

# Industry Bulletin

December 28, 2016

## Motor Vehicle Dealer Bulletin Mandatory Fees

This bulletin from Manitoba's Consumer Protection Office (CPO) provides motor vehicle dealers with important information about The Consumer Protection Act and related legislation. It is intended to inform dealers about their legal obligations and ensure compliance.

The CPO is aware that some motor vehicle dealers are not conducting sales according to the law – mainly related to sales advertisements and the sale of additional products and services – using practices that may be in violation of The Consumer Protection Act and The Motor Vehicle Advertising and Information Disclosure Regulation.

If some dealers don't follow or are unaware of the rules, it reflects poorly on the entire industry. We hope the following questions and answers will help dealers to better understand their responsibilities under the legislation.

- **Is it legal for dealers to add fees after the consumer has negotiated a final price?**

This answer has two components.

For advertising:

Manitoba has strict regulations regarding dealer advertising. Any advertisement that includes a price for a vehicle must be an **all-in price**. To add any fee (e.g., administration fees, freight, PDI, mandatory pre-installed product or service, etc.) above the all-in price is illegal.

For the negotiations:

The CPO believes consumers can assume the price they are negotiating is an **all-in price**. They can also assume that any price representations made by a salesperson also reflect an **all-in price** that includes all fees the dealer intends to recoup, except PST and GST.

Dealers should accurately disclose any fees during the negotiation process, not after a purchase price has been established. Any attempt by the dealer to add fees to an established purchase price may be seen as a breach of The Business Practices Act. This includes any fees that may be added in the financing office, which are also considered part of the sales process.

- **Can dealers charge extra for products or services installed prior to a sale, such as anti-theft products or nitrogen in tires?**

If any products or services are pre-installed, any charges for those products and services **must** be included in the advertised and negotiated price. As the dealer, you can decide not to sell a vehicle unless a pre-installed product or service is paid for. In that case, the consumer has the option to purchase the products or services or not. When the CPO receives questions about this from consumers, the advice they are given is that they agree to pay only for add-ons they believe are valuable and wish to purchase.

**Important:** A dealer who states or even infers that products or charges other than PST and GST are mandated by government is making a false, misleading or deceptive statement and could face administrative action by the CPO.

- **What about the sale of additional products and services that are not pre-installed?**

A dealer may sell additional products and services that have value and it is expected that the dealer stands behind these products and services. The dealer must fully and truthfully explain each product and service and allow consumers the right to decline additional items.

If the dealer considers a product or service must be included with the purchase of the vehicle because it has already been installed, then the CPO considers that it must be included in the advertised all-in price and the all-in price negotiated by the salesperson.

The applicable legislation is available online:

- The Consumer Protection Act: <http://web2.gov.mb.ca/laws/statutes/ccsm/c200e.php>
- The Motor Vehicle Advertising and Information Disclosure Regulation:  
[http://web2.gov.mb.ca/laws/regs/current/\\_pdf-regs.php?reg=21/2015](http://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=21/2015)
- The Business Practices Act: <http://web2.gov.mb.ca/laws/statutes/ccsm/b120e.php>

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