



TOW TRUCK AND STORAGE SCAMS

Tips for Avoiding Tow Truck and Storage Scams

Scams relating to auto insurance can take many forms, but they all have one thing in common – they cost everyone! All policyholders end up paying for inflated or improper payments associated with an insurance claim.

By being an informed consumer, you can help eliminate these scams – and lower auto insurance premiums.

How Do Tow Truck and Storage Scams Work?

A tow truck driver may be paid a referral fee by a vehicle repair or body shop to have damaged vehicles towed there. These types of tow truck drivers are known in the industry as "chasers." A tow truck driver may be breaking a municipal bylaw by recommending a repair shop without being asked. To recover these referral fees, tow truck drivers and vehicle repair or body shops may "pad" their bills. In the end, you and other policyholders end up paying.

Many "chasers" are owned or controlled by vehicle repair shops. Insurance companies may or may not do business with these shops. If your vehicle is towed to a repair shop and you later choose to have it towed to a different shop, you may still be required to pay the original repair shop for the towing service, storage and possibly other administrative fees. These fees can add up to hundreds or even thousands of dollars, and your insurer may not cover these fees. If you or your insurance company refuse to pay them, the Repair and Storage Liens Act permits the vehicle repair shop to sell your vehicle to cover the fees.

What Can You Do?

Be informed. If you require the services of a tow truck driver, know your rights. Here are some tips:

- Some large municipalities (such as Brampton, Hamilton, Mississauga, Toronto and Windsor) licence tow trucks and require drivers to post a municipal licence number on their trucks. If you're in such a community, check if the tow truck has a municipal licence number on its side before you use its services.



- Look to see if the tow truck is affiliated with a reputable company such as an automotive roadside assistance group or automobile association.
- Listen for obvious clues. Does the driver recommend a particular repair facility without being asked? If so, this might be an indication that a referral fee arrangement exists. In some municipalities, making such a recommendation may be illegal.
- Carefully read everything the tow truck driver asks you to sign.
- Ask that your vehicle be taken to a secure location where an adjuster or appraiser from your insurance company can have access to it. Some municipalities require that your vehicle be taken to a Collision Reporting Centre or police station before it goes anywhere else.
- You have the option to choose where to have your vehicle towed to for repairs. Some insurance companies use preferred repair shops where they have an agreement that guarantees your vehicle will be repaired to the highest possible standards. For more information, contact your insurance company.

Protecting Consumers

As of January 1, 2017, tow truck drivers are subject to new requirements under the Consumer Protection Act, 2002. These requirements include, but are not limited to:

- posting towing and storage prices at their place of business and on any existing website,
- providing a detailed invoice of services,
- disclosing any interest in a location to which a vehicle is being towed, and allowing vehicle owners access to remove property from stored vehicles at storage locations without any charge between 8am and 5pm on business days.

For more information visit the **Consumer Protection Act, 2002**.