

Dealer's Permit Handbook



MANITOBA
PUBLIC INSURANCE

Revised April 2021

All new application forms, required documentation, fees, renewal applications and notices of change can be submitted by e-mail to: vsi-dealerinfo@mpi.mb.ca, in person to any Manitoba Public Insurance Service Centre, or by mail to the following address:

Manitoba Public Insurance

Vehicle Safety

J.W. Zacharias Physical Damage Research Centre
Box 45064, Regent Postal Outlet Winnipeg MB R2C 5C7
Information Line: (204) 985-0920
Fax: (204) 954-5319
Toll-free: 1-866-323-0542

Application and renewal forms are available from the Vehicle Safety Partner's website at: <https://mpipartners.ca/VehicleSafety/index.html> and are also available in-person from the above address as well as from any Manitoba Public Insurance Service Centre:

Winnipeg

Cityplace Service Centre
234 Donald St. (Cityplace)
P. O. Box 6300
Winnipeg MB R3C 4A4
Information Line: (204) 985-7000
Toll-Free: 1-800-665-2410
(all locations)

Portage la Prairie

Portage la Prairie Service Centre
2007 Saskatchewan Ave. W.
Portage la Prairie MB R1N 3J9

Thompson

Thompson Service Centre
53 Commercial Place
Box 760
Thompson MB R8N 1N5

Brandon

Brandon Service Centre
731-1st Street
Brandon MB R7A 6C3

Steinbach

Steinbach Service Centre
91 North Front Drive
Steinbach MB R5G 1X2

Dauphin

Dauphin Service Centre
217 Industrial Road
Dauphin MB R7N 2V5

Winkler

Winkler Service Centre
355 Boundary Trail
Box 760
Winkler MB R6W 0L7

Beausejour

848 Park Ave.
Box 100A
Beausejour MB R0E 0C0

Arborg

Arborg Service Centre
323 Sunset Blvd.
Arborg MB R0C 0A0

TABLE OF CONTENTS

Section One – Applying for a Dealer’s Permit	Page 2
Requirements	
Written Knowledge Test	
Security Must be Posted	
Renewal of a Dealer’s Permit	
Section Two – Dealer’s Obligations	Page 5
Permit Holder to Ensure Salesperson has a Permit	
Display of Permit	
Signage	
Use of Name and Place of Business	
Publication of Corporate Name	
Dealer Must Provide Notice of Changes	
Changes to Dealership	
Advertising	
Sale Agreements	
Dealer Records	
Transfer of Ownership Document	
Certificate of Inspection Must be Provided	
Dealers’ Number Plates	
Interim Registration Permits	
Forms	
Section Three – Enforcement and Penalties	Page 12
Dealer Inspectors and Vehicle Safety Officers	
Consumer Complaints	
Refusal to Issue, Renew, or Suspend or Cancel a Dealer’s Permit	
Right to Show Cause Hearing	
Appeal to the Licence Suspension Appeal Board	
Provisional Suspension	
Claims Against a Dealer’s Security	
Fines	
Return of Permit	
Section Four – Other Consumer Protection Legislation	Page 16
<i>The Business Practices Act</i>	
Unfair Business Practices	
Examples of Unfair Business Practices	
<i>The Consumer Protection Act</i>	
Cost of Credit Disclosure Requirements	
Warranties	

Dealer's Permit Handbook

The Drivers and Vehicles Act

The Drivers and Vehicles Act (DVA) defines a “dealer” as a person who carries on the business, or holds themselves out as carrying on the business, of buying and selling motor vehicles or trailers, as principal or agent, whether or not in combination with leasing them.

Dealer's Permit

Anyone carrying on a business as a dealer must hold a Dealer's Permit issued by the registrar that permits the individual, partnership, or corporation to sell any type of vehicle that can be registered under the DVA.

A Dealer's Permit is valid for up to five years.

Manitoba Public Insurance Vehicle Safety Department

The Vehicle Safety department of Manitoba Public Insurance manages the Dealer, Salesperson, and Recycler Permit programs under delegated authority by the Registrar of Motor Vehicles.

