



PO BOX 6298  
Kingston ACT 2604  
Phone: 02 51008239  
Email: admin@mtaa.com.au

## **MEDIA RELEASE**

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### **AFCA finding protects consumer's and motor body repairer rights**

A finding of the Australian Financial Complaints Authority (AFCA) has been welcomed by the Motor Trades Association of Australia (MTAA) and the Australian Motor Body Repairers Association (AMBRA) as validation of the need for an independent consumer complaint handling authority for those experiencing difficulties with financial and insurance firms.

In this benchmark ruling, AFCA found that an insurance company was bound, under the terms of its policy, to settle a policyholder's claim in accordance with the consumer's preferred car repairer's quote.

The car insurance policy entitled the policyholder to choose their own car repairer, but the policy also gave the insurer a discretion to determine how much it would pay for those repairs.

The insurer argued that the amount quoted by the preferred repairer was excessive and unreasonable and refused the policyholder's claim. In arguing that the preferred repairer's quote was excessive, the insurer relied on a quote from another car repairer which was substantially lower. But the insurer did not engage a qualified assessor to inspect the damaged vehicle.

AFCA found that the insurer had to exercise its discretion under the policy reasonably and in good faith. AFCA considered that it would have been reasonable for the insurer to engage a qualified assessor to inspect the damaged vehicle to assess the reasonable costs of repair and that a lower quote from another repairer was insufficient for this purpose.

AFCA went on to find that the insurer had not shown that the preferred repairer's quote was, in fact, unreasonable and excessive. AFCA directed the insurer to pay the policyholder the amount quoted by her preferred repairer plus interest.

AMBRA said this case was significant as it underscored two recent determinations of longstanding disputes that centred on breaches of the Motor Vehicle Insurance and Repair Industry (MVIRI) voluntary Code of Conduct by some car insurers that impacted consumers and motor body repair businesses. Together these cases, which have involved significant resources and assistance by State and Territory Motor Trades Associations and Automobiles Chambers of Commerce, ensured consumers and motor body repair firms impacted by the decisions of some car insurers are addressed.

MTAA said the Federation, its Members, and AMBRA, will continue to take the necessary measures to protect consumer rights and the rights of motor vehicle body repair small businesses to fair, reasonable and good faith-based relationships.

#### **Editor's note:**

The AFCA case and findings can be viewed at <https://www.afca.org.au/what-to-expect/search-published-decisions/> and place the Case No. 620915 in the 'Case Number' field. Code determination orders can be viewed at <https://www.abrcode.com.au/resource-centre.aspx>.

**Further information:** Richard Dudley, CEO MTAA Limited, 0412 146 828.