The problem is they won't tell you. Sure, it will be written into the contract, but it's easy to overlook if you're not



paying attention.

8. **Lying About Early Termination Penalty Fees** – If you're concerned about early termination fees (which you should be), don't expect the dealer to tell you the whole truth. Terminating your lease early can result in thousands of dollars in early termination penalties. These are on top of an early termination fee – usually \$200 to \$400. But if you ask a dealer, they will only tell you about the early termination fee and not the penalties. It's a small difference in words, but a huge difference in cost.
9. **Excessive Wear and Tear Charges** – Most of the time, you shouldn't have any problems with this. However, there is no clear legal definition of what excessive wear and tear includes, and your lease agreement may not spell anything out in detail. And guess who decides what constitutes excessive wear and tear? Yep, the leasing companies are the one that profits as a result of these charges. (Order our Negotiation New Auto Lease Service to make sure you are not taken advantage of.)



10. **Promise to Pay Off Lease Early** - Dealer promises to pay off the remaining portion of your lease in order to get you to lease or buy another vehicle. There is no free lunch. They will either roll the balance over to your new lease, or they will fail to pay it off, leaving you responsible for late payments and penalties. (Order our Negotiation Auto Purchase New Service and don't get ripped off.)
11. **Lying About Lease vs. Buy Comparison** - Don't ever trust a dealer to fairly compare a lease versus buy decision. It's easy to fool an uninformed consumer into thinking that a lease will always be better than a purchase. The lower monthly payments make it easy to do this. Smart shoppers do their own comparisons and don't leave it up to the dealer. Leasing CAN be a better deal in some cases, but don't trust the dealer to show you.
12. **Total of Monthly Payments Trick** - When we see the word "total", we assume that's the total amount, but not



in leasing. If you add up all of your monthly lease payments, this will be the total of your monthly payments but this figure does not include any down payment, acquisition, and security deposit fees. Those additional payments could easily add \$5,000 to your total lease cost, but you wouldn't realize it because the dealer is showing you only the total monthly payments figure.

13. **Balloon Loan Disguised as Lease** - When leasing a car, some dealers will try to put you into a balloon loan which seems like a lease but it isn't. A balloon loan is basically a conventional auto loan with lower monthly payments and a large "balloon" payment at the very end.
14. **Marking up the Acquisition Fee** - The acquisition fee is charged by the leasing company to cover their initial administrative costs. These fees usually range between \$350 and \$1,000. If a car dealer is setting up the lease for you, they may try to mark up the acquisition fee and pocket the difference.



Car Financing Scams

1. **Spot Delivery Scam (Yo-Yo Financing)** - The Spot Delivery Scam, also known as Yo-Yo financing, is a common scam used mostly against car buyers with bad credit. It occurs when a dealer leads the car buyer into thinking their financing was approved. They let them take the car home, only to call them back a few days or even weeks later to inform them that the financing fell through, and that they need to finance through a different lender at a higher interest rate. The majority of victims end up financing at a rate that is 5% higher than what others with the same credit should pay. If the victim had a trade-in, the dealer usually sells it (or tells them they sold it), so they're pressured to keep the new car. (Order our National Interest Rate Report to avoid becoming a victim.)
2. **Packed Payments** - This is when dealers hide add-ons into the monthly car payment. These add-ons are



typically service contracts, extended warranties, gap insurance, paint and fabric protection. (Order our National Auto Price New Service and don't become a victim.)

3. **Claiming You Have a Bad Credit Score** - This is when a dealer claims your credit score is bad and you won't qualify for a low interest rate. The dealer is banking on the fact that many car shoppers don't check their credit scores before purchasing a car. The dealer is then able to arrange a loan for you with a higher interest rate and a bigger commission for themselves. If your credit score is above 700, you should be able to qualify for the best rates. (Order our National Interest Rate Report to avoid becoming a victim.)
4. **Arranging Bad Car Loans** - Car dealers are not legally obligated to offer you the lowest interest rate that you qualify for. Dealers make money on car loans by charging a finance markup. They will try to arrange loans based on how much profit potential there is for them, not which



loan gives you the best deal. (Order our National Interest Rate Report to avoid becoming a victim.)

