

How to Buy a Used Car

Buying a good used car is much easier when you use all the tools available to you, like pricing guides, online listings and vehicle history reports.



Shopping for a used car is like going on a treasure hunt. There are amazing deals out there, and with the emergence of the Internet as a car shopping tool, you have every chance of finding a good deal on a car that meets your needs and fits your budget.

There are plenty of incentives to buy used instead of new: It will save you money on car insurance, registration, taxes and depreciation, which is the loss in a car's value due to wear and tear over time. It also makes sense because cars have never been more reliable. It's not unusual for some vehicles to be trouble-free for well over 100,000 miles.

Set your budget

There are really only two ways for you to buy a car: Pay cash or take out a loan. If you're paying cash, budgeting is pretty simple. But don't spend all your savings.

Remember to set aside money for registration and insurance — and possible future repairs.

» COMPARE: Car insurance quotes

Most people take out a car loan so they can protect their savings and buy a more expensive model. It's smart to get preapproved for a car loan because it simplifies the buying process and puts you in a stronger position at the car dealership. You'll see later how preapproval fits into the process.

Choose the right car

Now the fun begins — picking your car. Take some time to think about how you plan to use this car. For example, if you have a family, you'll want enough room for everyone plus ample cargo space. If safety is a top priority, check out the Insurance Institute for Highway Safety for crash tests.

Narrow the field by making a list of must-have features. Then, search for models with those features using tools such as Car Finder on Edmunds.com. As you move forward, build a list of three target car models to research in more detail.

Check reliability and ownership costs

Every used car is different. Some have been driven more miles and have more wear and tear. But, in general, you want to make sure you're choosing models known for their dependability.

Consumer Reports and J.D. Power collect maintenance reports from owners and rate all used cars.

Check the vehicle history report

Before you drive across town to see the car you're interested in, run a vehicle history report. Using the vehicle identification number (VIN), you can get a detailed report of the car's history from Carfax. It's a quick way to know if you should seriously consider buying this car.