APPLYING FOR A DEALER'S PERMIT

Requirements

Applicants for a Dealer's Permit in Manitoba must:

- Provide written operating location approval from the city, town, municipality or planning district stating that the specific location where the dealership will be located has been approved for use by a vehicle dealer. The approval must be current and specific to the individual(s) or the corporation named on the Application for Dealer's Permit.
- Provide a document, which is no more than 30 days old, that has a full and complete history of any criminal record (transcript) or confirms that no criminal record exists (criminal record check). An applicant can get this document from a local R.C.M.P. detachment or municipal police service.
- Declare no unpaid judgments against the applicant, or if the case of a partnership or corporation, declare no unpaid judgments against any partner, director or officer of the corporation.
- Supply a \$25,000 bond or security deposit.
- Satisfactorily complete a Dealer's Permit written knowledge test, subject to a \$25.00 administration charge.
- Provide current Companies Office business name registration documents, or if applying as a corporation, Articles of Incorporation.
- Ensure that a Manitoba Public Insurance customer account is established for the legal entity (individual or corporation) prior to applying for the permit.

Applications for Dealer's Permits must be accompanied by the prescribed permit charge, currently \$600, for five years. Cheques or money orders should be made payable to Manitoba Public Insurance.

Written Knowledge Test

New applicants for a Dealer's Permit must pass a written test intended to measure knowledge of prevailing legislation, dealer operating standards, and consumer protection guidelines. Test questions are randomly selected and are based on the information contained in this handbook.

If the new applicant is a partnership or corporation, only one partner or one director of the corporation is required to satisfactorily complete the knowledge test, or an individual assigned by the director(s) to act on behalf of the corporation with regard to the Dealer's Permit may complete the test.

In some cases the registrar, or designate, may require that an existing permit holder pass a written knowledge test as a condition of renewal or reinstatement of a Dealer's Permit.

To write the knowledge test, applicants must appear in person at any of the Manitoba Public Insurance Service Centres listed in this handbook. An appointment to write the test may be necessary at Service Centres (call 204-985-7000 or 1-800-665-2410) but can be written anytime without appointment within regular business hours at the Vehicle Safety office.

Requirement for Bond or Security Deposit

Before an application for a Dealer's Permit is approved, the applicant must provide one of the following:

1. A signed and witnessed dealer surety bond of a guarantee insurance or surety company duly registered to conduct business in Manitoba in the amount of \$25,000:
 - If the bond is in the name of an individual, it must match the name of the applicant, as verified by identification documents such as a driver's licence, birth certificate, immigration papers, passport or treaty card.
 - If a sole proprietorship or partnership operates under a trade title or operating name, the business name must be currently registered under the Business Names Registration Act and must appear on any bond provided.
 - If the bond is in the name of a corporation, each director must be named on the application, as verified by the Articles of Incorporation. If the applicant is not a director, they must provide a dated document on company letterhead proving that they are authorized to conduct business on behalf of the corporation. This authorization must be signed by a director of the corporation. The document must be kept on file with the original bond.
 - The permit holder must keep the required security active for the term of the permit.

Or,

2. A deposit of \$25,000 cash, certified cheque, bank draft or money order made payable to the **Minister of Finance for the Province of Manitoba**.

The permit holder must keep the required security active for the term of the permit.

Renewal of a Dealer's Permit

Application for the renewal of a Dealer's Permit is mailed (electronically or regular mail) to the permit holder before the existing permit expiry date.

To renew a Dealer's Permit:

- Complete and sign the Application for Dealer's Permit;
- Provide written operating location approval from the city, town, municipality or planning district stating that the specific location where the dealership will be located has been approved for use as a vehicle dealer. The approval must be current and specific to the individual(s) or the corporation named on the Application for Dealer's Permit.
- Declare no unpaid judgments against the applicant, or if the case of a partnership or corporation, declare no unpaid judgments against any partner, director or officer of the corporation.
- Supply a \$25,000 bond or security deposit, continuation certificate, or other proof of active bond.
- Provide Companies Office business name registration documents showing active status, or if applying as a corporation, Articles of Incorporation.

Renewal applications must be accompanied by the prescribed permit charge (cheques or money orders should be made payable to Manitoba Public Insurance).

