

# **The Complete Guide to Buying a Car With Bad Credit**

Created By Legacy Auto Credit



LEGACY AUTO CREDIT

# Table Of Contents



Introduction

Chapter 1: Know What To Expect

Chapter 2: Understanding Your Credit

Chapter 3: Know What You Can Afford

Chapter 4: Find a Reliable Dealer

Chapter 5: The Importance of Pre-Approval

Chapter 6: Must Know Tips

Working With Legacy Auto Credit

# Introduction

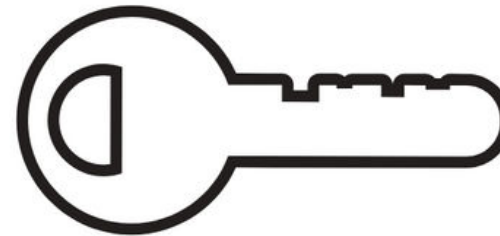
## Allow us to introduce ourselves.

Legacy Auto Credit was created to allow everyone an equal opportunity to drive a safe and reliable vehicle. We believe that credit concerns shouldn't keep you from driving and we work hard to treat each customer with care and consideration. Legacy Auto Credit is a part of a group that includes Guelph Toyota, Walkerton Toyota, Goderich Hyundai and KW Mitsubishi, if there's a vehicle you want, we can help you find it.

## Why did we write this guide?

For some people it can be very difficult to get leasing or financing when buying a vehicle. Buying a car is a daunting task, but that task becomes even more challenging and confusing for those who have 'less than perfect credit'. It is estimated that around 30% of Canadians would have what is considered 'bad credit' and for those people, buying a car often means facing rejection, sky-high interest rates, or shopping with non-trustworthy auto dealers.

At Legacy Auto Credit, we've made it our mission to make buying a vehicle easy and hassle-free, regardless of your credit situation. Just because a person has bad credit, shouldn't mean they deserve a different experience when shopping for a reliable vehicle



## Who is this guide for?

You'll find this information valuable if you are currently shopping or thinking of shopping for a vehicle and you have less than perfect credit for one or more of the following reasons:

- Bad credit history
- No credit history
- Slow, late, or missed payments
- Past or current bankruptcy
- New to Canada
- Repossession
- Divorce
- Low income
- Orderly Payment of Debt
- Poor credit due to unexpected events

Poor credit is not ideal, but don't assume it's the end of the road when you're looking to buy a car. Understanding how to get an auto loan with bad credit is your first step and this guide will serve as a valuable resource for you on your vehicle shopping journey.

## How much should I read?

We've created this guide to be as easy and simple to understand as possible. Whether you read the entire guide from start to finish, or you just read a specific chapter, you're definitely going to be more informed.



# Chapter 1 : Know What To Expect

Before you look for a new vehicle, especially if you find yourself with less than perfect credit, make sure your expectations are realistic. Knowing what to expect is particularly important when looking to buy a new vehicle with anything less than perfect credit.



## The Process Will Be Slightly Different

When shopping for a vehicle with less than perfect credit, you should expect the process to be slightly different than if you were shopping with perfect credit. This could mean that your application process will be a little more in-depth, or you may need to get pre-approved before picking your vehicle. These processes are normal and reputable dealer will walk you through the entire process before hand, so you know exactly what to expect.

## You Will Be Asked About Your Credit

Be prepared to answer questions about your credit and financial history. This can sometimes be an intimidating proposition for some folks, but it shouldn't be — the dealer is just looking to get an idea of your current financial situation to ensure the loan you get won't jeopardize your credit/financial situation. While your credit score and financial history are important factors, there are other factors as well. If you've lived in your current home for a long period of time, that shows stability. Likewise, if you have a steady job and can show a stable employment history, you'll likely be seen as less of a risk. References can also play a role. A list of people who can verify that you're responsible and likely to pay your debts can also lead to an extension of credit with better terms.

# Chapter 1 : Know What To Expect



## Interest Rates Will Be Higher

If you have less than perfect credit, your interest rates will be higher than if you had perfect credit. You're probably not going to get the 0 percent financing that's offered on the TV commercials you see all the time. At the same time, you shouldn't be worried about paying a crazy-high interest rate — the interest rates on vehicle loans at Legacy Auto Credit can be market competitive and similar to what you'd find at a bank.



