

# THE DEALER STANDARD

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## OMVIC'S PRIORITIES

- CONSUMER PROTECTION
- DEALER PROFESSIONALISM
- CUSTOMER SERVICE

### THE DEALER STANDARD

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## All-In Price Advertising Compliance Mystery Shopping Results

### NEW VS. USED CAR DEALERS

In late 2017, OMVIC mystery shoppers visited 50 franchise dealers in the GTA: 29 tried to charge fees in addition to their advertised prices. Many of those charges were for administration fees, pre-delivery fees and/or preinstalled products (e.g., wheel locks, anti-theft products or air tax) adding up to \$1,902 to the cost of the advertised vehicles. "That is just unacceptable," stated John Carmichael, OMVIC CEO and Registrar. "All-in price advertising has been the law since 2010. So to see the majority of new car dealers that we visited advertising illegally was very discouraging."

But OMVIC wanted to know if this problem extended to the used car market. So in 2018, OMVIC's mystery shoppers visited 50 GTA used car dealers. The results were *much* better!

"Only three of 50 used car dealers tried to add fees to their advertised prices," said Carmichael. "When it came to all-in price advertising, the used car dealers were far more compliant than the franchised dealers shopped." The highest additional fee encountered was \$699 for a safety inspection (the vehicle was not advertised as "unfit" or "as-is").

### All-In Price Advertising Is Good for the Industry

Compliance with the all-in price advertising regulations provides transparency to car buyers and that transparency builds trust. It also helps foster a level playing field for all dealers and reduces the chance of administrative or enforcement action and the negative publicity that could result.

### Additional Mystery Shopping Results

While the results of the latest mystery shopping of used car dealers demonstrated better compliance with the all-in price advertising regulations, they unfortunately identified other problematic trends, including:

- advertised vehicles not available for sale (possible bait/switch)
- advertised finance rates not available
- misleading vehicle information in advertisements

Additionally, the mystery shoppers encountered significant non-disclosure (or under disclosure) of accident histories when engaging dealers/salespeople about the history and condition of the vehicles offered for sale.

# OMVIC Campaign Educates and Protects Car Buyers

A photo of a beautiful sunrise; a birthday party; even a grocery list on the fridge – yes we take pictures “all the live long day,” OMVIC’s TV ad notes. So, “Next time you buy a car, take a picture of the dealer’s advertised price and bring it to your dealer because, in Ontario, all-in price advertising is the law. You should never be charged more than the advertised price.”

“This messaging was designed to help empower consumers,” explained John Carmichael. “If they have a copy of the ad and understand they have a right to all-in pricing, it will help consumers protect themselves should they encounter non-compliant advertising.”

Using TV, radio, online and social media advertising, OMVIC’s province-wide campaign was a success. Consumer awareness of the right to all-in price advertising has risen to a high of 47 per cent. “Through consumer and dealer education, as well as enforcement, OMVIC hopes to improve transparency for car buyers and create a more level playing field for all those dealers who already comply.”



Click [here](#) to view the 30 second TV ad.

Click [here](#) to view the 15 second TV ad.

To listen to the campaign radio ad, click [here](#).

## Leverage the Campaign. Build Trust!

OMVIC encourages all dealers to take advantage of the campaign! Let your customers know that they can rely on your dealership’s advertised prices to be all-in, with no hidden fees or added surprise costs. Dealers can download the all-in price advertising poster [here](#).

## Additional Dealer Resource

OMVIC recognizes that confusion exists when it comes to all-in price advertising, particularly with regards to manufacturer advertising. To assist, OMVIC created an information resource that dealers can print and show to a consumer should they present a picture of a manufacturer’s ad or have other questions about all-in price advertising. Click [here](#) to read or download.



## REMINDERS

### All-In Price Advertising

If an advertisement includes a price for a new or used vehicle, that price must include ALL fees and charges the dealer intends to collect, with the exception of HST and licensing. Licensing refers to the actual cost of vehicle registration and plates – it cannot include extra fees added by the dealer.

### Fuel Charges and All-In Price Advertising

If a dealer intends to charge for fuel, that cost must be included in the advertised price.

