



## Recall Best Practices

With additional recalls and the shortage of repair parts, such as airbag inflators for the Takata recalls, it's important to review your selling practices.

### What does the VSA tell consumers about recalls?

A recall on a vehicle is a product quality or warranty issue between the consumer and the manufacturer. In general, recall oversight is a federal government responsibility. The VSA has [recall resources](#) on the [VSA website](#), but the VSA website is not intended to be a comprehensive source of recall information.

### Should dealers and salespeople be concerned about recalls?

Yes. An uncorrected recall on a new or used vehicle is likely a *material fact*, particularly if it is safety related or limits usability in some way. Failing to disclose an uncorrected recall or providing incorrect information about recalls may be a deceptive act. An allegation of a deceptive act regarding a recall may be within the jurisdiction of the VSA. This may include recalls known to the dealer and not yet made public.

### Who decides if a recall is *material*?

The position of the VSA is that if the problem is serious enough for a safety recall, that problem is likely a *material fact*.

### Can I sell a vehicle with an outstanding recall?

Dealers may sell a vehicle with an outstanding recall unless a 'stop sale' or 'stop driving' order applies. However, dealers must use due diligence to identify outstanding safety recalls using available resources. Outstanding recalls for serious safety issues are *material facts* that should be disclosed on the sale or lease contract.

### When must I sell vehicles with an outstanding recall as *not suitable for transportation*?

If a recall would make a vehicle non-compliant with the *Motor Vehicle Act*, then it cannot be sold until corrected. Or, it must be sold as *not suitable for transportation*. You must document a *not suitable for transportation* sale with disclosures on the vehicle, the purchase agreement and in advertising.

### What are the *best practices* with regard to buying or selling vehicles with recalls?

- Due diligence, full disclosure and good documentation are advised
- Know where the recall was made, as a recall in the United States may not be a recall in Canada
- Know the full scope of the recall. Check with the manufacturer using the VIN.
- Go online. Although they are imperfect, resources include:
  - Government of Canada's [general recall website](#)
  - The US National Highway and Traffic Safety Authority [VIN specific limited recall look up](#)
  - CARFAX [recall check by VIN](#) includes the majority of Canadian recalls

Previous Bulletins were published in [2014](#) and [2015](#) with recall information.