

# BMW's bogus fee bumped

In a move likely to send shock waves through the country's motor dealership networks, BMW Financial Services - the car maker's vehicle finance subsidiary - has been ordered by the National Credit Regulator to refund its customers "on-the-road" fees added to their credit agreements.



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Dealerships add this fee, also referred to as a "service and delivery fee" or "dealership fee", routinely to finance agreements without a breakdown of what it covers.

In BMW's case, the fee is between R3000 and R6000.

Asked how many BMW buyers were in line to be refunded, the NCR enforcement manager Jacqueline Peters said the regulator wouldn't know that until BMW Financial Services submitted an audit report, as they were compelled in an NCR compliance order.



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An on-the-road fee is not among the list of extra charges the National Credit Act allows credit providers.

Motor dealerships charge customers a fee for vehicle licensing and registration over and above a fee levied by the state.

Pressed to reveal what the on-the-road fee covers, dealerships list the likes of a pre-delivery check, valet, fuel and even gifts.

The NCR is conducting an industry-wide investigation to root out illegal charges and see consumers refunded or credited, the body told the media yesterday.

When Clint Tomlinson bought a secondhand Volvo S40 from a Durban dealership recently, a R4990 fee for "service, delivery and fuelling" was added to his agreement.



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This was despite the fact that the car had less than R100 worth of fuel in it.

Asked for a breakdown, the dealer principal said the amount covered "preparation of vehicle, certificate of roadworthiness, valet and documentation". But no certificate was ever produced, prompting Tomlinson to say he essentially paid R5000 for a valet.

Approached recently on the issue of the on-the-road fees, neither motor industry ombudsman Johan van Vreden nor Retail Motor Industry Organisation company secretary Gary McCraw would be drawn on the suggestion that the cost of preparing a vehicle for sale ought to be built into its advertised price, rather than added to the deal as an extra cost.

BMW has yet to respond to a request to comment.

*Source: The Times*

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