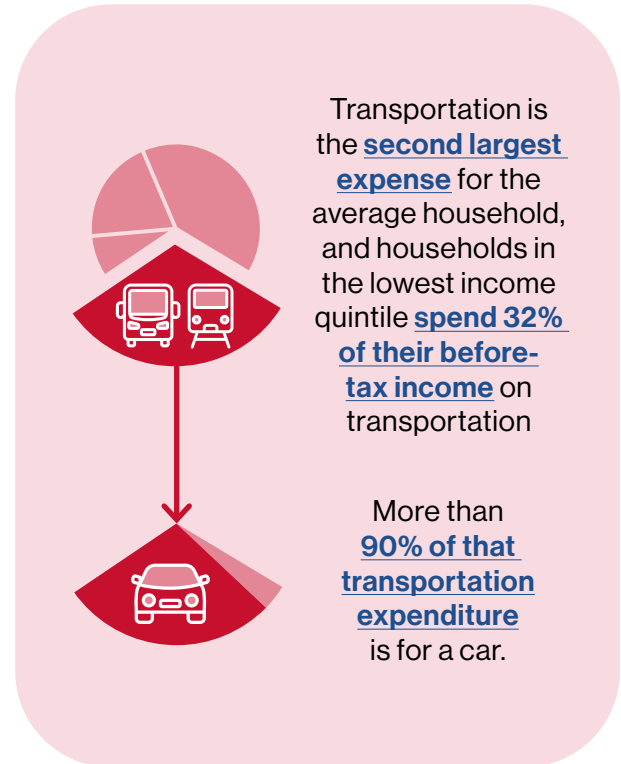


Protect Consumers From Unsafe and Unreliable Cars

For most low-income families, a car is their only way to get to work, medical offices, school, and daycare. And as most low-income families don't own a home, a car is likely to be their largest asset.

Strong protections against the sale of unsafe cars protect the buyer, passengers, and other drivers on the road. Unreliable cars keep workers from their jobs, seniors from medical care, and students from school. When a car breaks down shortly after it is sold, it increases the likelihood that the consumer will default in making the car payments.

States have the primary role in protecting consumers from unsafe or unreliable cars. Dealers are in the best position to identify unsafe or unsound cars before they are sold. The key is to impose upon the dealer an enforceable obligation to ensure that any used car it sells meets at least a basic standard of safety and reliability. Several ways to frame such a duty, and interim steps that would move a state closer to this standard, are listed below.



CONSUMER PROBLEMS

STATE SOLUTIONS

Dealers deny responsibility for the condition and reliability of the cars they sell.

Ban as-is sale of cars; all cars except those sold as junk or for parts should be fit to drive.

Enact a used car lemon law that requires a used car dealer to buy the vehicle back if it does not meet specified standards for safety and reliability.

Require all cars to be sold with at least a basic warranty.

Require all cars returned as lemons, including “goodwill” buybacks, to be given a lemon buyback “brand” on the title and be disclosed as such, and to come with the manufacturer’s warranty.

CONSUMER PROBLEMS

STATE SOLUTIONS

Dealers sell cars with dangerous conditions.

Prohibit the sale of any vehicle that is unsafe to drive.

Require dealers to check the vehicle's title history and the federal vehicle history database and post a conspicuous warning sticker about any negative history on the car.

Prevent sellers from “washing” brands (such as “salvage” or “lemon law return”) off a vehicle’s title by 1) requiring all title brands from all states to stay on a car’s title when it is transferred from state to state; and 2) requiring brands to stay on the title regardless of the age of the car; 3) work with other states to increase consistency of title brands from state to state.

Consumers do not have a realistic opportunity to determine the condition of a car before being bound to a purchase contract.

Provide a cooling-off period during which the buyer may evaluate the car and the transaction outside of a high-pressure environment and terminate the transaction for any reason, and prohibit the sale of the buyer’s trade-in during that period.

Rogue dealers are not held accountable.

Increase dealer bonding requirements or create dealer compensation funds, so a consumer who has been cheated can recover if the dealer goes out of business.

Strengthen state enforcement by prioritizing cases involving unsafe and unreliable cars within state Attorney General offices.

Incentivize compliance by giving car buyers the right to enforce laws intended to protect them, including statutory damages and attorney fees, either through stand-alone statutes or by strengthening the state’s general deceptive practices statute.

Prohibit unfair forced arbitration requirements that prevent car buyers from vindicating their rights in court.

For more on how to protect consumers from unsafe and unreliable cars, see NCLC’s [Auto Sales & Finance](#) pages and [State Lemon and Warranty Laws](#). To speak to an expert on protecting consumers in auto sales and financing transactions, contact: John Van Alst (jvanalst@nclc.org).

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The nonprofit National Consumer Law Center® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training.

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