5. **Purchase Add-Ons to “Qualify” for Loan** - This is when a dealer tries to force you to buy an add-on such as an extended warranty, saying it is “required” by the lender due to your credit. Rolling any additional product or service into your loan as a required item is a scam. (Order our Negotiation New Auto Purchase Service and avoid becoming a victim.)
6. **Switching Lender in Paperwork** - This is when a dealer switches the financing source in the contract to one that charges a higher interest rate. They will tell you that you were not approved for the original source. This happens most often in cases where you ask them to arrange financing through a specific source, such as your own credit union. (Order our National Interest Rate Report to avoid becoming a victim.)
7. **Illegally Marking Up Interest Rate** - Most states have maximum interest rates that dealers are allowed to



charge for a car loan, but just because your state has laws doesn't mean all dealers will follow them. This scam is especially prevalent when getting a loan on a used car. (Order our National Interest Rate Report to avoid becoming a victim.)

8. Won't Accept Checks from Online Lenders -

Sometimes dealers will try to do anything to get you to finance through them so they can profit from arranging the loan. They'll go as far as telling you that your online lender bounces checks, so they can't accept them.

9. Falsifying Credit Application - This is when a dealer falsifies your credit application, increasing your earnings on paper to get you approved. This is likely to put you in hardship, plus it's a felony in most states. (Order our Auto Affordability Evaluation Report that will show how much vehicle you can afford.)

10. Deals for "Well-Qualified" Buyers - Only the most attractive car financing offers are usually reserved for "well qualified" buyers. That means you need to have



excellent credit to qualify - usually a credit score of 700 or higher. Consumers with lower credit ratings will pay a higher interest rate. This is a very common practice and is not considered a scam, but rather a teaser advertisement. The average credit score in the U.S. is around 685.

11. **Straw Purchase** - Similar to the Loan Packaging scam, but this time, the dealer tells you to get a co-signer knowing that you still won't be approved. Instead, they just make the loan out to your co-signer. You will not be the legal owner of the vehicle, will not be building your credit, and the co-signer won't be aware of it either.
12. **Fake Car Loan Modification Companies** - Companies that charge bogus fees and promise to get the consumer's auto loans modified with reduced payments. They prey on consumers who are upside down on their auto loans or are having trouble making payments. Some have told consumers to stop making payments, which have resulted in repossessions. To protect yourself from



being upside-down order our Auto Depreciation Report.

13. **Excessive or Fake Acquisition Fee** - In order to reduce risk, some lenders charge an acquisition fee to those with bad credit. This can range from a few hundred dollars to over \$1,000. If the loan is arranged through a dealer, they are supposed to disclose this fee. However, many dealers will try to hide the fee by increasing the price of the vehicle, or in some cases, will charge an excessive acquisition fee and pocket the difference. (Order our Negotiation Services for New auto Purchase and don't become a victim.)
14. **Breaking Compliance Rules** -There are several compliance regulations dealers must abide by when communicating with car buyers, especially when it comes to financing. For example, dealers cannot say "That's the best payment I can give you". They can't use the word "best". They have to say "Based on your qualifications and the lending companies that are available to me". Dealers can get in trouble for this, and a lot of them don't



even know they're breaking the rules. Dealers are subject to paying heavy fines if caught breaking these rules. (Order our negotiation New Auto Purchase Service and never be a victim.)