DEALER'S OBLIGATIONS

Permit Holder to Ensure Salesperson has a Permit

The DVA defines a salesperson as *“a person employed or otherwise engaged by a dealer to buy and sell motor vehicles or trailers or to negotiate agreements to buy and sell motor vehicles or trailers on the dealer's behalf.”*

The holder of a Dealer's Permit must not allow a person to act as a salesperson unless that person holds a valid Salesperson's Permit. The salesperson may only act as a salesperson for the dealer named on their permit. If a salesperson stops working for one dealer and is hired by another, they may not work for the second dealer until the registrar has issued a new permit noting the new dealer's name.

Salespersons must have their Salesperson's Permit in their possession whenever they are involved in sales activities and are required to produce the permit to a peace officer, upon request.

A salesperson cannot lend their permit or allow anyone else to use the permit for any purpose.

The holder of a Dealer's Permit is ultimately accountable for the conduct of salespeople they employ. The actions of a salesperson may also be considered to be the actions of the dealer.

Display of Permit

A dealer must display the Dealer's Permit at the designated business location and in a place where customers can easily see it. If a dealer carries on business from more than one place, a permit issued for that specific location must be displayed. Each location where a dealer carries on business must be included in the Application for Dealer's Permit and proper operating location approval must be provided for each location.

Signage

A dealer must display, at the designated business location, a sign showing the dealer's name as it is noted on the Dealer's Permit. The dealer sign must be a minimum of 27.9 centimetres by 21.6 centimetres and must be placed so as to be easily readable from outside of the place of business. Displaying the Dealer's Permit so it's visible from the outside the place of business meets this requirement.

If a dealer carries on business from more than one place the dealer sign must be displayed at each place of business, as noted on the Dealer's Permit.

Use of Name and Place of Business

A dealer can only carry on business as a dealer under the name and at the location identified on the Dealer's Permit. This requirement does not apply if a dealer is carrying on business at a temporary location such as an off-site sale, a motor show, recreational show or exhibition.

Approval to carry on business in a temporary location, for purposes other than those noted above, must be received, in writing, from the registrar or designate.

Publication of Corporate Name

The Corporations Act states that a corporation must include its corporate name on all contracts, invoices, negotiable instruments and orders for goods or services issued or made by the corporation or on behalf of the corporation.

Dealer Must Provide Notice of Changes

The holder of a Dealer's Permit must notify the Vehicle Safety department of Manitoba Public Insurance, within seven days, of any of the following changes:

- Change of location(s) where the permit holder is conducting business;
- Change in the mailing address, phone number, fax number or email address that has been provided to Manitoba Public Insurance by the dealer for the purpose of receiving notices;
- Change in the officers or directors of an incorporated company that holds a Dealer's Permit or a change in the members of a partnership that holds a Dealer's Permit;
- Change in the status of a permit holder that is incorporated (e.g. dissolution, amalgamation etc.);
- The start or termination of a salesperson's employment by the permit holder.

Changes to Dealer Name

When a dealer changes the business operating name but ownership of the dealership has not changed, the dealer must, before operating under the new business name:

- Provide an amendment to the dealer's bond showing the new name of the dealership;
- Provide the Companies Office business name registration for the new operating name.
- Return the original Dealer's Permit so that a new permit can be issued, free of charge.

When ownership of a dealership changes, the new holder of the Dealer's Permit must:

- Register the change at the Companies Office,

The Companies Office
1010 - 405 Broadway
Winnipeg, MB R3C 3L6
Phone: (204) 945-2500

- File official documents confirming the registration change;
- File a new Application for Dealer's Permit, along with the required charge and security attached.
- Provide a document, which is no more than 30 days old, that has a full and complete history of any criminal record (transcript) or confirms that no criminal record exists (criminal record check). Satisfactorily complete a Dealer's Permit written knowledge test, subject to a \$25.00 administration charge.

When a dealer changes the designated business address only, the holder of the Dealer's Permit must:

- Provide notice, in writing, of the new address;
- Provide written operating location approval from the city, town, municipality or planning district stating that the specific location where the dealership will be located has been approved for use as a vehicle dealer. The approval must be current and specific to the individual(s) or the corporation named on the permit.
- Return the original Dealer's Permit for cancellation so that a new permit and registration card(s) can be issued, free of charge.

If a dealer discontinues business, the holder of the Dealer's Permit must:

- Provide immediate notice, in writing, to Manitoba Public Insurance;
- Return the Dealer's Permit, dealer licence plate(s), and registration card(s) for cancellation.