## You Might Not Drive Away In Your Dream Vehicle Right Away

From our experience here at Legacy Auto Credit we have come to believe that it is a key to successfully getting approved for an auto loan, particularly if you have bad credit. The monthly payment for a fully loaded truck is much more than the payment on a compact sedan and nobody wants to get into a vehicle and take on a vehicle loan they can't afford. Our goal is to help you establish a solid payment history, then help you refinance to better terms when your credit score improves – something that's likely to happen as you make those car payments on time.

# Chapter 2: Understanding Your Credit

When you're shopping for a new vehicle, checking and understanding your credit is probably the last thing you want to do, especially if you have had credit challenges in the past.

The thought of going through your credit details may be intimidating and something you'd rather avoid. Whether your credit is good or bad, understanding your credit situation is important when looking for a new vehicle. If you understand where you're at with regard to your credit, you'll be able to make more informed decisions when applying for your car loan. Quite often customers come to us with little to no insight into their credit situation, which is okay, but we want to make sure that as we are working with you, we are informing you and helping you understand your situation. Signing off on a car loan without understanding your credit situation could be disastrous for you in the long run.

Here is some useful information for you to easily, painlessly, and quickly get an idea of where your credit and financial history is at.



# Chapter 2: Understanding Your Credit

## Check your credit reports

Checking your credit reports with the major credit bureaus enables you to see any errors or inaccuracies and actually might help you improve your credit score. The decision processes used by auto lenders are based in part on credit scores, which take into account a consumer's credit experiences, compiled in credit reports.



You can get copies of your credit report by mail. There are two national credit bureaus in Canada: Equifax Canada and TransUnion Canada. You should check with both bureaus. In order to get your credit bureau for free, you send in your identification along with some other basic information and then your reports will come back in two to three weeks. For TransUnion, and Equifax the instructions to get a free credit report by mail are available just click the logo below.

If you can't wait for a free report by mail, you can always get an instant credit report online. TransUnion charges \$14.95. Equifax's rate is \$15.50, but both are great and rather cost effective ways to get an understanding of your credit situation.

At Legacy Auto Credit, we will walk you through your credit history and tell you your credit score, but what we find is when clients come into those meetings, even with just a basic understanding of their situation, it relieves a lot of the anxiety associated with actually coming in and meeting with our team.

**EQUIFAX**<sup>®</sup>

TransUnion<sup>tu</sup>



# Chapter 2: Understanding Your Credit

## What's on your credit report?

### Your credit report may contain the following financial information:

- non-sufficient funds payments, or bad cheques
- chequing and savings accounts closed “for cause” due to money owing or fraud committed
- credit you use, including credit cards, retail or store cards, lines of credit and loans
- bankruptcy or a court decision against you that relates to credit
- debts sent to collection agencies
- inquiries from lenders and others who have requested your credit report in the past three years
- registered items, such as a lien on a car that allows the lender to seize it if you don't make payments
- remarks, including consumer statements, fraud alerts and identity verification alerts

### Your credit report may contain the following financial information:

- When you opened your account
- How much you owe
- If you made your payments on time
- If you missed payments
- If your debt has been transferred to a collection agency
- If you went over your credit limit
- Personal information that's available in public records, such as a bankruptcy

For more information on your credit report, the Government of Canada has a great website filled with detailed information and resources that will help you understand your credit and the details of your credit report.

**You can find that here:** <https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score.html>

# Chapter 3: Know What You Can Afford

Before you apply, we strongly suggest taking some time to think about what you can realistically afford and what kind of loan you will be able to work into your budget.

The monthly payment is what many people are thinking about when shopping for a new vehicle. The monthly payment for a fully loaded truck is much more than the payment on a compact sedan and when you're in the market for a new vehicle it's important you're realistic about what you can afford. Nobody wants to get into a vehicle and take on a vehicle loan they can't afford, so knowing (and being realistic about) your budget is crucial.

Quite often customers come to us with a clear idea of the type of vehicle that they want, but they aren't exactly sure what they can afford. Part of our process is to work with our customers to help them understand their financial situation, which helps us determine a monthly payment that fits their budget. From here we are able to figure out a monthly payment that works and ultimately a vehicle that fits both lifestyle and budget.



