



Consumer Protection

Deposits



Deposits

Everything you need to know about deposits and the importance of written deposit agreements

What's it for?

In law, a deposit usually shows a dealer that you intend to go ahead with a purchase. If that is not the case, do not leave a deposit on a vehicle.

If you complete the purchase, the deposit must be applied to the purchase price of the vehicle. The deposit becomes a down payment or partial payment.

However, in some cases, a deposit may be a fee for services, such as to:

- Hold the vehicle for some time
- Bring the vehicle in from another dealer
- Bring the vehicle directly from a manufacturer
- Arrange financing for the vehicle

Protect yourself: Get a deposit agreement in writing

Before leaving a deposit, ask the dealer to provide a written deposit agreement. This is a best practice at many dealerships, but is not required. The agreement should include this information:

- What the deposit is being taken for
- The amount of the deposit
- Whether the deposit is refundable or non-refundable, and under what terms
 - ⇒ If the dealer can't provide the vehicle (or any other promised services), the deposit amount should generally be refunded
- Any other terms of the deposit, such as:
 - ⇒ Is the deposit amount applied to the purchase price of the vehicle?
 - ⇒ When will the vehicle be delivered or available?

Make sure you understand all the terms in the deposit agreement. Don't forget to take a copy with you before you leave.



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Warning: Common law rules will apply if you have no written deposit agreement

- Your deposit will be seen as your commitment to complete the transaction
- If you do not complete the transaction, the seller can keep 100% of the deposit, even though they have suffered no damages
- If you do complete the transaction, the deposit must apply towards the purchase
- If the dealer does not complete the sale, you are entitled to a refund of the deposit

Helpful links to information about deposits

- [Sample deposit agreement](#)
- Section 10 of the Vehicle Sales Authority [General Guidelines](#)
- Answers to common consumer questions about deposits available at the website of the [Office of Consumer Affairs](#)

If you have any questions, please contact [VSA Consumer Services](#).

NOTE: This is to provide general information and is not intended to be legal advice.