Note:

Registration fees for Dealers' number plate(s) are non-refundable. Partial refunds may be available for the surrendered Dealer's Permit and unused dealer plate insurance premiums.

Sale Agreements

A permit holder, or someone acting on behalf of a permit holder, must provide, sign, and have the buyer sign, a written Sale Agreement for every vehicle sales transaction. The Sale Agreement must include the following:

- The date of sale of the vehicle;
- The name and address of the buyer;
- The year, make, model and vehicle identification number of the vehicle sold;
- The odometer reading of the vehicle at the time of sale;
- The words "Dealer's Permit" followed by the number of the permit issued to the permit holder under the Act.

Dealer Records

Permit holders must maintain a written record of all vehicles acquired and sold, which must include the following information:

- The date of acquiring or sale of a vehicle;
- The name and address of the person from whom the vehicle is acquired;
- The name and address of the buyer of a vehicle;
- The year, make, model and vehicle identification number (VIN) of the vehicle acquired or sold;
- An indication if the vehicle was new or used (previously registered), at the time of acquisition or sale;
- The odometer reading of the motor vehicle at the time of acquisition and sale;
- A copy of the Certificate of Inspection (COI) issued to the buyer of the vehicle.

Records may be kept in an electronic form providing they can be read using commonly available personal computer software and can be reproduced in printed form, upon request.

Records must be kept for a minimum of two years from the date the record is made.

Transfer of Ownership Document

A permit holder, or salesperson acting on behalf of a permit holder, must provide a completed Transfer of Ownership Document (TOD) to every purchaser of a used vehicle when sold. The TOD must identify the permit holder as owner of the vehicle, or the name of the vehicle owner in cases where the vehicle is being sold on behalf of the vehicle owner (consignment sale). A TOD is not required when the vehicle is newly manufactured and accompanied by a New Vehicle Information Statement (NVIS).

Certificate of Inspection Must be Provided

Dealers are required to furnish all purchasers of used vehicles with a duly completed Certificate of Inspection (COI), unless exempted for reasons noted below. This includes the sale of previously leased vehicles or vehicles sold on consignment. A COI must be provided to all customers regardless of where they live, e.g. out of province, northern resident, etc.

A COI is not required when:

- The vehicle is transferred as inventory from one dealer permit holder to another permit holder;
- The vehicle is transferred to the holder of a Recycler's Permit for the purpose of destroying the motor vehicle for scrap or dismantling it for parts;
- The vehicle can never be registered again because the status of the vehicle is "irreparable";
- The vehicle is a new motor vehicle as evidenced by a NVIS.

A used vehicle may be sold with a failed Certificate of Inspection but the purchaser must repair any defects identified on the COI and have the vehicle recertified as being roadworthy prior to registering the vehicle for road use.

Inspections, for the purpose of completing a COI, may only be performed at authorized inspection stations.

Manitoba Regulations [31/2019, *Vehicle Equipment, Safety and Inspection Regulation*](#) and [76/94, *Periodic Mandatory Vehicle Inspection Regulation*](#), outline the minimum performance standards and inspection requirements and processes. Copies of these regulations can viewed online or be obtained by calling Vehicle Safety at (204) 985-0920 or toll-free at 1-866-323-0542, or by emailing: vsi-stationinfo@mpi.mb.ca

Dealers' Number Plates

Dealers' number plates are used for motor vehicles and trailers owned by, or in the custody or control of, a dealer and can only be issued to a dealer that holds a valid Dealer's Permit. Vehicles with these plates are considered registered and carry basic compulsory insurance for the type of vehicle on which the plate is displayed.

A dealer's number plate may only be used on a vehicle that is:

- Kept for sale by a dealer;
- Used in the promotion of sales by a dealer, in their personal capacity, or by an employee or agent with the consent of the dealer;
- In the custody and control of a dealer for the purpose of testing or servicing it, or to move it from one place to another in connection with servicing or testing.

A vehicle with a dealer's number plate may be used for personal purposes but may not be used to carry goods or people for any form of payment. A vehicle with dealers' number plates can also be used by a customer, with the consent of the dealer or a salesperson acting in conjunction with their employment by the dealer.

