

Summary

CROSS-BORDER CAR PURCHASES

What to look out for
when you're
bargain hunting

This summary is part of the ECC-Net joint project 2015
on cross-border car purchase and registration.

Help and advice
for consumers
in Europe



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Objective of the ECC-Net joint project on cross-border car purchases and registration



This joint project focuses on business-to-consumer cross-border car purchases. The information collected aims at providing an in-depth insight into every step of the car purchase process, from the choice of a car to its final registration in the consumer's residence country, and including out-of-court mechanisms for alternative dispute resolution both with traders and authorities.

ECC-Net's experience as recorded in this report and backed up by concrete case examples shows that cross-border car purchases in the EU could be made easier. Obstacles still exist and procedures differ within the EU, especially when it comes to bringing a car back and registering it in the consumer's home country.

The information gathered led to the drafting of a practical guide to cross-border car purchases as this seems to be a major concern among European citizens consulting the ECCs (from January 2014 until the end of June 2015, 174 000 page views or downloads on this subject were registered by the ECCs' websites). It has also been a major concern to European legislators for many years.

One of the barriers to cross-border car purchases identified in the course of the joint project is access to relevant information, which tends to be dispersed among various sources.

The **practical and preventive information** provided in this [report](#), the [consumer recommendations](#) and [country fact sheets](#) are based on the questions most frequently identified by the ECC-Net from its case handling experience and on the consumer testimonials collected by members of the ECC-Net from April to August 2015.

ECCs' advice is especially valuable in the pre-contractual phase as, without the ECCs' input, consumers would need to consult various sources in order to obtain the necessary information. **However, consumers also have a part to play by making responsible choices, especially when it comes to choosing a trader and concluding the transaction. Further tools would allow consumers to take full advantage of and strengthen their trust in the European internal market for cars.**





Before purchase

What to look out for when bargain hunting

Checking **price, legal existence of the trader and car details** are the first things to do when bargain hunting. Comparing the price of a particular brand and model in different countries is often tricky as the standard equipment on a car and taxes might not be the same on all national markets. Consumers should be very thorough when comparing the price and technical features of cars and should conduct their own research by consulting different dealers, manufacturer advertisements and information online, as there is currently no impartial, public cross-border price comparison tool for cars in the EU.

Observations made during the joint project also indicate that **offers available on national markets are not adapted to consumers from other EU Member States**. Two main problematic areas are commercial warranties and discrimination regarding prices, as well as geographical discrimination based on the consumer's residence country.

To reduce the risks before making a final decision, especially for distance sales, it appears essential that consumers check the trader and the car thoroughly.

ECC-Net's experience shows that car buyers are mainly interested in price and often do not check the legal existence of the seller. However, looking into the identity of the seller, their address, the information provided on their website as well as their reputation, especially when it comes to cross-border distance purchases, could flag up potential problems.

When bargain hunting in another EU Member State, consumers should be sure to strike a good deal, not only in terms of price but also in terms of the quality of the car. Asking for the serial number, a photocopy of the title of ownership, odometer readings and a purchase invoice could allow to get a feel for the seller and to check the real value of the car by consulting private or public specialist websites offering an evaluation service and details of the history of the car. **For example, the Estonian Road Administration has an online service offering background checks on vehicles which they recommend that buyers use before purchasing. The Swedish Transport Agency (Transportstyrelsen) also provides an online service for background checks on vehicles⁽¹⁾.**

Nevertheless, it is not easy to obtain information about the legal status of a car and **checking if a car which is advertised has been stolen is currently impossible in most Member States since only authorities have access to the registration data.**

Fraudulent activity related to cross-border car purchases is not unusual and several fraudulent schemes such as the sale of non-existent vehicles and false promises of purchases have been identified by the ECC-Net and reported to national authorities in cooperation with the Consumer Protection Cooperation (CPC) Network. However, scope for individuals to obtain redress in fraud cases is severely limited. Enforcement procedures do not provide comprehensive and universal remedy for individuals. Often, only a refund by chargeback will adequately compensate the consumer, but this is not available to all consumers in the EU⁽²⁾. As protection in fraud cases is very limited, it is recommended to avoid making any prepayment via cash transfer services or bank transfers to foreign accounts and to be suspicious of sellers who only allow these payment methods. It is advisable to pay by credit card in order to have recourse to the chargeback system in the event of problems.