## Try our Car Loan Calculator

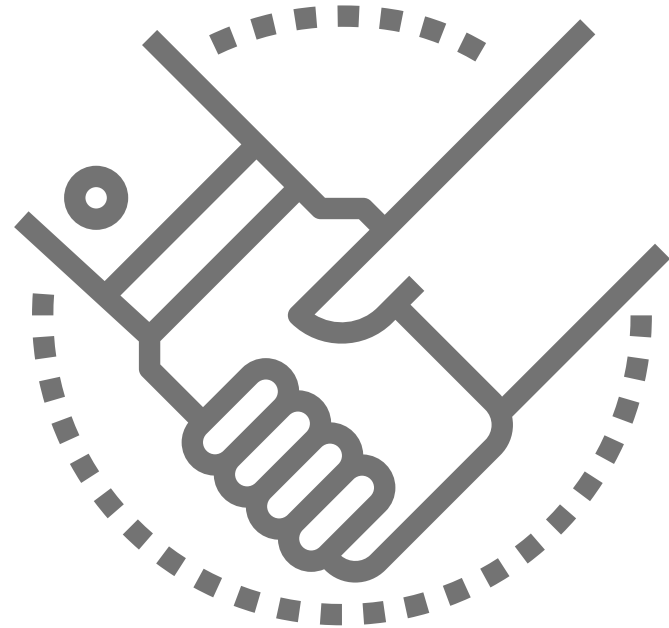
We'll do the math for you. We have created a car loan calculator that will allow you explore what your approval options could be. Once you apply with Legacy Auto Credit you will be able to find out your exact approval options within 48 hours of submitting your application.

Try our car loan calculator here:  
[www.legacyautocredit.ca](http://www.legacyautocredit.ca)

# Chapter 4: Find a Reliable Dealer

Figuring out how to get a car loan with bad credit becomes easier when you know your options. Finding a lender that accepts car loan applications from people with poor or limited credit histories is of course a good start. The main options include auto dealerships, banks, credit unions and finance companies. Consider lenders that accept applications from consumers with all credit types, like Legacy Auto Credit.

Some car dealers and car salespeople have given the industry a bad name with their “fly-by-night” business practices. These dealers sometimes prey on folks who have bad credit and are desperately looking for a car loan. It is important, especially when shopping for a bad credit car loan, that you work with a reputable outfit that you can trust. At Legacy Auto Credit, we finance the vehicles we sell with our own money (also known as in-house financing) so we don’t shop your car loan application to multiple lenders. When shopping for a new vehicle you will likely come across a number of different dealerships during your search.



# Chapter 4: Find a Reliable Dealer



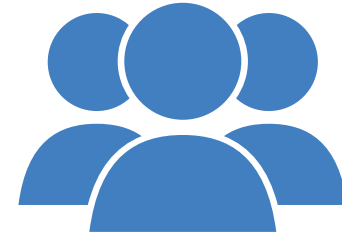
## Customer Reviews

Look for reviews from customers just like you. A reputable and trustworthy dealer will have positive customer reviews clearly displayed across their website, on their social media channels, and on other sources such as Google My Business. At Legacy Auto Credit, we proudly display our customer reviews in real time, as they come in, to show you exactly what customers just like you are saying about our service and our process.



## Reputation

Ensure that the dealer you are working with is an established dealer and not just someone selling cars from a small corner lot. You can tell a lot about a dealer by their locations, their size, and their reputation. Legacy Auto Credit, are a part of the Dohms Lapointe group who own multiple franchise dealerships in Southern Ontario.



## Community

Companies that encourage community involvement distinguish themselves from their competitors. If you see that the dealer you are working with is involved in the community, that's a good sign. At Legacy our company and our employees are involved in many ways. We are very proud of our support and involvement in the community.

# Chapter 5: The Importance of Pre-Approval

One of the most frustrating experiences as a consumer when vehicle shopping is finding your dream vehicle and going through all the steps to purchase it, only to find out you can't get approved for the loan.

For this reason, we recommend potential buyers get pre-approved before getting too deep into their vehicle selection process. When you are pre-approved for a specific loan amount you can shop with confidence. Of course, everyone would love to be able to pay for their new vehicle with cash, but in reality, very few of us are in a position to do that, so we need to get a loan or get financing.



## Why Getting Pre-Approval Is Better

When you get pre-approved, you are able to shop with more confidence because you already know that you have been pre-approved. You can now focus on shopping for your dream vehicle without having to worry about being declined or negotiating terms. This removes a lot of stress from the situation and makes for a much more pleasant shopping experience.