Some dealers may opt to charge for a standard amount of fuel they put in every vehicle (e.g., \$40) and that fee is included in all advertised prices. The dealer can then offer the customer the option to fill the vehicle for an

additional cost. If selected by the customer, this additional fuel charge should be itemized separately from the standard fuel charge on the bill of sale.

### Advertising Finance Offers

When advertising a credit offer (i.e., payment), the advertisement must also disclose:

- term
- Annual Percentage Rate (APR) – this must be disclosed as prominently as the advertised monthly, bi-weekly or weekly payment
- cash price
- cost of borrowing

Note: finance fees must be included when calculating the APR.

### NEED HELP WITH ADVERTISING? OMVIC CAN HELP!

Have an advertising question? Want an advertisement reviewed before it is published? Contact OMVIC’s Marketing Standards Team at: [marketing\\_standards@omvic.on.ca](mailto:marketing_standards@omvic.on.ca) for assistance. It’s a free service to all dealers and can help ensure compliance. Please allow 48 hours for advertisement reviews.

# REFLECTING EARLY LEASE RETURNS & CASH BACK ON BILLS OF SALE

After issuing the "[Reflecting Negative Equity on Bills of Sale](#)" Bulletin, OMVIC received related inquiries about how to reflect money owing due to a lease return on a bill of sale and how to disclose cash that is returned to the customer as a result of financing (e.g., customer's vehicle purchase is \$25,000, loan is \$30,000 and \$5,000 is returned to customer).

## Early Lease Returns and Lease Buyouts

If a lease customer wants to end his or her lease early in order to purchase/lease a new vehicle, dealers are required to itemize the outstanding payment/money owing related to the early lease return or lease buyout on the new bill of sale/lease contract. For example: "Outstanding payments on lease: \$X,XXX."

## Cash Back

If a dealer arranges financing that includes cash back to a consumer, the dealer must indicate on the bill of sale that the customer is receiving the funds. For example: "Cash returned to customer: \$X,XXX."

Just as with negative equity, the money owing due to an early lease return or lease buyout, or money returned to the customer, must be clearly itemized on the bill of sale and cannot be hidden by falsely increasing the cost of the new vehicle or its options.

Below are examples of acceptable language to be used in a contract for each scenario. Note: these are examples; dealers may use alternate language provided it accurately reflects the true nature of the transaction.

OMVIC reminds dealers the [Motor Vehicle Dealers Act](#) (MVDA) requires that contracts depict the true nature of a transaction: this includes **accurately** identifying outstanding lease payments, lease buyouts, negative equity and cash returned to consumers.

## Shortfalls on Lease Buyouts (example)

PRODUCT NAME AND DESCRIPTION	WARRANTY PERIOD		DATE OF COMMENCEMENT		
	No. of Months	No. of KMS			
LEASE BUYOUT COSTS				\$ 5,466.	66

## Remaining Payments on Lease Returns (example)

PRODUCT NAME AND DESCRIPTION	WARRANTY PERIOD		DATE OF COMMENCEMENT		
	No. of Months	No. of KMS			
REMAINING PAYMENTS ON LEASE				\$ 1,950.	48

## Cash Back (example)

<b>TOTAL PURCHASE PRICE</b>	▶	\$ 32,674.	84
DEPOSIT <input type="checkbox"/> CASH <input type="checkbox"/> CHEQUE <input type="checkbox"/> CREDIT CARD _____			
<b>CASH RETURNED TO CUSTOMER</b>		\$ 2,500.	00
<b>AMOUNT FINANCED</b> (SUBJECT TO LENDER'S APPROVAL)		\$ 35,174.	84
<b>AMOUNT DUE ON DELIVERY</b>	▶		

## Electrical Tape Deception Costs Dealer \$5,000

A Vaughan dealership (and repair facility) was fined \$5,000 for committing an unfair business practice in contravention of the [Consumer Protection Act](#). In April 2017, **Sama Shirazi**, o/a Green Tech Auto Sales at 1851 Wilson Avenue, was charged by OMVIC following a consumer complaint.

