



Government  
Services

# Unlicensed Motor Car Trading in Victoria

A research project exploring emerging and persistent risks associated with unlicensed motor car trading via online marketplaces

**Consumer Affairs Victoria**

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# Contents

**1. Executive Summary**

**2. Introduction**

**3. Used Car Market**

**4. Analysis**

**5. Other Jurisdictions**

**6. References**

# 1. Executive Summary

# Overview

This research explores emerging and persistent risks associated with unlicensed motor car trading via online marketplaces.

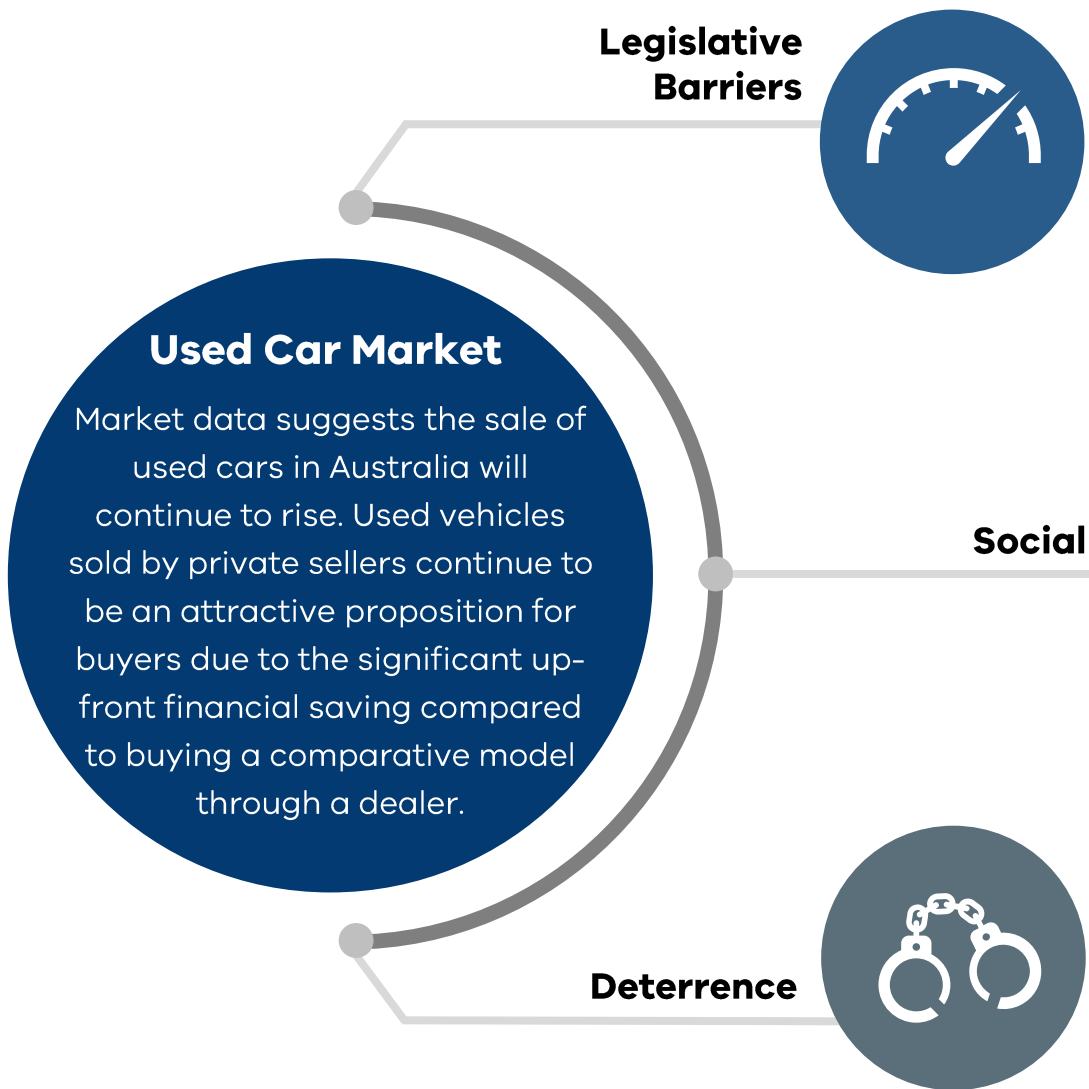
These risks pose potential harm to consumers, undermine regulatory compliance in the motor vehicle industry, and challenge the capacity of legislation to respond to non-traditional markets.

