



Bulletin

Motor Vehicle Sales Authority of British Columbia



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Are your leasing agreements compliant?

Lease Disclosure

In a vehicle lease agreement, there are disclosures that the lessor is legally required to make to the lessee. If you, the lessor, do not disclose these items, this may create an unenforceable agreement with a consumer; may be a written misrepresentation about a consumer's rights under the Business Practices & Consumer Protection Act (BPCPA); and the BPCPA may require a leasing dealer to compensate a consumer for any loss the consumer suffers due to a failure to make those proper disclosures. Examples of these disclosures include the implicit finance charge, the APR, the term, the cash value of the leased goods, the total lease cost, and several others may be seen [here](#).

It is important to note that Part 5, section 105 of the BPCPA states that "[a] credit grantor [includes a lessor] who contravenes this Act or the regulations must compensate a borrower [includes a lessee] for any loss the borrower suffers because of the contravention, and the compensation to which the borrower is entitled may be set off against any money then due and payable under the credit agreement [includes a lease]." The VSA strongly recommends dealers involved in leasing speak with their respective lawyers to ensure any standard form leasing agreement they use is in full compliance with these lease disclosure requirements. A lease agreement that is not fully compliant runs the risk of being wholly or partly unenforceable and may also provide a consumer with other remedies.

If you have comments or suggestions, please send them to communications@mvsabc.com

DON'T PUT YOUR DEALERSHIP, OR LICENCE, AT RISK

The "Salesperson" search on the VSA website (www.vehiclesalesauthority.com) has recently been improved! Previously, the results of a salesperson search were limited to those who have valid licences and current employment with a dealership. Now you can search for salespeople who held licences in the past but do not hold one now. Also, the search will show those who hold a valid licence but are not currently employed.

Why is this important? "Dealership management at several dealerships allowed salespeople to work without checking on the status of their salesperson licences. After several months, it was found that the salespeople were not licenced and in fact had lengthy criminal records which affected their licencing. These dealerships had placed their motor dealer licences in jeopardy for allowing unlicenced salespeople to work" (Hong Wong, Manager of Licensing, VSA).

Not only will this feature allow dealers to search the licence history of a potential hire, but there are other benefits as well! This will allow a salesperson to check the status of their licence (issued, inactive, lapsed, etc.) at any time. Before a salesperson mistakenly sells vehicles with an expired licence, or no licence at all, a brief visit to the VSA website would prevent needlessly placing the salesperson and their dealership at risk.

What kind of risk you ask? Here is [an example](#) of a hearing in which a dealer was selling motor vehicles using unlicenced salespeople. As a result, the dealer's registration was suspended for a period of three days.

In short, dealership management should use the search tool to check on the status of a salesperson's licence. When in doubt, contact the VSA Licensing staff at 604-574-5050 loc 707, or licensing@mvsabc.com.