The consumer purchased a 2009 Mini Cooper from Green Tech in December 2015. "When he test drove the car, the check engine light was on," explained Don Cousens, OMVIC Manager of Investigations. "So, as part of the purchase agreement, the dealer agreed to fix the issue causing the check engine light."

When the consumer took delivery of the car, the check engine light was out. A short time later, however, the purchaser noticed that the vehicle's message centre wasn't displaying messages, so he took the car to a local BMW dealership. After running diagnostics it was determined that there was still a problem with the car's engine, a problem requiring \$5,776 in repairs and that should have caused the check engine light to illuminate. Further investigation discovered the check engine light was in fact illuminated, but couldn't be seen as a piece of black electrical tape had been used to cover the bulb.

"Not only does this type of deceptive practice cause consumer harm, it reinforces tired stereotypes that OMVIC and many dealers are trying to change," stated John Carmichael, OMVIC CEO and Registrar. "We expect all registered dealers and salespeople to operate with professionalism and in accordance with the law. The sentence, in this case, should send a strong message that false, misleading, deceptive or unconscionable business practices will not be tolerated."

In addition to the \$5,000 fine, Sama Shirazi was ordered to pay the consumer \$5,776.60 in restitution to cover the costs of the engine repair. Since the court decision, the dealer's registration has terminated.



Check engine light

## Northern Ontario Resident Status: A Message from the MTO

Individuals who ordinarily reside in the area defined as Northern Ontario under the *Highway Traffic Act*, *Motorized Snow Vehicles Act* and *Off-Road Vehicles Act*, qualify for a registrant declaration. The declaration may authorize a fee reduction or registration exemption.

The Ministry of Transportation has asked OMVIC to remind dealers that the Northern Ontario Resident (NOR) status should be confirmed for each customer and reported to ServiceOntario during vehicle transactions to ensure the NOR declaration is being applied as intended.

Customers are required to self-declare (i.e., check off the "NOR Declaration for Northern Ontario Resident" box on the back of the Application for Vehicle Registration) in order for *Northern fees* to apply. If a dealer visits a ServiceOntario centre on

the customer's behalf, the dealer must verify if the customer is an eligible Northern resident and make the customer service representative aware that the NOR declaration is to be added to the customer's record. If not informed, the customer will be charged the *Southern fees* and would then need to request a refund from MTO for the difference.

If dealers and/or customers are unsure if an address qualifies for the NOR declaration, an updated listing of regions can be found in the *Highway Traffic Act*, Regulation 628: <https://www.ontario.ca/laws/regulation/900628>.

For more information, dealers can contact Elizabeth Marles, Acting Manager, Vehicle Programs Office, Program Development and Evaluation Branch, Ministry of Transportation, at 416-235-3433 or via email at [elizabeth.marles@ontario.ca](mailto:elizabeth.marles@ontario.ca).

# Best Practices: Protecting Client Information

OMVIC recently received this question from Canadian Auto World: *How can dealerships protect customer information and why is it important to have proper mechanisms and tools to do so?*

## OMVIC answered:

To help ensure their customers' privacy, dealers should put in place procedures to ensure customers' personal information is kept under lock and key, preferably in a centralized location such as an office that can also be locked. Personal information distributed to sales personnel should be marked "DO NOT COPY" and should be collected at the end of an employee's shift. If client information is maintained or stored electronically, dealers should ensure adequate policies, safeguards and security measures are in place to protect the information.

Dealers may also want to consider including a clause in employment contracts that makes it clear that client and lead information is the property of the employer and removal of the information will be treated as theft. This clause should be brought to the attention of current and new employees and they should be asked to initial it.

## Who Does Client Information Belong to?

Client information belongs to the dealership, not to an employee of the dealership. It is the dealer who retains responsibility for maintaining and protecting personal information (including the salesperson's copy of bills of sale) in compliance with privacy

legislation. If a salesperson takes personal information, it could be argued the dealership has failed to meet its obligations.