Through a targeted investigation into these risks, the project aims to identify gaps in regulatory and enforcement mechanisms and provide actionable insights to manage and mitigate potential harms.

Consumer Affairs Victoria (CAV) undertook this project under the Director, CAV's statutory functions to investigate, conduct research and collect and collate information in respect of matters affecting the interests of purchasers and suppliers (*Australian Consumer Law and Fair Trading Act 2012 s.109(j)*).



# Insights



## Used Car Market

Market data suggests the sale of used cars in Australia will continue to rise. Used vehicles sold by private sellers continue to be an attractive proposition for buyers due to the significant up-front financial saving compared to buying a comparative model through a dealer.

### Legislative Barriers



A study of available data indicated that odometer tampering is likely being carried out by unlicensed traders. However, the current powers available to CAV to tackle this issue are limited.

Just showing a difference in odometer readings isn't enough – the current law also requires proof of physical tampering.

Under s38(2) of the *Motor Car Traders Act 1986*, if a vehicle's odometer is changed whilst in the possession of a motor car trader, "...the tampering or substitution shall be deemed to have been done by or on behalf of the motor car trader".

However, when a car is sold privately, the 'whilst in the possession of' rule does not apply, and the regulator is required to prove tampering has occurred and by whom. For unlicensed traders, CAV must first prove someone is an unlicensed trader and not just a private seller, and then that tampering has occurred.

### Social Media



Social media platforms provide a market for unlicensed motor car traders to operate largely uninhibited. State regulators have limited powers to compel the foreign owners of these platforms to produce details of sellers.

### Deterrence



When applied to their full extent, Victoria's penalties for unlicensed motor car trading are significant. However, the most recent cases that have been successfully prosecuted in court have led to much smaller fines than the maximum available. On several occasions over the last five years, the Office of Public Prosecutions (OPP) has appealed lenient sentences.

Given the average margin between the auction price and re-advertised sale price found in the sample, currently the rewards seemingly outweigh the risks.

## 2. Introduction

# Scope

The research focuses on identifying emerging risks in motor car trading in Victoria and explores their broader implications using available data, case studies, and academic literature. Key areas of investigation include:



Persistent risks in the private and online used car market not adequately addressed by existing legislative frameworks.



The prevalence of malicious practices, such as odometer tampering and the trade of potentially unsafe vehicles.



The role of auction houses and online marketplaces in facilitating the transfer of vehicles by unlicensed sellers.



Comparative jurisdictional responses and regulatory frameworks addressing similar risks in Australia.



Consumer protection concerns, including financial losses and the potential for road safety risks.

# Hypothesis



Unlicensed people (or those pretending to be unlicensed) are purchasing high volumes of aged/poor quality vehicles via auction houses and selling them profitably (e.g., by modifying the vehicles, to change the impression of the quality of the car) via online markets

# 3. Used Car Market



**2,324,805**

Sales of used vehicles in 2024 in Australia. Up from 2 million in 2023 <sup>1</sup>



**60% Private Sales**

Over half of all used car sales in Australia (1.4 million in 2024) are on the largely unregulated private market <sup>1</sup>



**75% increase in EV**

Whilst still a small percentage (0.9%) of the used car market, electric vehicle (EV) sales are rising <sup>1</sup>

*"The used car market is highly fragmented, with unorganized dealerships and individual sellers operating without standardized quality checks."* <sup>2</sup>

*"Buyers often face difficulties in assessing vehicle quality and ensuring reliable transactions, especially when dealing with unverified sellers."* <sup>2</sup>

Used Car Market in Australia (2023), Ken Research

### Online Sales

*"Online sales channel segment is expected to be the fastest growing segment between 2024-2029"* <sup>3</sup>

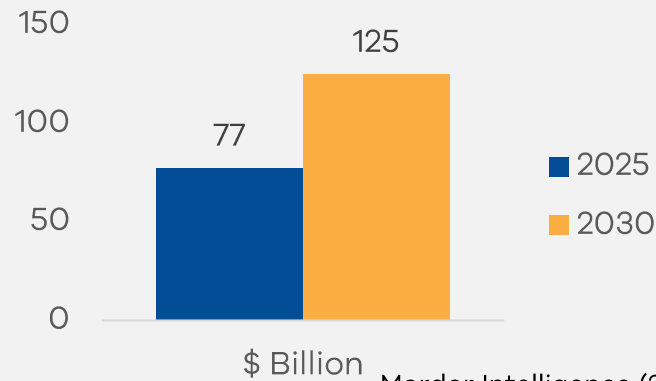
Mordor Intelligence (2024)

