



*Motor Dealer Act*

MOTOR DEALER CUSTOMER  
COMPENSATION FUND REGULATION

**B.C. Reg. 102/95**

Deposited March 15, 1995 and effective June 1, 1995  
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**Consolidated Regulations of British Columbia**

*This is an unofficial consolidation.*

B.C. Reg. 102/95 (O.C. 271/95), deposited March 15, 1995 and effective June 1, 1995, is made under the *Motor Dealer Act*, R.S.B.C. 1996, c. 316, s. 38.

This is an unofficial consolidation provided for convenience only. This is not a copy prepared for the purposes of the *Evidence Act*.

This consolidation includes any amendments deposited and in force as of the currency date at the bottom of each page. See the end of this regulation for any amendments deposited but not in force as of the currency date. Any amendments deposited after the currency date are listed in the B.C. Regulations Bulletins. All amendments to this regulation are listed in the *Index of B.C. Regulations*. Regulations Bulletins and the Index are available online at [www.bclaws.ca](http://www.bclaws.ca).

See the User Guide for more information about the *Consolidated Regulations of British Columbia*. The User Guide and the *Consolidated Regulations of British Columbia* are available online at [www.bclaws.ca](http://www.bclaws.ca).

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*Contents*

- 1 Definitions
- 2 Annual payments
- 3 Additional payments
- 3.1 Late payment
- 4 Who may apply for compensation?
- 5 What losses are eligible for compensation?
- 6 Demand required
- 7 Limitation
- 8 Manner of applying for compensation
- 8.1 Deadline for making application
- 9 Maximum amount of compensation
- 10 Practice and procedure of the board

**Definitions**

- 1** In this regulation:

“**Act**” means the *Motor Dealer Act*;

“**applicant**” means an individual who makes a claim for compensation from the fund;

“**fund**” means the compensation fund;

“**purchase**”, in respect of a motor vehicle, includes a lease or exchange of a motor vehicle.

[am. B.C. Reg. 200/2017, Sch. 2, s. 1.]

**Annual payments**

- 2** (1) Every motor dealer carrying on business in British Columbia must pay to the fund, at the time that the motor dealer applies for registration or renewal of registration under the Act, an annual contribution of \$300.
- (2) Repealed. [B.C. Reg. 14/2001, s. 1.]
- (3) The registrar may, with respect to a motor dealer, waive the requirement to pay an annual contribution to the fund under subsection (1) if
- (a) the motor dealer has
    - (i) made a full annual contribution of \$300 to the fund in respect of 3 consecutive years, and
    - (ii) complied with every requirement to make additional contributions to the fund in accordance with section 3,
  - (b) the waiver of the annual contribution will not put into doubt the sufficiency of the fund, and

**MOTOR DEALER CUSTOMER COMPENSATION FUND REGULATION**

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- (c) the registrar is of the opinion that the motor dealer does not represent a significant risk to the fund.
- (4) The registrar must credit the contributions made to the fund under this section and section 3 to the motor dealer that made the contribution, but the crediting does not give the motor dealer any right to those contributions.
- (5) The registrar must maintain a record of contributions made to the fund under this section and section 3 and must provide to the board, on a quarterly basis, a statement of the assets of the fund.

[am. B.C. Reg. 14/2001, s. 1.]

**Additional payments**

- 3** (1) Subject to subsection (2), the registrar may, by notice in writing, require every motor dealer carrying on business in British Columbia to make an additional contribution to the fund necessary to ensure the sufficiency of the fund.
- (2) The registrar may not, in any one year, require additional contributions from a motor dealer that exceed twice the amount of the annual contribution required under section 2 (1).
- (3) Every motor dealer who receives a notice of additional contribution must pay to the fund, within 21 days of receiving the notice, the additional contribution required by the notice.

[am. B.C. Reg. 14/2001, s. 2.]

**Late payment**

- 3.1** A person who fails to make a payment required under section 2 or 3 by the time required must pay into the fund, in addition to the payment required under section 2 or 3, \$100 for each month or part of a month the payment is owing, to a maximum of \$200.

[en. B.C. Reg. 551/95.]

**Who may apply for compensation?**

- 4** An individual who, on or after the day this regulation comes into force,
  - (a) purchases from a registered motor dealer
    - (i) a motor vehicle to be used primarily for personal or family use, or
    - (ii) an extended warranty or service plan in respect of such a vehicle, or
  - (b) delivers a motor vehicle to a registered motor dealer for sale by the motor dealer as an agent on commission,and who suffers an eligible loss referred to in section 5, may apply for compensation from the fund.

