

**Submission
No 13**

MOTOR VEHICLE REPAIR INDUSTRY

Name: Name Suppressed

Date Received: 13/02/2014



Introduction

We have operated a fully licensed smash repair business for over 35 years. We pride ourselves on conducting our business in an utmost professional manner at all times. In the course of our business, we have had amicable and professional dealings with insurance companies, large and small.

In recent times, [REDACTED] severed a functional business relationship, making it difficult for clients to exercise their rights under the [REDACTED] Product Disclosure Statement [REDACTED] and for us to engage in repairs in any efficient manner.

Motor vehicle insurance and repair industry code of conduct (MVIRICC)

In New South Wales, all insurers and repairers are bound by the MVIRICC by virtue of s 54 of the *Fair Trading Act 1987 (NSW)*. Furthermore, section 52 specifically states:

"The object of this Division is to provide for fair, timely and transparent conduct between insurers and repairers so that consumers with damaged motor vehicles are not unduly inconvenienced or unfairly treated as a result of the business practices in, or disputes between, the motor vehicle insurance and repair industries."

Pursuant to the MVIRICC, there are obligations on both the repairer and the insurer to uphold. In its conduct of claims, [REDACTED] is failing in its obligations across a number of issues.

Overhaul of assessing practices



[REDACTED]

On 23 December 2011, we received a letter from [REDACTED] setting out that it had decided not to send any assessors to our premises for the purpose of assessing our clients' vehicles (as had been the usual practice for over 35 years). [REDACTED] allegedly based this decision on our imposition of storage costs, a company policy which had, over many years, been communicated to [REDACTED] in writing, displayed on the premises, on the footnote of our quotes and communicated verbally to [REDACTED] on a number of occasions; and which had been paid by [REDACTED] on countless claims prior. [REDACTED] also alleged that there had been a "general lack of cooperation" from our company, when it came to processes [REDACTED] sought to "implement". Instead of assessing vehicles at our premises, [REDACTED] proposed to tow vehicles from our premises for the purpose of assessing the vehicles using or quotes, without any input, contribution or discussions with us, as the nominated repairers of the vehicle. [REDACTED] letter said that any variations to our quotes would need to be submitted electronically, and images in support must be provided. [REDACTED] would then cash settle the cost of repairs to the client.

Results of the revised practices

Despite us following these processes very stringently, incurring costs, suffering loss and significant delays in quoting, taking very particular and detailed images in support of the variations and only being entitled to communicate with [REDACTED] by email to discuss repair processes (most of which are ignored), the repair process has become painstakingly difficult, and very inefficient. Claims are becoming protracted and settlements and repair times are becoming disproportionate to the delays and inconvenience of arranging alternate transport, which we understand from our clients are not being reimbursed by [REDACTED]

Aside from the severe breaches of the MVIRICC, and the fabrication of alleged facts leading to this destructive business relationship, the conduct of [REDACTED] has extended to infringing on the rights of our mutual clients to have their vehicles repaired by a repairer of their choosing. This conduct is misleading as the clients purchase [REDACTED] policies on the assumption that they will have choice of repairer should a claim arise. Yet the reality is quite the contrary.

Furthermore, the repair process is being severely compromised. It is an industry accepted standard that not all damage to a vehicle is visible at the first inspection, without further dismantling and repairs commencing. It is also accepted that not all damage is visible through photographs, as they depend on quality of camera, screen resolution etc. Therefore, the process of submitting variations for authorisation is extensive, unnecessarily time consuming, and repetitive with all variations being returned for further re quoting.

[REDACTED]

[REDACTED]

Implementation of revised assessing practices


Contrary to the letter from [REDACTED] the usual practice has now become a process of towing the vehicle from our premises under the guise of taking it to [REDACTED] assessing centre for assessment, and instead taking the vehicle to an [REDACTED] preferred repairer without the client's consent, where the vehicle is dismantled (a practice which [REDACTED] have advised we are unable to undertake without their prior written authority if we expect to be reimbursed for this work), quoted by the [REDACTED] preferred repairer and assessed by [REDACTED] using the preferred repairer quote. We again reiterate that the client understands that the vehicle is being assessed using our quote at their assessing centre. They do not have knowledge of the second quote, nor have they consented to the [REDACTED] preferred repairer's involvement in the quoting/repair process. The quote prepared by the [REDACTED] preferred repairer is then used as the basis of settling the client's claim. The [REDACTED] preferred repairers are quoting our clients vehicles with full knowledge that they will not be repairing the vehicle, therefore, the content of their quotes are not reflective of the true cost of repairs or the parts required.

We submit variations and additional in accordance with the letter from [REDACTED]. These are disallowed and with no proper foundation. They are returned to us with strikes through every item, indicating that the costs are not being allowed. We are not even able to contact the assessor to discuss the additional, as our correspondence is ignored. As a consequence, the repair process is becoming unjustifiably protracted and costly. The assessment of additional is hindering our ability to conduct repairs properly and as required, and [REDACTED] is encouraging the repairs to be completed to a sub-industry standard. Amongst other things, we consider this to be a breach of cl 6.3 of the MVIRICC.