### Odometer Fraud

*"Despite digital advances, odometer fraud still surfaces, particularly in private listings."* <sup>3</sup>

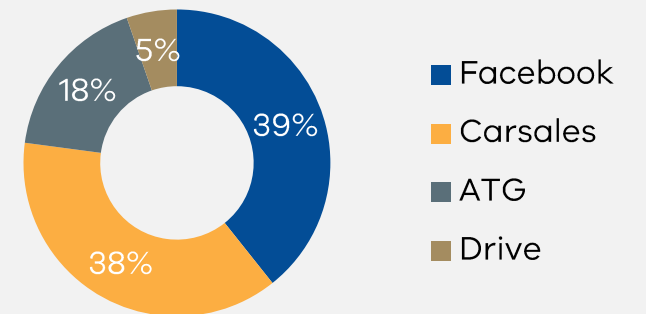
Mordor Intelligence (2024)

### Projected size of Aus used car market



Mordor Intelligence (2024)

Distribution of online sales in Victoria 2024:



# Risks of Purchasing Privately



## No Statutory Warranty

Private sellers are not required to provide statutory warranties, leaving you unprotected if the vehicle has defects.<sup>4</sup>



## Limited Consumer Protections

Lack of recourse under consumer law if the vehicle is misrepresented or faulty. Resolving disputes legally can be difficult and costly.



## Potential for Fraud

Risk of purchasing stolen vehicles, vehicles with undisclosed debts (existing finance), or vehicles with altered odometers.



## No Vehicle History Guarantees

Private sellers are not obligated to provide detailed service or accident history, increasing the risk of hidden problems.



## Risk of Injury

Poorly maintained vehicles may have safety issues like faulty brakes, worn tyres, or defective airbags, increasing the risk of accidents and injury.



## Unroadworthy Vehicles

There is a higher risk of buying vehicles without valid roadworthy certificates, which may require costly repairs to register legally.

# 4. Analysis

# A Study of Auction to Resale Data

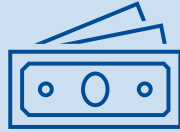
We issued notices under section 82AA(1)(c) of the *Motor Car Traders Act 1986 (Vic)* to four major auction houses in Victoria for compliance and enforcement purposes. The data received from this exercise was subsequently used for the purposes of this research.

A random **sample of 50 vehicles** from the data were assessed.

Criteria to be included in the sample:

- Buyer bought more than 4 cars in a 3-month period
- Buyer was unlicensed to trade motor vehicles
- Vehicle subsequently appeared for re-sale online within 6 months of the auction.

No more than 5 vehicles per buyer were included in the sample.



**\$2,500**

Average margin between auction and online listing. The highest recorded was \$6,491.



**18 Days**

Average time between auction and vehicle appearing online for sale. 30% appeared within a week.

## Advertised Odometer Discrepancies

**28%**

of the sample had advertised odometers that were over 25,000 km less than when the vehicle was auctioned

**16%**

had advertised odometers over 100,000 km

**4%**

had advertised odometers over 200,000 km



**98%**

of the sample were advertised on **Facebook Marketplace**, the remaining 2% on Gumtree

# A Study of Auction to Resale Data

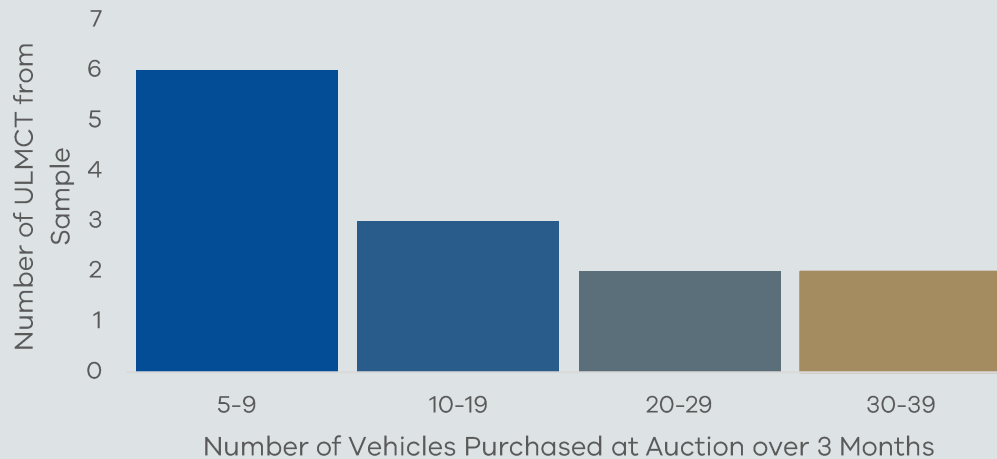
## Identifying Potential Unlicensed Traders