The report has a special focus on two recurrent types of fraud: clocking and cloning. In several EU Member States, **clocking**, which involves tampering with the odometer to make it show a lower mileage, is a criminal offence while, at EU level, a set of rules aimed at fighting odometer manipulation has been included in Directive 2014/45/EU (which is part of the Roadworthiness package). However, it does not include the possibility for consumers to obtain such information before buying. Only in

⁽¹⁾ <http://www.transportstyrelsen.se/Sms-tjansten-vem-ager-fordonet/>

⁽²⁾ ECC-Net report Chargeback in the EU/EEA. A solution to get your money back when a trader does not respect your consumer rights. http://ec.europa.eu/consumers/ecc/docs/chargeback_report_en.pdf

five countries does it appear possible to get mileage information before purchase. **In Belgium and the Netherlands, consumers can get a “Car-Pass” or “NAP document” respectively, which provides this information, while in the UK, they can check the mileage using the MOT scheme records. On the website of the Swedish Transport Agency, consumers can find the date of the most recent technical inspection and the mileage. In Hungary also it is possible to check certain details of the car pre-purchase.** In cases of clocking, the consumer might be able to cancel the contract, but the situation varies considerably between Member States. In France, for example, a court can rule that the contract should be cancelled even if the seller is unaware of the manipulation, while in Germany, cancellation of the contract is only possible if the consumer can prove that the manipulation took place and constituted a deliberate act on the part of the seller. However, legal guarantee rights would still be applicable. In order to exclude them, traders may include in the contract a clause saying that the real mileage is not known and that no guarantee is given regarding the mileage displayed. In Portugal, given that the odometer is only one source of information about the car, it appears to be difficult to cancel a sale based solely on the odometer reading. Any decisions regarding cancellation are up to the courts.

Cloning involves giving a car the identity of another, already registered, car using either the plate number or the identification number. Consumers often only realise that they have been the victims of cloning when they receive notices about unpaid parking tickets or speed offences. They then have to contest these and, depending on the country, get the number plates or registration papers amended.

Consumers can be easily taken in by attractive offers on widely used internet car sale portals. However, the administrators of these websites do not bear any responsibility unless the advertisement published is illegal or they fail to remove advert(s) placed by a particular seller in spite of having received reports of fraudulent practices.

During purchase



During the car purchase

Once the legitimacy of the trader is established, consumers should carefully **check the quality of the vehicle**. A car is usually a high-value consumer item and striking a good deal means not only purchasing a car at a convenient price, but also a car which is of good quality and roadworthy. Cars usually have to pass a vehicle inspection, the legal timeframe for which varies between Member States. However, national legislation reflects the minimum requirements of Directive 2009/40/EC which states that passenger cars must at least be tested 4 years after their first registration date and every 2 years thereafter.

The consumer should check with the seller when the previous inspection was performed and when the next is due and, whenever possible, ask the seller for a valid roadworthiness certificate. However, in several Member States, the seller is not obliged to provide the buyer with this kind of documentation. One exception is France, where a vehicle inspection must have been carried out no longer than 6 months prior to sale and the report must be provided to the buyer.

When buying cross-border, the consumer might wish to organise a vehicle inspection in the country of purchase, near to the seller's premises instead of driving home first. Most, but not all, Member States have official lists of technical inspection centres.

Whereas in 19 Member States a vehicle inspection certificate is mandatory for registering a car purchased abroad, only 10 accept certificates from inspections performed abroad. The consumer must have an inspection performed in his/her country of residence before registering if he/she lives in Croatia, the Czech Republic, Finland, Ireland, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia, Spain, Sweden or the United Kingdom.

It needs to be mentioned that in its extensive case law the European Court of Justice has concluded that general and systematic testing carried out in addition to roadworthiness tests recently carried out in other Member States, the results of which are not recognised, constitutes a restriction to the free movement of goods.