## The Pre-Approval Process

At Legacy Auto Credit, our goal is to make every step of the process straightforward, easy, and hassle-free. Our Pre-Approval process is no different. All you need to do is fill out the quick application on our website (or give us a call) and we can have you pre-approved and shopping quickly. Once you're pre-approved we set up a meeting with one of our team members to work out the terms of your vehicle purchase and financing



Here's what one Legacy Auto Credit customer, Matt L., had to say about his pre-approval experience:

" I had been looking for a vehicle for months, going into dealerships getting excited about cars then after the application the disappointment came " NOT APPROVED". Legacy did a pre-approval before I even looked at a car, once I knew what I could afford we started the search process. I ended up getting a car I like with a payment I can afford.

# Chapter 6: Must Know Tips

## Remember It's Not Just You

When shopping for a new vehicle with less than perfect credit, it's important to remember that you aren't the only one in this situation. In fact, 30% of Canadians (reports indicate that number is actually higher now) have imperfect credit or no credit at all. The situation you find yourself in is normal and there is no need to feel stressed, embarrassed, or guilty about anything. You have taken the right steps by reading through this guide and you are now better prepared and more informed on what you need to do to get into a new vehicle.

## Don't Assume The Worst

Don't assume that because you have less than perfect credit that you won't be able to get a vehicle or that you need to resort to buying an unreliable used car from an unreliable dealer just to get driving. At Legacy Auto Credit, we specialize in working with people who have credit challenges and we help thousands of Ontarians get driving every year.

## Avoid Additional Bad Credit

If you find yourself in a "bad credit" situation, one of the worst things you can do, is make the problem worse by avoiding bills and missing payments. Starting now, as you read this, be on your best behavior. Pay everything on time. Don't take on any other major credit obligations, including new credit cards. Potential red flags for an auto lender include late payments, and missed payments. Stay on track.

## Be Honest

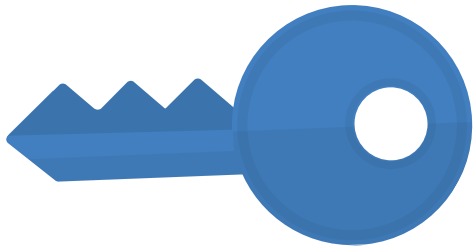
When meeting with our team to review your financial situation, it's very important to always fill in the blanks truthfully. The information you provide will be verified and providing false or misleading information about your job status, income or anything else can kill your chances for vehicle financing. We are here to help you, and we can usually help people with the worst credit, get in a new vehicle, but our jobs become more difficult if we don't have the right information.

## Avoid Shopping Around

When you are shopping around for a new vehicle, it can be tempting to visit multiple dealerships and websites and fill out multiple credit applications. We highly recommend NOT shopping around and avoiding multiple application, especially if you find yourself in a "bad credit" situation. When you fill out a credit application at a dealership or through an online application, your credit needs to be checked. Lots of dealers and bad credit car loan websites will 'shop' your credit to many lenders – and even suggest this is to your advantage. It's not helpful – and can actually hurt your credit. Here's why. If you have too many credit inquiries over time, it can reduce your credit score. As you can see, "shopping" your credit raises a lot of red flags and actually works against you.

# Working With Legacy Auto Credit

We make auto financing easy.



## Get Started

Getting started is easy. Tell us what type of vehicle you're looking for, your contact and employment details, and from there we can start working on getting you approved.



## Loan Approval

Regardless of what has happened in your past, you deserve some credit. We work with you to assess your current situation and approve your loan quickly and hassle free.



## Shop and Drive

Our goal is to get you driving as quickly as possible. Once your loan is approved you can then shop our dealership inventory to ensure you drive away in that perfect vehicle.

It's that easy!



# Working With Legacy Auto Credit



## Are You Ready To Apply

We hope that this guide has provided you with useful information and practical tips that help you feel more informed and confident as you shop for a new vehicle.

We would love to help you find that new vehicle.



## Apply for your car loan

Applying for a car loan shouldn't be stressful. We only ask for the information we need and finishing your application takes less than 3 minutes.

Get started now

**APPLY**





## What Our Customers Are Saying

"All of the staff that we have met and spoke with have been amazing from start to finish! Thank you all so much! Not to go into too much detail but my fiance and I had to have just about every possible factor that would make getting into a new car pretty much impossible working against us... but Maria and the awesome team here made it happen! She played a big role in lifting a huge weight off our shoulders and I couldn't be happier! We also briefly met Vic and Mike and they are lovely people! I cannot stress it enough, if you are looking for a vehicle... this is the place to go ! Thanks again to everyone at Legacy Auto Credit! You rock!"





# LEGACY AUTO CREDIT