

## **New Motor Vehicle Dealers Act Increases Disclosure Requirements: All-In Pricing, Vehicle History Reports and Compensation Fund**

### **New MVDA Designed to Increase Consumer Protection and Dealer Professionalism**

The Ontario Motor Vehicle Industry Council (OMVIC) announced today the details of the new Motor Vehicle Dealers Act (MVDA), designed to build stronger consumer confidence in the vehicle-buying experience.

Effective January 1, 2010, the new MVDA clarifies former “grey areas” by stipulating clear requirements for advertising, pricing, vehicle disclosure, contracts and consumer remedies. OMVIC enforces the new MVDA, which applies to more than 8,300 registered vehicle dealers and 22,000 salespeople in Ontario.

### **Building Consumer Confidence Through Increased Disclosure**

“People should know what they’re buying and dealers should know what they’re selling. That’s why the key theme of the new MVDA is disclosure,” says Carl Compton, executive director of OMVIC. “The legislation hadn’t been updated in some time, and was sometimes unclear about advertising, pricing and disclosure requirements. The new MVDA is very specific and calls for all-in pricing and vehicle history disclosure in all advertisements and contracts. The new MVDA also establishes circumstances in which a consumer can rescind a contract, and provides access to increased financial remedies from a dealer-supported compensation fund. These measures will increase consumer protection and require more dealer professionalism.”

### **Improvements in Advertising Disclosure**

“The new MVDA makes it easier for consumers to shop and compare,” says Compton. “Specifically, advertising must be clear, comprehensible and prominent. All-in pricing is a great example. All-in pricing means all advertisements must include every fee a consumer could expect to pay, including freight and administration fees – there can be no hidden or extra fees. Advertisements must also state a vehicle’s model and whether or not it was previously used as a police or service vehicle. And, if there are a limited number of vehicles available at a certain price, the advertisement must say how many vehicles are left.”

### **Improvements in Contract Disclosures**

The MVDA also calls for increased vehicle history disclosure in contracts. Dealers are now required to collect and disclose more than 20 facts about a vehicle’s history, including liens, replaced panels or parts, and prior collisions.

“It’s not necessarily bad to buy a vehicle that’s been in a collision or that requires work,” says Carey Smith, director of investigations for OMVIC. “What’s at stake here is that consumers must know what they are paying for – the average person can’t tell if a vehicle has had previous issues just by looking at it. That’s why full disclosure is so critical.”

“The new MVDA increases dealer professionalism by requiring dealers to provide more information so consumers can make informed decisions,” says Compton. “The MVDA also outlines instances in which a consumer can cancel a contract if full disclosure is not provided.”

### **Increased Financial Compensation Now Available**

“The vast majority of vehicle purchases through Ontario-registered dealers are positive,” says Compton. “Out of approximately 1.4 million transactions annually, OMVIC historically receives about 30,000 inquiries. Only 1,200 require further action. For consumer cases that cannot be resolved, the MVDA provides consumer remedies through the Motor Vehicle Dealers Compensation Fund, financially supported entirely by Ontario-registered vehicle dealers.” The new MVDA increases the maximum Compensation Fund payout from \$15,000 to \$45,000 to reflect the true cost of buying a vehicle today.

“When a major problem occurs, consumers and dealers are first encouraged to sort out issues together, and this is often possible,” says Compton. “However, if a resolution can’t be achieved, consumers may apply to the Motor Vehicle Dealers Compensation Fund to be financially compensated.”



### **New MVDA Does Not Cover Private Sales**

To receive full protection of the new MVDA and the Motor Vehicle Dealers Compensation Fund, consumers must purchase vehicles from an Ontario-registered dealer. Private sales are not covered under the legislation.

“The new MVDA applies only to transactions with Ontario-registered dealers. It does not cover private sales,” says Compton. “People should also be aware that if they purchase a vehicle from a private seller, they risk becoming a victim of a curbsider. Curbsiders are unregistered vehicle sellers in the business of selling misrepresented or stolen vehicles. They often operate entirely over the Internet, by mobile phone, and without a sales lot or signage. If consumers choose to deal with curbsiders, there is not much we can do to protect them.”

Consumers can identify registered dealers by the blue and yellow “Ontario-registered dealer” decal posted on dealership doors or windows, or by asking dealers for their OMVIC registration. Consumers can also find out if a dealer is Ontario-registered by contacting OMVIC or by searching for a registered dealer online at [BuyWithConfidence.ca](http://BuyWithConfidence.ca).

### **Videos and Launch Event Webcast Available**

Watch videos about the new MVDA and what it means for dealers and consumers here:

[www.youtube.com/buywithconfidence](http://www.youtube.com/buywithconfidence)

A webcast of a launch event with the Ministry of Consumer Services will be available in the afternoon of January 12, 2010 at: [events.digitalmedia.telus.com/omvic/O11210/index.php](http://events.digitalmedia.telus.com/omvic/O11210/index.php)

Visit [BuyWithConfidence.ca](http://BuyWithConfidence.ca) for more information.

### **About OMVIC**

OMVIC licenses and regulates motor vehicle dealers in Ontario and administers the Motor Vehicle Dealers Act on behalf of the Ministry of Consumer Services. OMVIC's mandate is to maintain a fair, safe and informed marketplace by ensuring registration of dealers and salespersons, inspecting dealerships, maintaining a complaint line for consumers, conducting investigations and enforcing the Act and its associated rules and regulations. OMVIC is also responsible for administering the Motor Vehicle Dealers Compensation Fund on behalf of a Board of Trustees.

### **For more information, please contact:**

OMVIC

Brenda McIntyre  
Communications Coordinator

T: 416-512-3167

C: 416-558-7961

Email: [Brenda.McIntyre@omvic.on.ca](mailto:Brenda.McIntyre@omvic.on.ca)

H2 Central

Jen Di Santo

T: 416-862-2800 x240

Email: [jdisanto@h2central.ca](mailto:jdisanto@h2central.ca)

H2 Central

Elizabeth Hoyle

T: 416-274-5393

Email: [ehoyle@h2central.ca](mailto:ehoyle@h2central.ca)