Instead of having the car undergo a formal technical control, which only shows whether the car is roadworthy or not, consumers may thus consider consulting other experts. With the seller's agreement, a technical check by an external inspector may be organised at the consumer's expense. However, it might not always be easy to find a trustworthy expert in another country as not all countries have official lists. Prices vary depending on the service and the country, but the findings in the report show that they can range from EUR 15 in Lithuania to EUR 350 in the Netherlands.

Contracts of sale vary between Member States and differences may also exist between contracts for new and used cars. A written contract is not necessary in all countries, but is usually needed for registering the car. This is the case for example in Germany, Italy, Luxembourg, Romania and Sweden. In Bulgaria, the contract needs to be in writing and certified by a notary. In several countries, the contract – written or verbal – only needs to specify the basic terms (which usually include the parties, price, description of the vehicle, quantity and date). Consumers should make sure that the contract contains the details required by the law of the country of sale and registration and pay attention to the contractual clauses. For example, used cars are often sold with a “sold as seen” clause, so the buyer should check the condition of the car carefully as the possibility of recourse regarding any defects might be limited.

In order to get a good deal, it is also important to check the **vehicle history**, including maintenance records. In Belgium and the Netherlands, the seller has to provide a Car-Pass/NAP document showing

the mileage at every service or inspection. However, providing documents such as a vehicle inspection certificate or service book is not mandatory in all countries. Estonia, Hungary, Romania, Slovakia and Sweden are among the countries where it is relatively easy for consumers to find information about the condition, mileage and real value of a car.

To register a car that has previously been registered in another country, the buyer needs to submit the **registration certificate** to the competent authorities. The seller has to provide the consumer with the registration certificate which in Austria, Bulgaria, Germany, Luxembourg, Slovakia and Sweden, is in two parts. The consumer should make sure that they receive both parts or registration might be refused in their residence country. Furthermore, having both parts of the registration certificate shows that the car is not pawned. The consumer should also check with the seller whether a **European Certificate of Conformity (COC)** can be provided as it might be requested in line with article 26.1 of Directive 2007/46/EC. **If a car has no COC or has been modified, a special national procedure must be undertaken by the approval authorities in the country of registration.** From ECC-Net's experience, this often requires consumers to have tests performed at their own expense and can be quite long. In France, for example, the entire procedure can last up to 6 months and costs over EUR 1 500.

ECC-Net recommends making national approval procedures easier. A COC is required for registering the car in 23 European countries: Austria, Croatia, Cyprus (for used cars), the Czech Republic, Estonia, France (if the car was first registered after 1997), Germany, Latvia (with some exceptions), Luxembourg, Malta, the Netherlands, Norway, Poland (if it exists), Portugal, Slovakia, Spain and the United Kingdom. It is requested for new cars only in Hungary, Ireland, Greece, Romania and Slovenia.

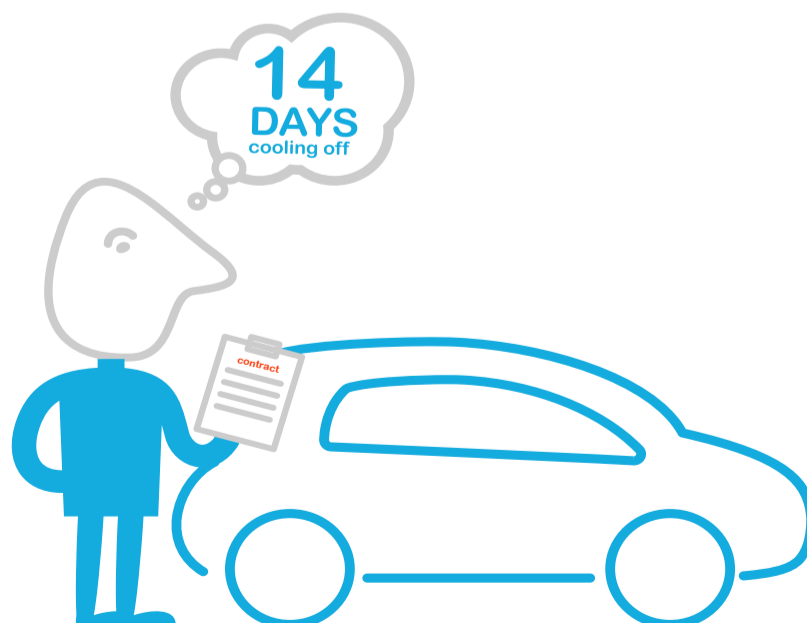
Many consumers still use cash for payment although it doesn't make the transaction secure. A study of the second-hand car sector by the Belgian Federal Public Service for the Economy in 2014 found that the largest number of infringements concerned illegal cash payments (47 %), followed by mileage fraud and non-respect of legal guarantee obligations (both 18 %). The ECC-Net report includes a table about cash payment limits in Europe. Entering or leaving a country with cash may be subject to a customs declaration. Although Regulation (EU) 1889/2005 requires everyone crossing an external EU border with a sum of or equivalent to EUR 10 000 or more to declare it to customs,