15. **0% Financing Scam** - Watch out for dealers offering 0% financing deals that are not originated through the manufacturer. The only legitimate source for 0% financing deals is through the manufacturer's captive finance division. If a dealer is offering 0% financing, they are simply raising the price of the car to offset the cost of "buying down" the interest rate. This scam works on cars that are heavily discounted in the first place.
16. **Dealer Takes Advantage of Prizes** - A dealer may set you up with a car loan from a lender that is offering them special prizes or gifts. They are not looking out for your best interest, but rather setting you up with a loan that provides them with the most perks. (Order our National Interest Rate Report to avoid becoming a victim.)
17. **Pre-computed Loans** - A pre-computed car loan has



you paying the majority of the interest early on, so if you ever decide to pay off the loan early, you will still incur most of the interest charge. Luckily, most car loans these days are computed using a simple interest formula and some states even outlaw the pre-computed loan.

18. **Loan Packaging** - This is when a dealer packages two or more loans together in order to secure a loan for someone with bad credit. The person with bad credit would not ordinarily be able to get a loan on their own, but when their loan is packaged with people who have prime credit, the finance company approves them. If your loan is packaged with others who have bad credit, you will end up paying a higher interest rate.

Trade-In Scams

1. **Low-balling Trade-in** - Dealer will quote you a very low price on your trade-in. First, they want to see if you're a true sucker and willing to accept such a low offer. If not,



they're hoping it will cause you to question the value of your vehicle. As they increase the offer, it seems like a victory to you, but since they started out so low, you still get ripped off. (Order our Used Auto Appraisal Report and your will know the value of your trade-in.)

- 2. Highball Offer Over the Phone** - You call a dealer to see what they will offer for your trade-in. They give you an attractive offer and tell you to bring it in. When you bring it in, the dealer doesn't honor the offer after inspecting it in person. Their goal from the beginning was just to get you into the showroom where they can wear you down. (Order our Negotiation Auto Purchase New Service and don't become a victim.)
- 3. Promise to Pay Off Loan on Trade-In** - Dealer promises to pay off any remaining loan on your trade-in. They add the extra amount onto your new car loan. A few weeks later, you realize the dealer never paid off the loan and now the bank is calling to collect from you. On top of that, your credit has been ruined. (Order our Negotiation



Auto Purchase New Service and don't become a victim.)

4. **“Forgetting” to Give the Title Back** - Dealer “forgets” to give the title of the used car back after a trade-in deal hasn't been reached. The owner can't complete a deal elsewhere without returning back to that dealership.

Sales Tactics and Tricks

1. **Focusing on Monthly Payments** - “If I could get you in this car for \$350 per month, would you take the car today?” This is a common sales tactic; getting you to focus only on the monthly payment. Dealers can hide all sorts of lucrative back end products into a monthly payment and you would never know. It's easy for a dealer to get you practically any monthly payment you want - all they have to do is extend the car loan or low-ball you on the trade-in, or any number of other tricks. This is one of the most common and profitable sales tactics. (Order our New Car Report and you will never be ripped off.)



2. **Lies, Lies, and More Lies** - The majority of car salesmen I interacted with have lied about small things: That color is not available; there's only 3 left state-wide; the price is good only for today; someone else is interested in the car, better decide quickly, etc.
3. **Shell Games** - Salesperson finds out what your hot buttons are and exploits them. If you have a trade-in, and they know you want a certain price for it, they will offer you what you want, but at the same time will raise the price of the new car. If they know you want a certain monthly payment, they'll make sure you get that, but they will extend the loan term so you end up paying more over the long term. There are all kinds of shell games that happen at dealerships.
4. **4 Square Method** - The "4 Square Method" is the most common sales tactic you will find in dealerships. It's a technique designed to confuse car buyers by mixing the price of the car, down payment, trade-in value, and monthly payment into a single transaction. (Order our



Negotiation New Auto Purchase Service and never become a victim.)

