

Check those car ads, watchdog says

Some confusing, deceptive: APA; Latest edition of consumer magazine includes buyer-beware segments

BY RENE BRUEMMER, THE GAZETTE MARCH 26, 2009

A dangerous combination of skittish consumers and increasingly desperate car dealers has led to a marked increase in confusing and deceptive car ads, the Automobile Protection Association said yesterday.

Misleading "zero-per-cent financing" deals and "zero-dollars-down" initiatives are so widespread that APA president George Iny suggested consumers avoid buying cars made by Honda and Acura or shopping at dealerships run by the Hamel Group of dealers, which the association identified as some of the worst transgressors, until they clean up their act.

Iny blasted car makers asking for taxpayer-funded handouts "and then duping the very people they're asking to help them."

The APA made the observations in its yearly review of the auto industry, which coincided with the annual guide to the best new and used-car buys published by French consumer magazine Protégez-Vous.

In a reflection of the troubled times, this year's issue includes buyer beware segments about misleading ads, whether to buy from a car manufacturer teetering on the verge of bankruptcy or a car model about to be discontinued (short answer: don't), and how to avoid scams in the used-car market.

Overall, the pickings are good for buyers. Prices are historically low for new cars, and used vehicle selections are plentiful because there's a glut of lease returns on 2004 to 2006 models.

The Quebec used-car market has improved its advertising, with most dealers posting all-in prices with no extras, and mileage listed. The advent of used-car superstores selling cars at non-negotiable prices has made buying a used vehicle "easier and a lot more pleasant," Iny said.

But automobile manufacturers and new car dealer associations in Quebec and Ontario have been blocking improved advertising standards "when they should be policing their members," Iny said.

Misleading advertisements or enticements to watch out for include:

Financing terms running from seven to eight years. According to the APA they're a risky proposition, especially with U.S.-made vehicles that depreciate as much as 70 per cent after three years. For the first five years, the consumer will owe more on the loan than the market value of the car.

Advertising \$0 down, when in fact the down payment is several thousand dollars. Honda, for instance, advertises a lease for a Civic DX 2009 for \$168 a month, with \$0 down listed next to the price. In fact, a buyer who pays \$168 a month must put \$3,000 down, it notes in the microscopic print next to the ad. With \$0 down, payments are \$222 per month.

Zero-per-cent financing that works out to be more expensive because of higher monthly payments than buying the car with eight-per-cent financing over the same amount of time.

Rebates of \$8,500 or more that are not applicable to most of the vehicles in the ad.

Misleading 2-for-1 offers on cars, that worked out to "two cars for the price of three" if paid over eight years. The APA went as far as recommending consumers avoid the Hamel Group of dealers to avoid "falling into traps."

Martin Taillandier, general manager of the Hamel St. Léonard dealership, sounded stunned to hear his business had been singled out.

"It's clear in the ad (which advertises 'The 2 for 1 event,') if you do the math over 96 weeks, how much it costs," he said. "I think the APA are jumping the gun, saying that."

Taillandier acknowledged there are confusing ads out there and said he welcomed stricter advertising rules. Chrysler's ads offering a "Free PT Cruiser" with the purchase of a 300M (the buyer gets a rebate, not a free car, Taillandier said) are far worse than his.

Honda Canada did not respond to requests for comment.

Marc Migneault, a lawyer for the Office de la protection du consommateur, said dealers can be and are fined for misleading ads, often ranging up to \$20,000. Dealers who want to remain in business respect the fines and stop the ads, Migneault said. Buyers can check a dealership's reputation on the Office's website.

To get the best deals, Iny suggested buyers pick dealer rebates as opposed to the lower interest rate, limit financing to 72 months, and if you have good credit, don't pay over the going rate of six-per-cent interest for financing through a bank or the dealer.

Dealers sometimes request eight per cent or higher because the bank will give them a higher commission - say \$1,000 instead of \$100 - for pushing the higher rate.

The best value remains a used car in good shape that is three or four years old, Iny said.

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PROTEGEZ-VOUS'S PICKS AS THE CREAM OF THE 2009 CROP

SUBCOMPACTS

1. Honda Fit

Price: \$14,980-\$20,480

2. Toyota Yaris

Price: \$13,990-\$20,525

COMPACTS

1. Honda Civic

Price: \$16,990-\$26,680

2. Toyota Matrix

Price: \$15,975-\$29,230

3. Toyota Corolla

Price: \$14,835-\$23,480

MID-SIZED

1. Honda Accord

Price: \$16,990-\$26,680

2. Toyota Camry 2010

Price: \$23,400-\$37,525

3. Toyota Prius (hybrid)

Price: \$28,270-\$39,565

MINIVANS

1. Honda Odyssey

Price: \$31,490-\$48,890

2. Toyota Sienna

Price: \$28,990-\$50,625

SUVs

1. Toyota Highlander

Price: \$32,180-\$54,360

2. Toyota Highlander hybrid

Price: \$40,920-\$54,360

3. Toyota RAV4

Price: \$26,555-\$36,560

BEST USED CARS (2002-2007 MODELS)

FROM \$4,000 TO \$6,000

Chevrolet Cavalier 2004, 2005

Ford Taurus 2003

Nissan Sentra 2004

Pontiac Sunfire 2004, 2005

Toyota Echo 2002, 2003

\$6,000 TO \$8,000

Chevrolet Cobalt 2006

Ford Focus 2005, 2006

Ford Freestar 2005

Hyundai Accent 2006

Hyundai Elantra 2005, 2006

Pontiac G5 Pursuit 2006

Toyota Corolla 2003

\$8,000 TO \$10,000

Dodge Grand Caravan 2005

Ford Taurus 2005 and 2006

Honda Civic 2004 and 2005

Hyundai Sonata 2005

Pontiac Vibe 2004

Toyota Corolla 2004 and 2005

\$10,000 TO \$12,000

Chevrolet Impala 2006

Honda Accord 2004

Hyundai Sonata 2007

Mazda 6 2005, 2006

Pontiac Vibe 2005

Toyota Camry 2004

Toyota Sienna 2004

\$12,000 TO \$15,000

Chevrolet Impala 2007

Ford Fusion 2006

Honda Accord 2005

Honda Civic 2006

Honda CR-V 2005

Honda Fit 2007

Hyundai Santa Fe 2006

Hyundai Sonata 2007

Mazda 5 2006

Mazda 6 2006

Nissan X-Trail 2005

Toyota Sienna 2004

SOURCE: PROTEGEZ-VOUS

\$8,000 TO \$10,000

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