



## Sample Deposit Agreement Simplified

Allegations of misrepresentation about deposits continue to account for more than 10% of the consumer-initiated investigations opened by the VSA.

### What is a deposit?

A deposit is a payment that shows that a consumer intends to purchase a vehicle. But, consumers have rights regarding deposits.

### What if a consumer leaves a deposit as part of a factory order?

They have a right to inspect and approve the vehicle when it arrives.

### What if you don't meet the terms of your contract?

If you don't get the vehicle you agreed to obtain for the buyer, or you can't provide other services promised as part of the sale, the deposit amount should generally be refunded.

### Documenting a deposit in writing is a best practice

If a deposit is not already part of a written contract, providing a deposit agreement and giving the consumer a copy reduces misunderstandings and VSA investigations.

### Use a deposit agreement that is clear and complete

The [VSA sample deposit agreement](#) documents the purpose of a deposit and the terms under which it will be refundable and non-refundable.

**Note:** A partial payment or down payment should be documented as part of a detailed purchase or sale agreement. Sections 21(1)(j) and 21(2) of the *Motor Dealer Act Regulation* Reg. 447/78 require that a deposit be specifically identified and accounted for on the purchase agreement for a new or used motor vehicle.

### Avoid Deposit Misrepresentations

Do not be tempted to tell a buyer what another dealer or the VSA can do for them if they left a deposit at another dealer. Encourage them to deal with that deposit first. Misrepresenting the rights of a consumer before, during, or after a transaction is considered a deceptive act under the *Business Practices and Consumer Protection Act*. A statement does not need to be intentionally misleading to be a deceptive practice under the law.

## Driver's Licences and Test Drives

The [January 24, 2017 Bulletin](#) was on customer privacy. We received two follow-up questions:

### How can we ensure a buyer is qualified to drive if we can't ask for their driver's licence?

There is no problem asking to see a valid driver's licence to verify who the customer is and that they are qualified to drive.

Recording some of the information is allowed, too. However, photocopying the licence gives more information than is needed.

The B.C. Privacy Commissioner has identified guidelines about collecting information for driver's licences. [See the guidelines here.](#) [Specific directions for motor dealers can be found here.](#)

### What is the policy for test drives? Do dealership staff need to be present on all test drives with the consumer?

The VSA does not regulate test drives, so whether or not your dealership requires staff on test drives is a business decision. But, all dealers should have proper test drive procedures in place, such as ensuring that [test drive consent forms](#) are completed.

There are also legal and insurance issues that need to be considered. If no one is accompanying the consumer on the test drive, the consumer needs to have written consent to be in possession of the car. There is a Michael Mason form for this. It is also recommended to review your Garage Policy with ICBC.