5. **Preying on Service Members** - Many service members are young and inexperienced when it comes to money matters and don't know how to recognize dishonest businesses. So pervasive are the ripoffs and so troubling is the debt incurred by military personnel that the U.S. Department of Defense officials labeled the situation a threat to national security.
6. **Wearing You Down** - Car salesmen know the longer you spend at the dealership, the more likely you are to accept an unfavorable offer. They will wear you down by delaying everything. When negotiating, the salesmen will visit the manager to review your offer, but won't be back for 15 or 20 minutes each time. All they are doing is goofing off in the break room and wasting your time.
7. **Hidden Bias Towards Women and Minorities** - "Studies have shown that car salespeople have hidden biases towards women and minorities. All things being



- equal, dealers tend to quote higher prices to this group.
8. **Verbal Promises** - Salespeople will make all kinds of verbal promises they don't intend to keep.
 9. **Special "Sales Events" and Discounts** - Special sales events, clearance sales, and discounts elicit a sense of urgency and many buyers fall for these fake sales events.
 10. **Good Guy, Bad Guy** - Similar to the classic good cop/bad cop routine, one salesman is "honest" and can be trusted, but his sales manager is hard to deal with. This strategy is meant to wear you down slowly, forcing you to agree to a bad deal.
 11. **Limited Time Offers** - A common tactic to pressure you to buy today. If a dealer is willing to offer you a certain price today, you can pretty much bank on that deal being available tomorrow or even next week.
 12. **Pressure to Buy Right Now** - Salesman will try to build a sense of urgency. They will tell you the car is a hot seller and will be gone tomorrow, or that another customer is interested in it.



13. **Lapdog Trick** - Instead of quoting you a price on a vehicle, the dealer tells you to come back and they'll beat your lowest price. The customer feels obligated to revisit the dealership in hopes of getting a better deal.
14. **The guilt trip** - Salesmen will display photos of their family prominently on their desks and give you sob stories of how they're just making ends meet. They will try to make you feel guilty for wanting to negotiate the price down. Some salesmen have been known to put photos of children on their desk that aren't even theirs.
15. **"Misplaced" Your Car Keys** - When you have a trade-in, some dealers will try to get your keys and vehicle documentation in their possession. If the negotiation doesn't go their way, they will claim to have "misplaced" your keys. They will keep you at the dealership and try to pressure you into a deal.
16. **Payment Bump** - Salesman asks a bunch of questions to see what kind of payment you're comfortable with. Whatever you tell them, they take that number, bump it



up a bit and ask if you would be willing to spend that much if you found the car you really liked. Most people say yes, effectively bumping up the payment before negotiations even begin.

17. **Preying on the Elderly** - Some dealers prey on the elderly, especially ones on fixed incomes. These consumers tend to be trusting. If an aged friend or family member living on fixed income all of a sudden starts showing up to BBQs and driving around in a luxury automobile they shouldn't be able to afford, you may want to start asking some questions. A real example is that of an older couple that had \$2,600 month fixed income who were talked into buying a Cadillac for \$15,000 above MSRP and jacked interest rate. Monthly payment was \$2,300.
18. **"Lost Check" Scam** - Salesman asks you to write out a check when negotiating so they know you're serious, They say they'll take it to their manager. They then "misplace" the check. You feel pressured to concede to



their terms since they have your money.

19. **Assumptive Close** - The “assumptive close” approach is where they add lucrative products or services into your agreement. If you object, they say “Oh, you don’t want a warranty? Have you thought about what you would do if a breakdown occurs? Ah, I see. Well I will need to go and speak to XXX and see if they can take it off, we always sell warranties with our vehicles!” This makes the customer second guess if they are making the right decision by not taking it. (Everyone else is doing it, maybe I should too).
20. **Overcoming “Enormous” Hurdles** - This is a closing technique that makes the customer think that they are getting a great deal because the salesman and dealer staff are “working” really, really hard to make sure that the deal happens and that they are overcoming enormous hurdles to accomplish what was set out during the negotiation process. In reality, it’s all a sham.
21. **Fill out Credit Application Right Away** - At some



dealerships, you may be asked to fill out a credit application right away. The results determine how they will treat you. The worse your credit score, the more forceful they will be in pressuring you into a car you may not want.

