



Consumer Protection

Referral fees



Referral Fees- Frequently Asked Questions

Why can't I receive an incentive if I refer someone (friend, family member, etc.) to purchase a vehicle at a specific dealership?

Dealerships or manufacturers may offer a reward to current customers when they refer another buyer to the dealership and a vehicle is purchased as a result. These types of referral programs are illegal in B.C.

If you are not a licensed salesperson in British Columbia, it is against the law to act on behalf of a dealer with the expectation of receiving a **fee, gain, or reward** and participate in **any way** in the sale of a motor vehicle to a consumer. This law was put in place to protect consumers purchasing a motor vehicle. If you are not a licensed salesperson in British Columbia, it is against the law to act on behalf of a dealer with the expectation of receiving a fee, gain, or reward and participate in any way in the sale of a motor vehicle to a consumer. This law was put in place to protect consumers purchasing a motor vehicle.

If you tell someone that they should go to a dealer and buy a vehicle and expect a reward from that dealer or manufacturer by doing so, you are soliciting for the sale of a motor vehicle on behalf of that motor dealer. This makes you a salesperson. A person must not act as a salesperson unless the person holds a licence.

Cash and other purchase incentives such as free services or upgrades are interpreted as a reward. If you are not a licensed salesperson, it is against the law to expect a reward in exchange for participating in the soliciting of a sale of a motor vehicle. A dealer or manufacturer cannot offer this type of referral program in British Columbia.

Why is this type of referral program against the law in British Columbia?

In British Columbia, the **legal** definition of a salesperson is any individual who acts on behalf of a motor dealer with the expectation of receiving a fee, gain, or reward and who participates in any way in the sale of a motor vehicle to a consumer. Participating in a sale includes **soliciting, negotiating, or arranging** any part of the sale.

- Soliciting means asking consumers, in any way, if they are interested in a motor vehicle
- Negotiating means trying to induce consumers, in any way, to discuss the terms of an agreement
- Arranging means planning or preparing a sale, including by referral

All motor vehicle salespeople in British Columbia must be licensed, as BC Law has regulated dealer-to-consumer transactions requiring salespersons to be licensed. The purpose is to place an obligation on any individual acting as a salesperson to abide by the Motor Dealer Act and the Business Practices and Consumer Protection Act in what they represent to a consumer.

Further, licensing allows reviewing a person before they are placed in a position of trust with a consumer.



Consumer Protection

Referral fees



An unlicensed person who may make misrepresentations within the consumer transaction cannot be held accountable under the current regulations. A customer who provides a referral may make misrepresentations (whether innocent or deliberate) about the motor vehicle model, the financing or even the dealer to a potential buyer.

If the person is regulated, anything said can be reviewed and the individual held to account, along with the dealer, if they are in breach of provincial law.

I received an offer of services in exchange for referring someone to make a purchase and the dealer will no longer honour the agreement – is this legal?

In the past, dealers have been informed by the VSA that referral programs in B.C. are in contravention of several B.C. statutes. If you were offered incentives as the result of a referral you made to another B.C. resident, you are not eligible for the reward.

You cannot benefit in this program if you are a resident of British Columbia. If you have already received some benefits through a referral program, please contact your dealership to verify why the incentives are no longer available.

I was given an incentive for the purchase I made as a result of someone's referral. Am I entitled to the incentives?

If you purchased a vehicle and were awarded incentives as a result of the referral, and the incentives are noted on your invoice, you are entitled to receive the incentives. This is considered an incentive for purchase that the dealer is offering to the purchasers, and is a promise made to the consumer that must be fulfilled.

If you have been promised incentives and they have subsequently been removed, you can seek assistance through the VSA's Consumer Services team. They can provide you with additional information and determine if you may have grounds for a formal complaint.

Can referrals be made by BC residents to people who live outside of B.C.?

Under B.C. law, the VSA has no specific provision to prohibit referrals to other provinces. Therefore, the VSA cannot provide specific direction to those attempting to make referrals to residents of other provinces. Consumers who wish to make referrals to dealerships in other province should check with the regulators in those provinces to understand whether they are violating the laws applicable to the sale of motor vehicles in that province.

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.