## Customer Information - When Can It Be Retained?

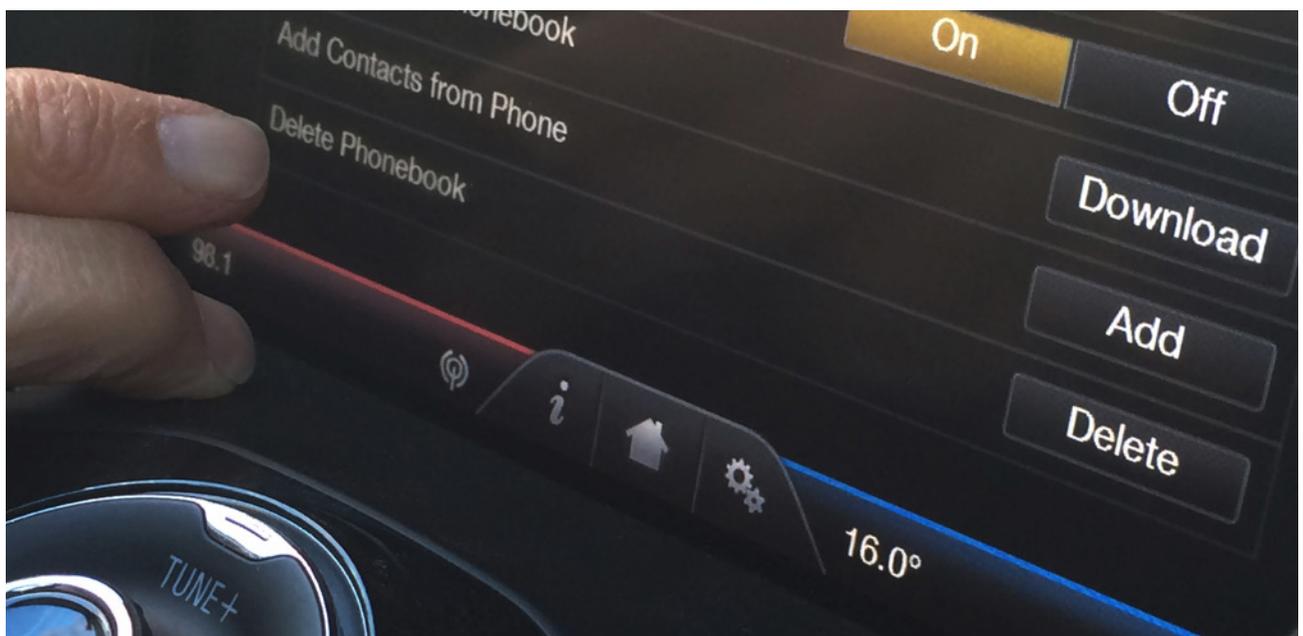
Personal information can be retained only with the explicit permission of the person and can be used only for the purposes for which the person has provided written consent.

## Information Stored in Vehicles Traded-In

To help protect the privacy, even safety, of their customers and avoid potential civil liability, OMVIC strongly recommends dealers ensure a process is in place to do just that, including:

- deleting garage door opening codes from trade-ins
- deleting the vehicle's stored phonebook/contacts (and any other information that has been paired with a cellphone)
- deleting saved addresses/searches from the navigation system
- removing documents from the glovebox/door pockets/etc. that might contain personal/private information

Please note that retaining or using the information stored in a vehicle without the express permission of the individual could breach the MVDA, Code of Ethics and federal/provincial privacy legislation.



## OMVIC Board

Kevin Bavelaar was elected President and Chair of OMVIC's Board of Directors for 2018-19. Harbans Pawan was appointed Vice Chair and Matt Rispin is Secretary-Treasurer.

The Board also welcomed two new Dealer Representatives in 2018: Hugh Sisley of Sisley Honda and Paul Tinney of Paul Tinney Auto Sales.



*2018-19 President,  
Kevin Bavelaar*



*Top row, left to right: John Carmichael (OMVIC CEO and Registrar), Hugh Sisley, Griffith Slaughter, Harbans Pawan, Matt Rispin and Cliff Pilon. Bottom row, left to right: David Cooke, Nazreen Ali, Kevin Bavelaar, Meredith Morris and Frank Romeo. Absent: Paul Tinney.*