22. **The “Honest” Salesman Routine** - Admittedly, there are actually honest car salesmen out there, but it’s sometimes hard to tell which ones are really honest, and which ones are simply using it as a tactic. The shady ones immediately start out gaining your trust by doing something counter-intuitive. For example, you may be looking at a used car, and they’ll come up to you and whisper that you shouldn’t consider that car; it’s got a possible transmission problem. They gain your trust in order to abuse it later.
23. **Slamming the Customer** - This is when the salesman knows the customer is not well-informed. They will rush you through the entire car buying process, quickly taking you through the test-drive, rushed negotiation, and



paperwork. By the time you figure out you got ripped off, it's too late.

24. **Preying on Mentally the Ill** - Thankfully this is not a widespread issue, but some dealers will take advantage of anyone they can.
25. **Hidden Microphones/Spy Cameras** - Hidden microphones and spy cameras are sometimes used in dealerships, especially in the Finance office. They leave you alone so you can discuss the deal with your partner or whoever else you brought to the dealership. It's a very sneaky tactic.
26. **Puppy Take the Home Tactic** - This is when a dealer allows the car shopper to take the car home for a night. You get to see the car in your driveway or garage, and build a strong emotional connection to it. It's like taking a puppy home, there's no way you're going to give it up after that. You'll also likely end up paying a lot more for it.
27. **"Free" Valet Parking** - Dealers will do anything to



either keep you at the lot, or ensure that you have to come back to them. When valeting, they now have your key. They might say “my manager has your keys and he’s out right now”. Sometimes, they will hold you hostage at the dealership, some people have had to call the police.

Advertising Gimmicks

1. **Bait and Switch** - Dealer advertises a car with a great price, but when you show up at the dealership, they say it’s already been sold. They then try to get you to buy a more expensive vehicle. The whole point of a bait-and-switch ad is to get you to the showroom.
2. **Pay Off Trade-In No Matter What You Owe** - Dealers that claim they will pay off your trade-in, no matter how much money you owe. Common types of ads you see are “Credit upside down? Need a new car?” or “I want your trade no matter how much you owe or what you’re driving.” The truth is, there is no free lunch. You will pay



for it one way or another.

3. **Advertising Low Prices on Base Models** - When you see an ad for a new car with a low price, read the fine print and you'll see it's usually for a bare-bone model that hardly anybody wants. These are teaser prices designed to get you into the showroom.
4. **Attractive Prices, Terrible Terms** - If an advertised deal seems too good to be true, it almost certainly is. Read the fine print to see the full details. A real example I've seen is \$99/month zero money down for a brand new Kia Soul. Fine print says: \$0 down, graduated payment plan: Months 1 - 3: \$99. payments 4 thru 72: \$617/month.
5. **Misleading Sales Price** - Not very common, but some dealers will mislead consumers by listing dealer cost or some other price on advertisements instead of the actual sales price.

Fees and Paperwork



1. **Mistakes” in the Contract** - “Mistakes” in the paperwork are very common: funny how they are always to the dealer’s advantage. Errors can be on the agreed purchase price, loan terms, down payment, or really anything.
2. **Fake Fees and Add-Ons** - Anything that is not listed on the official vehicle invoice is usually a dealer-added fee. Dealer Prep Fees, Additional Dealer Markup fees, or dealer add-ons such as pinstriping are all items that dealers sometimes add to the “invoice”. These are pure profit for the dealer.
3. **“Dispute Resolution” Agreement** - This ploy sounds reasonable at first, but be very cautious. After everything else has been agreed to, the sales person asks you to sign a “Dispute Resolution” or “Conflict Resolution” agreement. It often includes a clause that says you can’t participate in any class-action lawsuits against the dealership — no matter what they do! Sleazy dealerships use this because if they didn’t, they’d get sued all the



time.