The notices issued to the 4 auction houses resulted in 34,900 lines of sales data. Grouped by number of purchases made, analysis was carried out to identify potential unlicensed traders. The majority of those purchasing at auction were found to be licensed motor car traders from Victoria, purchasers from interstate and/or car part recycling companies.

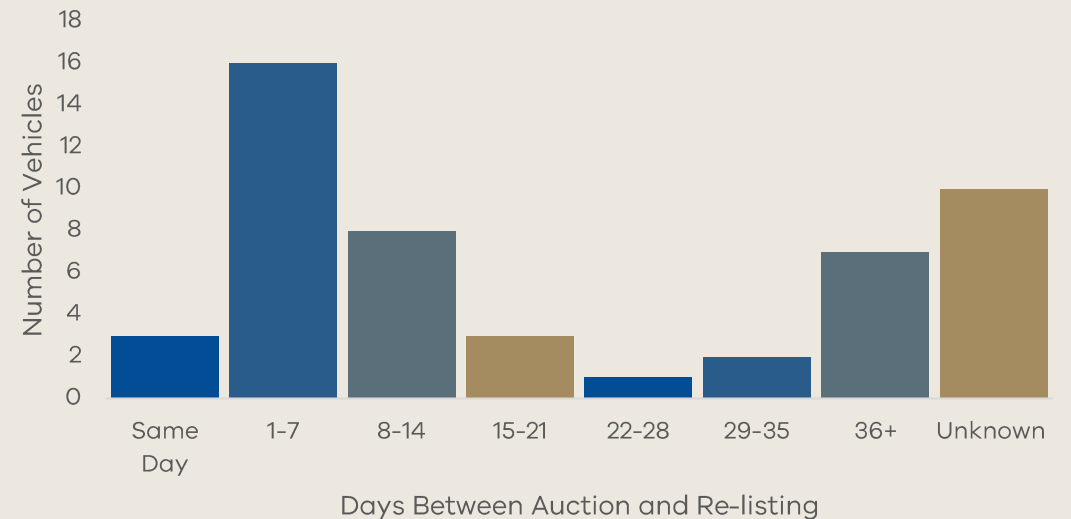
In total, 13 potential unlicensed traders were identified for the sample used in this research. These traders had acquired more than 5 vehicles in the timeframe and there was evidence of re-selling occurring shortly after the auction.

The difficulty identifying these unlicensed traders suggests that whilst this practice is present, it is not prolific.

However, the risk to consumers that these unlicensed traders pose does require further exploration, particularly given that 28% of the sample indicated significant discrepancies in odometer readings.



## Reselling



Over 50% of the sample vehicles were relisted for sale within 2 weeks of the auction. Three vehicles were listed on the same day as the auction.

The time between purchase and relisting was generally lower for those in the sample that had bought the most cars. Purchasers that had bought over 20 vehicles were quick to relist them. Those that had purchased between 5 and 9 vehicles were generally observed to drip feed the vehicles onto online marketplaces over a number of weeks.