Interim Registration Permits

The purpose of an Interim Registration Permit is to allow an owner or lessee of a newly acquired vehicle to operate the vehicle immediately. Interim Registration Permits are sold to Dealer's Permit holders at Manitoba Public Insurance Service Centres. These registrations are valid only for vehicles bought or leased from a dealer and only for the seven days following the date of vehicle purchase or lease.

A dealer may issue an Interim Registration Permit to someone who is 18 years or older, who buys or leases a vehicle from them, and to whom they have issued a passed COI showing the vehicle is roadworthy.

Each interim registration must include:

- Expiry date;
- Signature of dealer or authorized agent;
- Any other information required by the registrar.

The dealer must keep a record of all Interim Registrations Permits issued and produce copies, upon request.

A motor vehicle with a valid Interim Registration Permit may be driven if:

- The driver has with them a bill of sale or invoice showing the date of purchase;
- A valid, fully completed Interim Registration Sticker is displayed on the vehicle windshield or carried by the driver if the vehicle does not have a windshield.

Although Manitoba considers the Interim Registration Permit valid anywhere in Canada and the U.S.A., vehicles being driven outside of Manitoba remain subject to the laws of other jurisdictions.

For information related to Interim Registration Permits, contact the Vehicle Safety department at (204) 985-0920 or toll-free at 1-866-323-0542, or by email to: vs-i-dealerinfo@mpi.mb.ca

Forms

The following forms are supplied to the holders of Dealer's Permits upon request, from any of the Manitoba Public Insurance Service Centres noted at the front of this handbook:

- Application for Dealer's Permit;
- Application for Salesperson's Permit;
- Interim Registration Application forms and Permits.

The application forms for dealer and salesperson permits are also available from the Vehicle Safety Partner's website at: <https://mpipartners.ca/VehicleSafety/index.html>

ENFORCEMENT AND PENALTIES

Dealer Inspectors and Vehicle Safety Officers

Dealer Inspectors and Vehicle Safety Officers are employees of Manitoba Public Insurance and act on behalf of the registrar. They are responsible for:

- Licensing dealers, salespersons and recyclers;
- Monitoring bond files and processing bond claims;
- Mediating disputes between vehicle purchasers and dealers;
- Liaising with dealers, salespersons and recyclers;
- Inspecting dealers' and recyclers' premises and records to ensure compliance with the DVA.

Dealer Inspectors and Vehicle Safety Officers are peace officers under the DVA.

Dealer Inspectors and Vehicle Safety Officers make regular dealership visits for the purpose of educating permit holders and to ensure that the rules and regulations outlined in the DVA are being followed. Full co-operation from the permit holder is required, including providing access to all records. When original records are required to be removed from the dealer's premises, the inspector or officer will provide a receipt for the documents to the dealer.

Dealer Inspectors may also investigate suspicious transactions or business activity. In their role as mediator, a Dealer Inspector may be contacted by both consumers and dealers and may be asked to help resolve certain matters related to the buying or selling of a motor vehicle or trailer. Inspectors may also refer matters to government departments or law enforcement agencies when necessary.

Consumer Complaints

When Manitoba Public Insurance receives a complaint from a consumer about the safe operating condition of a vehicle purchased from a dealer, an investigation is commenced to determine the validity of the complaint. As part of the investigation, a Dealer Inspector may require the dealer or salesperson to provide information about the vehicle condition at the time of sale or information about the sales transaction itself. The dealer or salesperson must provide the requested information. In some cases, arrangements will be made for inspection of the vehicle by Vehicle Safety Officers.

If the consumer complaint is deemed to be valid, attempts will be made to settle the dispute through early dealer notification.

Failure to resolve the dispute at this level may result in a Notice to Repair being issued to a dealer under the DVA. The Notice to Repair sets out the required repairs that must be completed by the dealer to bring the vehicle to the condition as specified on the Certificate of Inspection at the time of sale.

Failure to comply with the Notice to Repair within the specified timeframe will result in further disciplinary action including, Notice to Appear for Show Cause, suspension or cancellation of the Dealer's Permit, or referral to the courts. Matters may also be referred to government departments or law enforcement agencies for further action.

A Dealer's Permit may be suspended or cancelled if it is determined there has been a violation of any provisions of the DVA or its Regulations, or any other legislation.