**What losses are eligible for compensation?**

- 5** (1) The following losses are eligible for compensation from the fund:

**MOTOR DEALER CUSTOMER COMPENSATION FUND REGULATION**

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- (a) with respect to the purchase of a motor vehicle, the loss of a trade-in, full payment, deposit, down payment or other liquidated amount resulting from
    - (i) the refusal of the motor dealer, without lawful justification, to deliver the motor vehicle contracted for or to return the trade-in, full payment, deposit, down payment or other liquidated amount,
    - (ii) the inability of the motor dealer to deliver the motor vehicle contracted for or to return the trade-in, full payment, deposit, down payment or other liquidated amount due to the bankruptcy, insolvency, receivership or other failure of the motor dealer,
    - (iii) the dishonest conduct of the motor dealer or the misappropriation or wrongful conversion of money or other property entrusted to the motor dealer, or
    - (iv) the failure of the motor dealer to provide clear title to the motor vehicle or to ensure that the motor vehicle was free from a charge or encumbrance, in favour of a third party, that was not declared or known to the buyer at the time the purchase was made;
  - (b) with respect to the purchase of an extended warranty or service plan, the loss of the unexpired portion of the warranty or plan resulting from the bankruptcy, insolvency, receivership or other failure of the motor dealer;
  - (c) with respect to the delivery of a motor vehicle to a registered motor dealer for sale by the motor dealer as an agent on commission, the loss of the vehicle or the value of the vehicle resulting from
    - (i) the refusal of the motor dealer, without lawful justification, to return the unsold vehicle at the end of the agreed period, or to remit the agreed amount of proceeds from the sale within the agreed period after sale,
    - (ii) the inability of the motor dealer to return the unsold vehicle at the end of the agreed period, or to remit the agreed amount of proceeds from the sale within the agreed period after sale, due to the bankruptcy, insolvency, receivership or other failure of the motor dealer, or
    - (iii) the dishonest conduct of the motor dealer or the misappropriation or wrongful conversion of money or other property entrusted to the motor dealer.
- (2) An applicant is not entitled to claim any interest with respect to the losses described in subsection (1).

**Demand required**

- 6** (1) In order to be eligible for compensation from the fund, the applicant must first make a demand to the motor dealer
- (a) in respect of the purchase of a motor vehicle, that the motor dealer return to the applicant the trade-in, full payment, deposit, down payment or other liquidated amount,

**MOTOR DEALER CUSTOMER COMPENSATION FUND REGULATION**

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- (b) in respect of the purchase of an extended warranty or service plan, that the motor dealer refund to the applicant the cost of the unexpired portion of the warranty or plan, and
- (c) in respect of the delivery of a motor vehicle for sale by the motor dealer as an agent on commission, that the motor dealer return the unsold vehicle at the end of the agreed period, or remit the agreed amount of proceeds from the sale within the agreed period after sale,

that the motor dealer refuses to honour within 30 days of the demand.

- (2) A demand under subsection (1) must be made in writing and within 4 years after the transaction to which the demand relates.

[am. B.C. Reg. 200/2017, Sch. 2, s. 2.]

**Limitation**

- 7 An applicant is not eligible for compensation from the fund
  - (a) in respect of the purchase of a motor vehicle, if the claim is based on the cost, value or quality of the motor vehicle received,
  - (b) in respect of the purchase of an extended warranty or service plan, if the applicant is able to recover the cost of the unexpired portion of the warranty or plan from an insurer of the warranty or plan, and
  - (c) in respect of that portion of the operation of a motor vehicle that is claimed as a business expense for income tax purposes.

**Manner of applying for compensation**

- 8 An applicant must
  - (a) complete and file with the registrar the application form provided by the registrar, and
  - (b) provide to the registrar any other information relating to the application that the registrar may reasonably require.

**Deadline for making application**

- 8.1 An application must be made
  - (a) within 120 days after the applicant first makes the demand under section 6 (1), or
  - (b) if the registrar is satisfied that, due to extenuating circumstances, the applicant was not reasonably able to make the application within the period set out in paragraph (a), within a longer period specified by the registrar.

[en. B.C. Reg. 200/2017, Sch. 2, s. 3.]

**Maximum amount of compensation**

- 9 The maximum amount of compensation payable for a loss is \$20 000.

**MOTOR DEALER CUSTOMER COMPENSATION FUND REGULATION**

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**Practice and procedure of the board**

- 10** (1) If a motor dealer is affected by an application for compensation, the board must send a copy of the application, by regular mail, to the most recent home address of the motor dealer's principal, senior officer or director provided by the motor dealer to the registrar.
- (2) If the board considers it necessary to have a hearing, the board must fix the time, date and place for the hearing and must send notice of the hearing to all persons concerned.
- (3) The board may postpone or adjourn the consideration of any matter or hearing for the time and on the terms that the board considers necessary.
- (4) The board may, on the terms that it considers necessary, direct that a matter or proceeding before the board be consolidated with any other matter or proceeding before the board.
- (5) The board may, after considering an application, dismiss the application or pay compensation for a loss up to the maximum amount set out in section 9.
- (6) The board must make its decisions available in writing and, on the request of a person concerned, must provide written reasons for its decisions.