# A Study of Auction to Resale Data

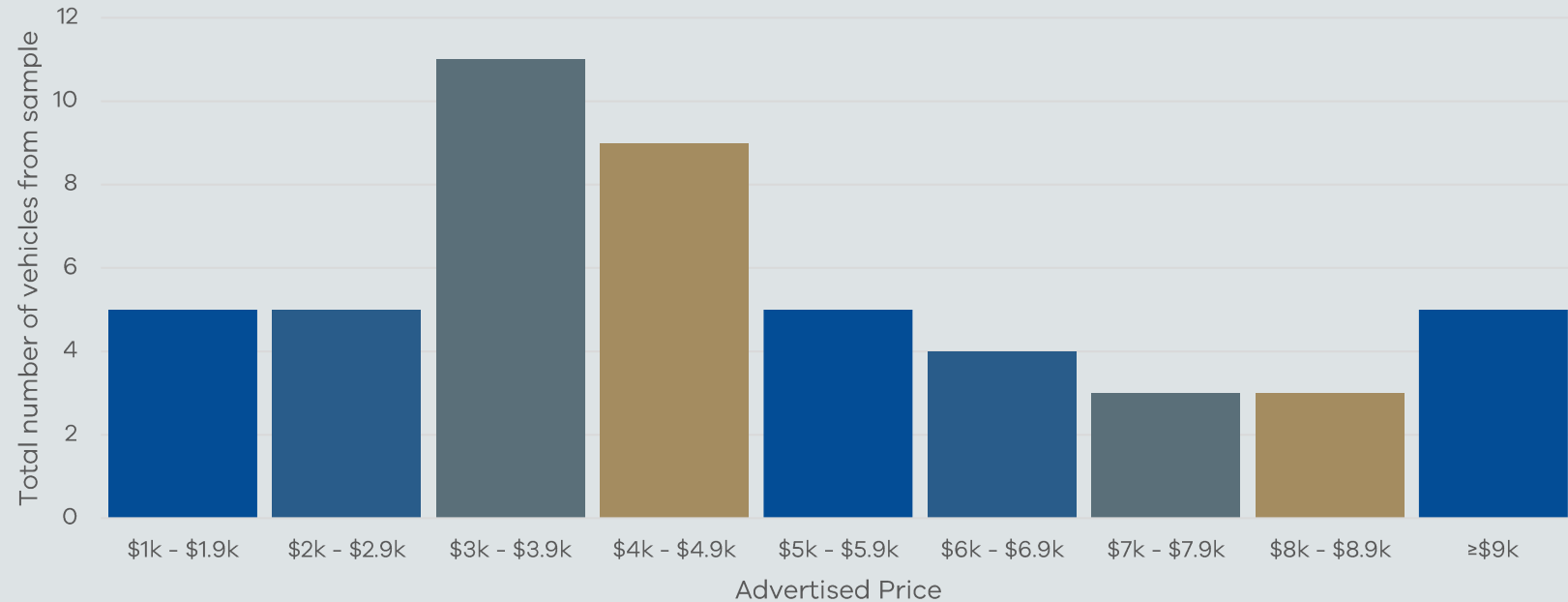
## Vehicle Value

The vehicles purchased in the sample were of low value.

The vehicle with the highest recorded advertised re-sale price was \$13,600. However, this was an outlier with 90% of the vehicles being advertised for less than \$10,000.

The cheapest vehicle purchased at auction was just \$409. This was subsequently re-advertised for sale at \$1,800.

Vehicles in this price bracket are more likely to be purchased by new/inexperienced drivers (e.g. P platers) and those of low socio-economic circumstances.<sup>5</sup>



## Profit Making

On average, vehicles traced to online marketplaces were listed at around \$2,500 above their purchase price at auction. While this may not reflect the final sale price, it suggests that the potential profit is high enough to offset the risk of detection. At the upper end of the sample, one individual purchased 37 vehicles within a three-month period. Even with a conservative profit margin of \$1,500 per vehicle, this activity could generate more than \$55,000 in profit.

# Odometer Tampering: Case Study 1

## 2014 Isuzu D-Max



### Auction

**Date:** 21 August 2024

**Odometer:** 336,174km



### Online Resale

**Date:** 27 August 2024

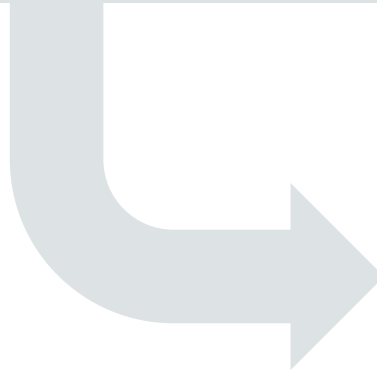
**Advertised Odometer:** 170,000km (-160,174)

"2015 Isuzu Dmax Auto 170,000kms

**Runs and drives immac** [sic], body is in great condition for its age and considering it's a work Ute.

**Regularly maintained**

Selling with rego and **RWC** at asking price"



# Odometer Tampering: Case Study 2

## 2017 Nissan X-Trail



### Auction

**Date:** 15 August 2024

**Odometer:** 355,166km



### Online Resale

**Date:** 17 August 2024

**Advertised Odometer:** 130,000km (-225,116)

***"Selling on behalf of my family friend! Perfect for a family of 5, clean and spacious car, drive smooth no problems, rego till the 16/08/24. Welcome to inspect before purchase, Don't have time for time wasters unless you're genuinely interested. If anyone has any other inquirers (sic) please feel free to ask. Located Westside of Melbourne.***

*Attention - Minor little scratches on the rear bumper, hardly noticeable, other than that the car is perfectly fine performance wise - **no service books**, bought the car without them - **Never had an issue with it in my care"***



# Facebook and Regulatory Barriers



## CAV Contacts

A sample taken from 2023 found 31% of CAV contacts related to unlicensed motor car trading referenced Facebook as being the primary platform for advertising and selling. Since 2012 Facebook has replaced CarSales and eBay as the most commonly referenced platform.