4. **Bogus Electronic Filing Fee** - Some dealers will try to charge an additional fee called Electronic Filing Fee on top of their documentation fee. They do not fully disclose the additional 'electronic filing fee', hiding it in the 'fees and taxes' portion until the actual contract is filled out. This fee is described as "a fee charged because the dealership processes and electronically files the paperwork". Electronically filing is actually easier for the dealer, yet they're trying to charge you for it.
5. **Sign For a "Free" Item** - Any time a finance manager tells you they'll throw in something for free, but you need to sign for it, this is a huge RED ALERT. They are probably trying to sneak something into your contract that you did not want.
6. **Leaving Dealership Without Paperwork** - Dealer comes up with an excuse as to why they can't complete your paperwork (usually it's something to do with computers crashing). They send you home with the



vehicle, but no paperwork. They tell you to come back the next day. When you show up, you find that the figures in the paperwork have changed for the worse. They may have raised the price of the car, changed the terms of the loan, etc.

Manufacturer Advertising

- 1. Advertising Unrealistic MPG Figures** – Manufacturers have been accused of advertising MPG figures that do not match real-world figures. Hyundai Elantra and Honda Civic owners in particular have been complaining about this. In addition, manufacturers also advertise the highest MPG highway figure in advertising, even if only a select few trims actually get that. Car makers use the mileage estimates generated by the EPA for advertising, but that can be misleading because it doesn't necessarily simulate real-world driving conditions.
- 2. Low Advertised Lease Payments** – Manufacturers will



often advertise low monthly lease payments but require a large down payment. There is no law limiting the down payment amount, so they can get away with advertising extremely low monthly payments.

3. **Teaser Prices** - Manufacturers will highlight the lowest-priced, bare-bone model in their advertisements. In many cases, they don't even produce these base models, or produce them in such low numbers, they're impossible to find.
4. **Misleading Specifications** - You need to take manufacturer vehicle specifications with a grain of salt, especially when it comes to interior space.

Miscellaneous Scams

1. **Trusting a "Friend" at a Dealership** - Do you know someone that works at a dealership? If so, be careful if they promise to take care of you. I've never seen someone get a great deal because they "know" someone



at the dealer. They have your trust, and tend to easily take advantage of that.

2. **Fake Online Car Dealers** - Phony car dealers set up a web site that looks legitimate. They list vehicles at too-good-to-be-true prices, wait for consumers to contact them from out-of-state, and only take payment by wire transfer. Once you wire the money, you never hear back from them again.

Selling Your Car

1. **Fake Money Orders** - Person buys the car from you using a fake money order or cashier's check, but makes the amount for more than your asking amount. They then catch their "error" and ask you to refund them the overage. Since the original money order was fake, anything you send them is now lost. You'll never hear back from them.

Service and Repair Scams



1. **Replacing Parts Too Early** - The service center makes lots of money on replacement/worn parts such as brake pads. Some will tell you that the brake pads need to be replaced when they don't have to be. They know most people accept the repairs or part replacements no-questions asked.
2. **Charging you for Automobile Work not Performed**
3. **Charging for Parts They did not Replace**

Extended Warranty Scams

1. **Misleading Offers in the Mail** - You get an official-looking letter in the mail warning you that your car warranty is about to expire. The letter may look like it's coming from the manufacturer or dealer, when in fact it's just a high-pressure sales organization that's trying to sell you a bogus extended warranty.
2. **Bogus Auto Warranty** - Companies Extended warranty providers go out of business often, either due to poor



management or shady business practices. When this happens, you lose all the protection you paid for.

eBay Scams

1. **Don't Accept Payment from Paypal** - Don't accept payments from Paypal when selling a car through eBay Motors. PayPal does not cover eBay Motors Vehicle Purchases.

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