in some EU/European Economic Area (EEA) Member States (Belgium, Bulgaria, Croatia, Cyprus, Denmark, France, Germany, Greece⁽³⁾, Ireland, Italy, Luxembourg, Malta, Norway, Poland and Spain) a declaration has to be provided either in writing or verbally upon request even if the carrier is arriving from or travelling to another EU/EEA Member State.

It was found that deposit payments across Europe can vary in terms of amount and payment method accepted. Deposits can range from 10 % of the total value in Bulgaria, Poland, Portugal and Slovenia to 50 % in the Netherlands. In Denmark, Norway and Romania, payment on delivery is the usual procedure.

According to the report, depending on the country, traders accept deposits paid in cash, by debit or credit card, cheque, money transfer or postal order. Also, consumer credit may be used to pay for cars.

The Consumer Credit Directive (Directive 2008/48/EC), adopted on 23 April 2008, gives consumers the right to a 14-day cooling off period in which they can change their minds and cancel a credit contract. In several Member States, it is also possible to cancel a car purchase contract if the consumer withdraws from a credit contract on condition that the contracts are linked. A consumer is always allowed to cancel a consumer credit contract if he/she withdraws from a distance sale or off-premises car purchase contract as it is regarded as an ancillary contract (article 15 of the Consumer Rights Directive – 2011/83/EC).



⁽³⁾At the time of writing this report, specific limitations exist due to capital controls in Greece.

After purchase



After the car purchase

When buying a car in another EU Member State, the consumer might decide to drive it home. For this, the consumer might need **temporary license plates** if the registration plates were taken away due to deregistration of the car. Theoretically, if the transit plates or registration certificate are valid and issued by a national administration of an EU Member State, they should be recognised by any other EU Member State. National provisions on temporary license plates may differ and consumers can face difficulties in obtaining them. In order to overcome these difficulties, a comprehensive overview of national provisions on transit plates, where available, has been included in the ECC-Net report. It provides useful information about the authorities to contact, costs of the procedure, documentation to be provided and validity of the transit plates.

Obtaining transit plates is not the only issue the consumer has to deal with when driving car home. **The car should also be covered by insurance in order to be driven on public roads.** As a first step, ECCs advise consumers to contact their own insurance provider to see if cover is available or to contact an insurance broker for a wider choice. If it is not possible to get insurance in the consumer's residence country, short-term insurance can be arranged. However, a study carried out by ECC Germany revealed that it is almost impossible for a consumer to get insurance outside of their country of residence.

It is thus advisable to ask the seller for help with organising transit plates and short-term insurance in the country of sale, although the seller is not obliged to arrange this.

Proof of insurance cover may be required for registration, but the situation varies considerably from one Member State to another. Consumers should find out about the applicable national procedures. In Germany, for example, since 2008, consumers must provide the local registration service with a civil liability insurance certificate. If they do not, the administration will refuse registration.

VAT payment is a major concern for consumers wishing to buy a car in another Member State. Each EU Member State sets its own VAT rate. According to data from September 2015, the rates in the EU range from 17 to 27 %.