Refusal to Issue, Renew, or Suspend or Cancel a Dealer's Permit

Manitoba Public Insurance may refuse to issue a Dealer's Permit if there is reason to believe that the applicant will not carry on business as a dealer according to the law and with integrity and honesty, or in the case of a corporation, if the past conduct of its directors or officers affords reasonable grounds.

A permit will not be issued to an applicant who has unpaid judgments recorded against them as the result of dealing in vehicles. A permit will also be refused if the intended place of business is not appropriately designated by any other Act, Regulation, or Municipal By-law.

Once a Dealer's Permit has been issued, Manitoba Public Insurance may refuse to renew, or suspend or cancel a permit if past conduct of the dealer affords reasonable grounds to believe that it will not carry on business as a dealer according to the law and with integrity and honesty, or if the holder of the Dealer's Permit is in breach of any term or condition of the permit.

In the event that Manitoba Public Insurance intends to refuse to issue, renew, or suspend or cancel a Dealer's Permit, the applicant or permit holder will be provided written notice of the intended action, including the reason(s) for that action.

Right to Show Cause Hearing

Upon receiving written notice of the intention to refuse to issue, renew, or suspend or cancel a Dealer's Permit, the applicant or permit holder may request a hearing, in writing. This request must be filed within 15 days after the notice of the intended action is given.

Thereafter, the applicant or permit holder will be notified of the date, time and place of the scheduled hearing. The applicant or permit holder will be provided with a copy of the decision as a result of the hearing.

Appeal to Licence Suspension Appeal Board

If the applicant or permit holder is not satisfied with the decision of Manitoba Public Insurance, the decision may be appealed to the Licence Suspension Appeal Board.

Provisional Suspension

Manitoba Public Insurance may decide that for the immediate protection of the interests of the public, it is necessary to provisionally suspend a permit. The applicant or permit holder will be notified, in writing, of this decision and the notice will include the reason for the suspension. A provisional suspension is effective upon receipt of the Notice of Provisional Suspension and cannot be appealed to the Licence Suspension Appeal Board.

Upon receiving written notice of the provisional suspension, the permit holder may request a hearing, in writing. This request must be filed within 15 days of receipt of the notice.

Thereafter, the applicant or permit holder will be notified of the date, time and place of the scheduled hearing. The applicant or permit holder will be provided with a copy of the decision as a result of the hearing. The decision from the hearing can be appealed to the Licence Suspension Appeal Board.

Claims Against a Dealer's Security

In the event that a loss is suffered by any person as a result of dishonest conduct, or a criminal or otherwise unlawful act by a dealer, or any director, officer, employee, or salesperson of the dealer, a claim may be made against the \$25,000 bond or security deposit submitted by the dealer at time of application for a permit.

Any person wishing to make a claim against the security provided by a permit holder must provide a true copy of a Statement of Claim filed against the permit holder in the Court of Queen's Bench.

If a court subsequently rules that a person has suffered a loss as a result of dishonest conduct, criminal or other unlawful act by the dealer, related to the buying or selling of a motor vehicle(s) or trailer(s), judgments may be paid from the security. The actions of an officer, director, employee, or salesperson of the dealer can also result in a judgment against the dealer.

When Manitoba Public Insurance receives notice of a claim against the permit holder, the corporation may order an increase in the amount of security required to be posted. This will ensure that the security equals the total anticipated amount of all outstanding claims pending against the permit holder. The permit holder must comply with this request without delay.

When any payment is made that reduces the security, or if the security is no longer in effect, the dealer must return the security to its original amount to avoid suspension of the Dealer's Permit.

If suspended, the dealer must immediately surrender the Dealer's Permit, number plate(s), and registration card(s). The suspension may be lifted once the revised security requirement has been posted.

Fines

Conviction of a violation under the DVA can lead to fines of up to \$5,000.

Return of Permit

A permit holder whose permit is suspended or cancelled must return the Dealer's Permit and any dealers' number plates and registration cards without delay.

OTHER CONSUMER PROTECTION LEGISLATION

The Business Practices Act

The Business Practices Act applies to buyer transactions including the retail sale or lease of goods or services that are mainly for the buyer's personal, family or household use. It also allows the government to seek remedies for victimized buyers and to investigate and prosecute offending businesses. Buyers may also take legal action for relief from an unfair business practice.

Unfair Business Practices

Both the dealer and the salesperson may be liable for any unfair business practice committed by the dealer's salesperson.

