



## Lease-end Inspection Fees

### *When are they legal?*

#### Lease-end buy-out inspections

A lease-end buy-out is considered a separate motor vehicle transaction under the law. As a result, dealers and salespeople must declare to the lessee, and now purchaser, that the lease-end vehicle meets the minimum requirements of the *Motor Vehicle Act (MVA)*. How a dealer ensures that the vehicle meets these important safety requirements is not specified in law. Options include:

- If the vehicle was regularly serviced and/or inspected at the dealership, the condition of the vehicle may be sufficiently well known and documented
- As a best practice, however, a Private Vehicle Inspection (PVI) can be completed by an inspector authorized by the province

#### What is not legal

- Stating that a consumer must pay for an inspection, when they do not, is a deemed deceptive act or practice. The lease documents must be clear.
- In some circumstances, it may be deceptive to charge a buy-out inspection fee even if the lease agreement permits it. For example, it would be deceptive for a dealer to charge a buy-out inspection fee when a warranty inspection assuring compliance with the MVA was completed immediately before buy-out.
- Stating that a consumer must pay for the repairs indicated by an inspection when they do not is a deemed deceptive act or practice. The lease documents must be clear.
- It is improper to require the inspection or PVI to be done at the dealership, unless the documents require this, or to charge a higher than normal price for this inspection.
- A dealer cannot sell a motor vehicle that does not meet the minimum requirements of the MVA, except as *Not Suitable for Transportation*.

#### Protecting your dealership

- Lease documents must be clear with regard to lease-end inspection fees and repairs
- A lease-end buyer may be made aware of worn tires or other issues that make a vehicle *Not Suitable for Transportation* under the law. Occasionally, they will be unwilling to have the repairs made, but will still exercise their option to purchase. It is important to note the condition of the vehicle on the bill of sale. This will not reduce all dealership liability, but it will be sufficient evidence for the VSA if the buyer later files a complaint that the dealer did not properly make this declaration.

#### The role of the VSA

The VSA does not have the authority to interpret contractual disputes. However, incidences of misrepresentation, such as characterizing any lease-end inspection as “required by the VSA” will be investigated.

For more information, refer to the [March 2, 2011](#) and [October 28, 2014](#) Bulletins.