The definition of new and second-hand cars, as laid down in article 2 of Directive 2006/112/EC on the common system of value added tax, has a direct influence on the country and authority to which the consumer will have to pay VAT. VAT is chargeable in the country of registration if the car is new or if it meets certain conditions which mean that the seller should sell it without VAT. In practice, for new cars some sellers require payment of VAT as a deposit, to be refunded once the car is registered in the consumer's country. In Germany, for example, practically no seller would sell a new car without such a deposit. The seller is responsible for VAT payment to the financial authorities and must prove that the car was meant for export. The safest way to do this is with a certificate from the foreign financial authorities showing that VAT has been paid in the country of registration. However, this also means that the consumer has to rely on the seller to reimburse the sum of the VAT without significant inconvenience to the consumer. There is no average timeframe for getting a refund; it can take from a few weeks up to a year. Only in Estonia must the consumer be refunded within 60 days. Second-hand cars are sold with VAT included and the seller transfers the VAT to the relevant financial authorities.

There is no EU-wide law on vehicle registration and consumers can be faced with discriminatory public authority decisions. In such cases, the consumer should contact the national SOLVIT contact point. This service is provided free of charge by the national administration in each Member State.

Directive 1999/44/EC on certain aspects of the sale of consumer goods and associated guarantees provides for a **mandatory 2-year legal guarantee** of conformity starting from the date of delivery of the car to the consumer. Seven countries apply a longer duration and four of them take into account the expected lifespan of the product⁽⁴⁾.

All Member States have introduced a reversal of the burden of proof in favour of the consumer in their national law (i.e. a product is presumed to be defective unless the seller can prove otherwise). Five countries have extended the normal 6-month duration of this reversal.

Experience shows that voluntary commercial warranties are becoming more and more common.

When a consumer purchases a new or second-hand car, three types of guarantee or warranty may apply:

- The mandatory legal guarantee which must be provided at no extra cost by the seller. This normally allows consumers to request repair or replacement of defective cars, or in some cases a refund;
- The commercial warranty offered by the producer, often free of charge, as part of the overall vehicle price (for example for 3 years or mileage of 100 000 km);
- An extended commercial warranty offered by the seller or the producer, sometimes even by a third party, against payment.

Commercial warranties may be beneficial for the consumer, especially for a second-hand car which breaks down more than six months after delivery, or a car with a high mileage. Under the legal guarantee, in most countries, the consumer must prove that the car does not meet the terms of the contract, which usually requires a technical examination. Many consumers shy away given the costs and also because, if the examination is performed in the consumer's country, it will often not be taken into account by a seller in another country, unless the consumer provides a certified translation of the report. Commercial warranties do not require the consumer to provide any proof, but they are often country specific so the car is covered by the warranty of the country of purchase.

⁽⁴⁾ Report legal and commercial warranties : http://www.europe-consommateurs.eu/fileadmin/user_upload/eu-verbraucher/PDF_English/Reports/Garanties_2014_FINAL.pdf

In other Member States, any remedies might depend on the goodwill of the repair centre or the national representative of the producer.

Cases involving cross-border car purchases can be addressed to the ECC-Net. The network offers individual support to consumers, helping them to reach amicable solutions to cross-border complaints with traders in 30 European countries, either by contacting traders directly or transferring cases to out-of-court and Alternative Dispute Resolution (ADR) schemes. A list of such bodies able to handle cases involving cross-border car purchases is provided in the report.

For more detailed country-specific information

concerning the purchase of a car in another EU Member State and its registration in your home country, consult > [the country fact sheets](#) or the website of > [your local ECC](#)



> link to country fact sheets: <https://www.europe-consommateurs.eu/en/consumer-topics/on-the-road/buying-a-car/cross-border-car-purchase-and-registration/>

> link to European Consumer Centres Network: http://ec.europa.eu/consumers/solving_consumer_disputes/non-judicial_redress/ecc-net/index_en.htm

This document is intended to present the information consumers might need for a successful car purchase abroad and the registration in various European countries at the moment of publication and in the most user-friendly manner possible. It has no legal value however and the working group will not be held liable for any loss or cost incurred by reason of any person using or relying on the information in this publication.

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