In an attempt to justify their practice, [REDACTED] is telling our clients that they "do not do business" or have "OHS" concerns, and threatening the clients that if they proceed with [REDACTED] they will make the claim process extremely difficult. This conduct puts into question our credibility and integrity. As a consequence, we have lost a number of signed clients. We consider this to be a breach of cl 9.3 of the MVIRICC.

[REDACTED] have appointed one assessor to review claims that are in any way related to us. This assessor is rude, uncooperative, condescending and unwilling to engage in any open communication about claims. When our estimator attempts to enter into discussion about the adjustments to a variation or additional, or the repair process generally, the assessor responds with "I am the assessor, I can do what I want. I don't have to talk to you about anything." We are not even privy to any information relating to the claim, including the value of the repair costs, the preferred method of repairs and the like, [REDACTED] refuses to engage. We consider this to be a breach of cl 4.2(a) of the MVIRICC.

[REDACTED]



Examples of claims

Claims associated with our business that are referred to the [REDACTED] Customer Relations Department [REDACTED] Internal Dispute Resolution) are reviewed by the same Customer Relations officer. All IDR decisions that are issued are always adverse to ours, and our clients' interests.

Most recently, an [REDACTED] insured client referred its claim to IDR due to a dispute about the consistency of damage to the vehicle with the claimed event, and concerns relating to poor previous repairs raised by the [REDACTED] assessor. The claim was assigned to an IDR Officer who made a fair and reasonable decision to appoint an independent assessor to determine the true cost of current accident damage and poor previous repairs. Shortly after this decision was made and before any of the decision was implemented, a new officer was appointed to the file and the decision of the assessing manager was upheld, i.e. no further assessment was undertaken, and no additional costs were paid even though there was a strong likelihood that there were poor previous repairs and accident related damage that had not been accounted for.

In one astounding and very disturbing incident, our client was told that if he proceeded to authorise us to engage in the repairs to his vehicle, [REDACTED] would deem the vehicle 'non-repairable' and have it registered with the RMS as an unrepairable statutory write off. If the client opted to pursue this option, he would be settled for the cost of repairs based on the [REDACTED] preferred repairer quote as opposed to being settled for a total loss and being paid the agreed value of his policy. If the vehicle was authorised for repair by the [REDACTED] preferred repairer, they could be carried out. We again reiterate that our staff are qualified, licensed tradesmen. The insured wrote to [REDACTED] and highlighted the inconsistencies in the settlement options, i.e. cash settling the cost of repairs on a vehicle that was deemed a non-repairable statutory write off and cannot be repaired, or having the repairs authorised at a repairer of [REDACTED] choosing. The IDR have upheld this decision.

Another instance involved a claim which was denied. Through our assistance, this decision was overturned, the vehicle was subsequently declared a total loss and the client was settled accordingly. [REDACTED] demanded that we release the vehicle into their custody. We sought reimbursement of our storage costs in accordance with our company policy and our rights pursuant to cl 4.2 of the MVIRICC. [REDACTED] have refused to reimburse any such costs. We have written to various departments alerting them to this issue, and all of our correspondence has gone unanswered. The vehicle remains on our premises with a substantial account outstanding, for work rendered in maintaining and securing the vehicle, mobilising it and making it available for further enquiry by [REDACTED]



Conclusion

Interestingly, [REDACTED] claims a right to conduct business and implement policies in a manner suited to the corporation. However, any attempts by the repairer to do the same are labelled as uncooperative, and have resulted in [REDACTED] making derogatory comments to our staff (assimilating them to “dogs with a bone”), defamatory comments to our clients (stating that because of the client’s choice of repairer [REDACTED] will make the client’s claim process very difficult with remarks such as “this idiot doesn’t realise that because he has gone to [REDACTED] we are going to make this process very difficult”, “OHS” concerns – noting that we have never had any OHS incidents on our premises and no other insurer holds these same concerns), and attacking the standard, quality and level of workmanship – even though we have never had a rectification order against us, never received a complaint from an insurer or a client and in fact have only ever received positive feedback.

We have corresponded, unsuccessfully, with numerous departments within [REDACTED]. We have attempted to have claims referred to senior managers to assist in resolving them amicably, or to engage in the dispute resolution process with the insurer, but these attempts have been futile. We have now resorted to government bodies to create as much awareness about the jeopardy the motor vehicle repair industry is facing, if this corporate giant continues on its path unregulated.

Our clients nominate us as their repairers based on the high quality of our service and the goodwill and rapport we have developed over the years. The conduct of [REDACTED] is unjustifiably damaging our image, and eroding the goodwill we have created and which we take great pride in.

We urge you to conduct an inquiry into the conduct of [REDACTED] and other similar corporate giants, with a view to regulating their ability to monopolise the industry. [REDACTED]