The Act states that it is an unfair business practice for a dealer or salesperson to:

- Do or say anything or to fail to do or say anything if, as a result, a buyer might reasonably be deceived or misled;
- Make a false claim;
- Take advantage of a buyer if the dealer or salesperson knows, or can reasonably be expected to know, that a buyer is not in a position to protect their own interests.

Examples of Unfair Business Practices

Any of the following representations or acts is considered to be an unfair business practice under *The Business Practices Act*:

1. A statement that misleads the buyer.

Example: A dealer tells a buyer that the warranty for a vehicle includes all costs of repair when it does not include the cost of labour.

2. A representation that takes unfair advantage of a buyer.

Example: A salesperson convinces a person who does not read or speak English well that they must have an extended warranty contract in order to finance a vehicle.

3. A representation that the goods have performance characteristics, accessories, etc. that they do not have.

Example: A salesperson tells a buyer that a vehicle has sufficient towing capacity to tow the buyer's trailer when it does not.

4. A representation that the goods are of a particular standard, quality, style or model when they are not.

Examples: A dealer sells a vehicle as a 1993 model when it is actually a 1992 model or says that the vehicle will last for years when used for a certain purpose.

5. A representation that the goods are new or unused when they are not.

Example: A salesperson describes a vehicle as new when it has been used as a demonstrator.

6. A false representation as to the extent to which the goods have been used.

Example: A salesperson tells a customer that a vehicle was driven by a single driver who only drove between work and home when in fact, the vehicle was a fleet vehicle.

7. A false representation as to the history or usage of the goods.

Example: A vehicle is described as a dealer's demonstrator when it was actually used as a driving instruction vehicle.

8. A false representation that a service, part or the repair of the goods is necessary or desirable.

Examples: A dealer tells a customer that the transmission gears on a vehicle need to be replaced when only the bands need adjustment or that a vehicle is in urgent need of repair when it is not.

9. A representation that a price benefit or advantage exists when it does not.

Example: A dealer says, or advertises, that a vehicle normally sells for \$12,000 but "today only" is being sold at \$8,000 providing the customer with a \$4,000 savings when the normal selling price is \$8,000.

10. A representation that an individual has authority to negotiate the final terms of a consumer transaction when they do not.

Example: A salesperson and a buyer close a deal, but the manager turns it down because the salesperson did not have the final authority to close the deal. A manager or dealer cannot deny a deal negotiated by a salesperson that acted as if they had the authority to close it.

11. The use of exaggeration, innuendo or ambiguity as to a material fact, or the failure to disclose a material fact.

Example: A dealer who says that a vehicle is in excellent condition and was traded in by the original owner, when in fact, it has been in a serious accident and has had many owners or was purchased at an auction and the true history is unknown.

12. Where the supplier gives a consumer an estimate and then demands a price that is materially higher than the estimate unless the supplier has obtained the consumer's express consent to that higher price prior to providing the goods.

Example: When a vehicle is ordered and upon delivery the buyer is told that the price is higher than originally quoted because there is more equipment on it than originally requested.

13. Where the price of a part of a consumer transaction is given in an advertisement, display or representation without giving reasonable prominence to the total price.

Example: An advertisement for a new vehicle shows a monthly rate, with the total price at a fixed term of five years in fine print.

For further information about *The Business Practices Act*, contact:

Consumer Protection Office
302-258 Portage Avenue
Winnipeg, MB R3C 0B6
Telephone: (204) 945-3800
Toll-free at 1-800-782-0067
Email: consumers@gov.mb.ca
Website: <https://www.gov.mb.ca/cp/cpo/>

The Consumer Protection Act

Under *The Consumer Protection Act* (CPA) consumers can have an investigation and mediation of complaints, including those related to the purchase of a motor vehicle. The CPA includes rules about credit agreements, disclosure of credit terms and the responsibility on the part of the seller to the buyer for all duties, liabilities, obligations and warranties applicable to a sale under the CPA or by contract.

The CPA defines the role of the Consumer Protection Office (CPO). The CPO hears, mediates and investigates consumer-related complaints. When the CPO receives a complaint, it considers the rights and responsibilities of each party. *Not all matters are*

covered by legislation. In those situations, the CPO may offer an opportunity to resolve the problem through a voluntary process of dispute resolution/mediation.

