



Financing and Insurance Practices Put Dealer and Consumer at Risk

Based on an investigation conducted by ICBC, it was determined that an Okanagan franchise dealer recently told a consumer to misrepresent who would be the owner and principal operator of a vehicle. This was done on the purchase agreement and the insurance documents to get financing, since the intended owner did not qualify.

As a result, the dealer lost its privilege of having any onsite insurance runners. This matter was also brought to the attention of the VSA. “A dealer that counsels a person to break the law in this way can have its motor dealer licence reviewed by the Registrar,” informs Ian Christman, Registrar of Motor Dealers.

Lying about the owner and principal operator of a vehicle to save money on insurance is a breach of Section 75 of the *Insurance (Vehicle) Act*. As a result, the insurance coverage can be entirely forfeited. If the car is stolen or is in an accident, ICBC may not provide any help or coverage, including for personal injuries.

It was concluded that the dealership misled the consumer by saying that it would be okay to list herself as the sole owner and principal operator and then change it later. Misrepresenting the rights or obligations of a consumer during a transaction is considered a deceptive act under the *Business Practices and Consumer Protection Act (BPCPA)*.

Ian Christman also adds that “the dealership placed the owner and the false principal operator at risk of breaching their insurance agreement. The dealership also put itself at significant financial risk.”

Daryl Dunn, Manager of Compliance, noted that an investigation file has been opened.

27% of U.S. Salvage Vehicles Get Retitled

Vehicles affected by the recent hurricane continue to hit the headlines. Each year, it's estimated that approximately 3.2 million U.S. vehicles are labeled as damaged because of extreme weather and accidents. Out of this number, about 27% are likely to be retitled as undamaged in another state. Some of these retitled vehicles may then be imported into Canada without the dealer being aware of their history. Under the requirements of the *Business Practices and Consumer Protection Act*, a motor dealer would be held responsible for selling such vehicles even if they are unaware that the vehicle has been damaged. To reduce their risk, dealers need to get as much information about the vehicle as they can. This can be done by getting a vehicle history report and doing a thorough inspection.

[Click here](#) for more information regarding this matter.

Sources: Experian AutoCheck and Autoremoting