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Consumer Protection in Mississippi - Vehicle

Buying:

- Research before you go to the dealership about financing, what you can afford to spend on monthly payments, what your trade-in is worth, what kind of car you want to buy, and what your credit report looks like.
- At the dealership, remember to stay within your price range, shop around for financing, check the vehicle's history, consider if you need additional products, and **always** read the contract carefully before signing it.
- When you leave the dealership, always take a copy of the contract and anything else you signed. If the financing terms change after you take the car home, you have the right to walk away from the deal without penalty because "yo-yo sales" are illegal in Arkansas.

When buying a **used car**, check the buyers guide, see if the warranty is included in the price, ask for an independent inspection, get all promises in writing, ask about prior damage, always test drive the car, and look at the odometer. Also keep in mind that you have no unconditional right to cancel a car purchase under Federal or State laws.

Mississippi Lemon Law:

- If the manufacturer or its agent cannot conform the motor vehicle to any applicable express warranty by repairing or correcting any default or condition which impairs the use, market value, or safety of the motor vehicle to the consumer after a reasonable number of attempts, the manufacturer shall give the consumer the option of having the manufacturer either replace the motor vehicle with a comparable motor vehicle acceptable to the consumer, or take title of the vehicle from the consumer and refund to the consumer the full purchase price, including all reasonably incurred collateral charges, less a reasonable allowance for the consumer's use of the vehicle. The subtraction of a reasonable allowance for use shall apply when either a replacement or refund of the motor vehicle occurs. A reasonable allowance for use shall be that sum of money arrived at by multiplying the number of miles the motor vehicle has been driven by the consumer by Twenty Cents (20¢) per mile. Refunds shall be made to the consumer and lienholder of record, if any, as their interests may appear.
- The terms, conditions or limitations of the express warranty, or the period of one (1) year following the date of original delivery of the motor vehicle to a consumer, whichever expires earlier, may be extended if the motor vehicle warranty problem has been reported but has not been repaired by the manufacturer or its agent by the expiration of the applicable time period.
- The Lemon Law presumes that you are entitled to a refund or replacement if the manufacturer/dealer has made a certain number of unsuccessful attempts to repair nonconformities that **substantially impair** the use, market value, or safety of your vehicle.

Service Contracts, Extended Warranties, and Gap Insurance:

When buying a vehicle, a dealer may encourage you to buy a service contract, extended warranty, or gap insurance. These products are designed to cover issues that may arise. Service contracts and extended warranties cover mechanical breakdowns after the expiration of the manufacturer's warranty. Gap Insurance is designed to cover the difference between what your insurance carrier will pay and what you actually owe on the car if you have an accident and the car is totaled. Be careful, as these services may be helpful, but many are very expensive for the coverage you are getting. Carefully review all terms and coverage, read the fine print, know who backs the contract, and shop around before committing. Also, never buy any of these from a telemarketer. You typically have the right to cancel the contract and get a refund within the first 30 days.

Used-car buyers should be confident about the condition of the vehicle they are about to purchase. Sellers are required to disclose up-front information about a car that has sustained serious damage. These cars are called "**salvage vehicles**" in Mississippi. To be a Salvage Vehicle, a car has either been submerged in water above dashboard level, or sustained any damage in an amount equal to or exceeding 70 percent of its average retail value. This law does not apply to motor vehicles more than seven years old prior to the calendar year of the occurrence which resulted in the damage. If the car is a salvage vehicle, the title is branded as "SALVAGE." It can be junked or fixed, and if fixed the title is changed to "REBUILT." Arkansas law requires car dealers to disclose this up front. If the buyer is not notified, the purchase may be canceled and a full refund obtained.

Magnuson-Moss Warranty Act

The Magnuson-Moss Warranty Act is a federal law that governs consumer product warranties. Passed by Congress in 1975, it requires manufacturers and sellers of consumer products to provide consumers with detailed information about warranty coverage, and affects both the rights of consumers and the obligations of warrantors under written warranties.

By providing consumers with a way of learning what warranty coverage is offered on a product before they buy, the Act gives consumers a way to know what to expect if something goes wrong.

Second, the law ensures that consumers get an opportunity to compare warranty coverage before buying. By comparing, consumers can choose a product with the best combination of price, features, and warranty coverage to meet their individual needs.

By assuring that consumers can get warranty information, the Act also encourages sales promotion on the basis of warranty coverage and competition among companies to meet consumer preferences through various levels of warranty coverage.

Finally, the Act makes it easier for consumers to pursue a remedy for breach of warranty in the courts, but it also creates a framework for companies to set up procedures for resolving disputes inexpensively and informally, without litigation.