## Market Reach

With an estimated 79% of Australians having Facebook accounts the potential market reach for an unlicensed seller is substantial.<sup>6</sup>



## Anonymity

The free nature of social media profile creation provides opportunity to create fake identities or manage multiple profiles, assisting unlicensed traders in remaining anonymous to the regulators.



## Limited Power


With identities of traders on social media platforms hidden, regulators have limited powers to compel social media companies to provide user details.

# Successful Prosecutions

	Maximum Penalty Available	Penalty Received	Description
Jun 2025	\$1.68m	\$25,000	Zequn Wang convicted and fined for selling 84 cars between Jan 22 – Sep 23. The OPP <b>has appealed the sentence.</b> <sup>7</sup>
May 2022	\$100,000	\$20,000	Shahriyar Noori <b>initially fined \$5,000 with no conviction</b> for 5 counts of unlicensed trading. The OPP successfully appealed the fine and lack of conviction. <sup>8</sup>
Jul 2021	\$460,000	\$12,650	Zehar Saoud convicted and fined for selling 23 vehicles between Jun 17 – Mar 18. <sup>9</sup>
Mar 2020	\$420,000	\$12,500	Taleb Youseff convicted and fined for buying 21 vehicles at auction. <sup>10</sup>
May 2019	\$1.38m	\$26,175	Marjan Hayvari convicted and <b>initially fined \$10,000</b> for selling 69 vehicles in a year. The OPP successfully appealed the fine. <sup>11</sup>
Apr 2019	\$1.38m	\$35,670	Gelzar Ali Aziz convicted and fined for selling 69 vehicles in a year. <sup>12</sup>
Jan 2019	\$960,000	\$30,000	Abdellatif Cheairi Bouiaji convicted and fined for selling 48 vehicles in a year. <sup>13</sup>

# 5. Other Jurisdictions

# Regulating Unlicensed Trading

	Threshold of "Unlicensed"	Penalties for individuals
 <b>Victoria</b>	Selling more than 4 cars in 12 months <sup>14</sup>	Up to \$20,000 per vehicle sold
 <b>NSW</b>	Selling more than 4 cars in 12 months <sup>15</sup>	Penalty notice of \$5,500 or prosecution with a maximum penalty of \$110,000. In the case of a second or subsequent offence, the maximum penalty is \$110,000 or imprisonment for 12 months, or both.
 <b>Queensland</b>	Selling more than 4 cars in 12 months <sup>16</sup>	Up to \$65,000 or 2 years imprisonment
 <b>South Australia</b>	Selling more than 3 cars per financial year <sup>17</sup>	\$150,000 for the first two offences. Up to \$250,000 and/or two years imprisonment for a third offence
 <b>Tasmania</b>	Selling more than 6 cars in 12 months <sup>18</sup>	Up to \$41,000 and additional \$4,100 per motor vehicle sold
 <b>Western Australia</b>	Selling more than 4 cars in 12 months <sup>19</sup>	\$50,000 and a daily penalty of \$1,000.

# Case Study



## South Australia



### The Problem

The South Australian government became aware of licensed dealers intentionally selling from homes under the guise of being a private seller, to attempt to avoid their legal obligations such as providing statutory warranties or disclosing whether a car was a repairable write off.

They also saw an uptick in complaints about unlicensed sellers selling from sites such as Facebook Marketplace and engaging in 'dodgy' practices including selling with false papers and winding back odometers to make it seem like the car had travelled fewer kilometres.



### The Solution

From 1 July 2025, the maximum penalty for winding back an odometer in South Australia increased from \$10,000 to \$150,000 for a first or second offences and/or up to two years imprisonment for a third or subsequent offences.

The penalty for unlicensed dealing also rose from \$100,000 to \$150,000 for a first or second offence. Potential jail time for third or subsequent offences doubled from one year to two years in prison. The fine also increased from \$100,000 to \$250,000 for an individual and \$500,000 for a body corporate.<sup>20</sup>

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