

Buying a used car: private seller or licensed dealer

What the dealer licence buys you, what a private sale leaves you exposed to, and how the price gap is earned

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The dealer-versus-private decision is not about trust - it is about what protection you are buying with the price difference. A licensed Tasmanian dealer comes with a statutory warranty, a written contract and a pre-sale disclosure statement; a private sale comes with almost none of that, and the gap is usually a few thousand dollars.

What it should cost

On the same car, a licensed dealer typically asks 10 to 20 per cent more than a private seller, which on a \$20,000 car is roughly \$2,000 to \$4,000. Some of that is the statutory warranty and any reconditioning; some is margin. Private sellers ask less because they carry none of the legal obligations a dealer does.

Other costs stack on top either way: transfer of registration, duty on the transfer unless an exemption applies, and an independent inspection. Budget \$150 to \$400 for the inspection and confirm the current transfer costs, because they are set by the state and change.

What the law requires

Anyone who buys, sells or exchanges six or more vehicles in a year must hold a motor vehicle trader licence under the Motor Vehicle Traders Act 2011, administered by Consumer Affairs Tasmania (which took over the function from Consumer, Building and Occupational Services, or CBOS, on 1 October 2026). A licence is valid for three years. If a "dealer" cannot give you a licence number, you are looking at a private sale in disguise.

A licensed dealer must provide a statutory warranty on most used cars - under section 43 of the Act, currently three months, subject to an odometer cap (Consumer Affairs Tasmania's own disclosure document says 3,000 km while some summaries say 5,000 km - confirm the exact figure), and only within the age and odometer eligibility limits. The dealer must also give you a pre-sale disclosure statement setting out known defects. A private sale carries none of it: no requirement for a written contract, no statutory warranty and no cooling-off - only the basic consumer guarantees on title, undisturbed possession and no hidden debts.

Red flags

A trader who will not give a licence number, or who claims the licence "is not needed" while clearly trading.

A dealer who sells without a written contract, a disclosure statement or the statutory warranty.

A price far below the market for the model, paired with a story about urgency.

Odometer inconsistencies, or a VIN that does not match the papers.

A private seller who refuses an inspection or a PPSR check.

Pressure to pay a deposit before you have seen the car start cold.

What good looks like

The dealer states the licence number and the exact warranty for that car without being pushed.

The disclosure statement is filled in honestly, defects and all.

A written contract with the price, the warranty and the conditions on it.

They encourage an independent inspection rather than resist it.

They can explain the difference between the warranty they provide and your consumer rights.

What to ask

- "What is your motor vehicle trader licence number?"
- "What statutory warranty applies to this specific car, given its age and kilometres?"
- "Can I see the pre-sale disclosure statement and the defects notice?"
- "Has this car ever been written off, repaired structurally, or had finance owing on it?"
- "Is it sold with an inspection, and who signed it off?"
- "For a private sale, can I have it inspected, and does a PPSR check show any finance or security interest?"
- "What happens if a fault appears in the first two weeks?"

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