Motor Vehicle Advertising and Information Disclosure Requirements

The Regulation refers to the term ‘all-in pricing’. That means:

All-in pricing is when the advertised total amount a consumer has to pay for a car includes all charges, fees, levies and taxes.

Examples of fees that must be included: documentation or administration fees, tire taxes, and inspection fees, charges of pre-installed products or services such as etching, nitrogen, and warranty.

- GST and RST do not need to be included in the price, however if they are excluded the ad must clearly indicate they are not included.
- Further, it is important to note that prices cannot be calculated on the inclusion of any special deduction or circumstance, such as a minimum down payment or a consumer’s choice to enter a credit sale.
- These pricing requirements apply to all forms of advertising, such as print, Internet, radio, and direct mail - even the prices on cars.
- If for fixed credit, you are advertising an interest rate or payment amount, dealers must indicate
 - The cash price
 - The term of the loan
 - The annual percentage rate (APR)
 - The cost of credit (if it involves a non-interest finance charge)

Other provisions are included in the Motor Vehicle Advertising and Information Disclosure Regulation

In addition to all-pricing, the Act and Regulation include other provisions that require dealers:

- Not engage in false advertising or provide false information about a vehicle;
- Only advertise vehicles if they are in a dealer’s inventory;
- Ensure that an advertisement about a used late-model vehicle indicates that it is a used vehicle;
- Not set out payment information in an advertisement more prominently than the total price;
- Indicate the number of vehicles available at a specified price if the number of vehicles is limited;
- Use photographs in advertisements that are reasonable representations of the actual vehicle for sale;

- Indicate the time period applicable to limited time offers; and
- Indicate in an advertisement that a vehicle was used declared salvage or used as a short-term rental or emergency vehicle, if that is true of the vehicle.

Cost of Credit Disclosure Requirements

The cost of credit disclosure requirements under the CPA came into force in Manitoba on April 1, 2007.

The cost of credit disclosure requirements apply to a wide range of consumer credit; including, loans, lines of credit, credit card transactions, payday loans, high-cost credit agreements, mortgages, rent-to-own contracts, and vehicle leases.

The legislation:

- States what information must be disclosed in consumer credit agreements and in advertisements;
- Provides a formula to calculate the cost of borrowing and the Annual Percentage Rate (APR); requires prominence to APR and the total cost of credit in disclosure statements and in advertising; The APR includes foregone cash incentives, mandatory administrative fees, credit insurance, brokerage fees and any other payments that are payable by consumers who are financing their vehicles but not payable by consumers who are paying cash for their vehicles.
- Calculates cost of credit using the concepts of “value received” and “value given” by the borrower; the value given is the total amount paid by the borrower; including principal, interest and all other charges plus the value of anything else given as payment (e.g. trade-in). The value received is the value that a borrower receives (e.g. the proceeds of the loan or mortgage, the cash value of the item and the value of any optional services). Value given less value received by the borrower is equal to the total cost of credit. Total cost of credit is expressed in dollars and cents and the APR is expressed as a annual percentage rate;
- Gives borrowers the right to cancel certain optional services, such as extended warranty or insurance.
- Requires that when advertising a payment amount, the advertisement must also state the cash price of the vehicle, the term, the APR and the cost of borrowing
- Requires that when advertising multiple vehicles with different payment amounts, a representative transaction may be used to disclose the cash price, term, APR and cost of credit for the advertised vehicles

Warranties

In every retail sale of goods or services and every retail hire-purchase of goods or services, the seller is liable under the *CPA* for the performance of all obligations and warranties under the contract and/or under the Act to service or repair goods. This includes an extended warranty contract sold on behalf of another party whether or not the dealer receives remuneration for selling the contract. For example, if a warranty company becomes insolvent, the dealer is liable for the obligations under the warranty contract.

For further information about *The Consumer Protection Act*, contact:

Consumer Protection Office
302-258 Portage Avenue
Winnipeg, MB R3C 0B6
Telephone: (204) 945-3800
Toll-free at 1-800-782-0067
Email: consumers@gov.mb.ca
Website: <https://www.gov.mb.ca/cp/cpo/>

Dealers are responsible for keeping themselves informed about any changes or amendments to the laws governing their industry.

Visit the Manitoba Public Insurance website at: www.mpi.mb.ca