

## Courtesy cars after an accident

This fact sheet is for information only. You should get legal advice about your personal situation.

### Main ideas

- Some companies will give you a courtesy hire car, because they chase the at-fault person's insurer for payment.
- There are risks if the at-fault driver or their insurer doesn't pay.
- Court action could be started in your name.

### In this fact sheet:

#### Courtesy cars are really 'credit hire'

- Some risks of credit hire courtesy cars

#### Risks if the credit hire company wants to go to court

- You may pay if the credit hire company loses
- You may not be able to chase the at-fault driver for other costs

#### If a credit hire company is chasing you for money

## Courtesy cars are really 'credit hire'

Some companies offer a 'courtesy car' to not at-fault drivers while their car is being repaired. You are generally entitled to a hire car of similar value or type to your damaged vehicle, for a reasonable period.

These credit hire companies often advertise that the car is 'free' to you – the at-fault driver or their insurer will pay. This is an over-simplification.

What is really happening is the not at-fault driver (you) is hiring the car on credit. The credit hire company will then chase the at-fault driver or their insurance company to pay the hire car costs.

If you have already signed up for a courtesy car and you think there has been misleading or deceptive conduct, **get legal advice.**

## **Some risks of credit hire courtesy cars**

Read the agreement carefully and be sure you understand:

- What you are authorising the company to do, on your behalf, for example:
  - communicate with the other driver or their insurer
  - hire lawyers
  - sign documents
  - start court action in your name.
- Your obligations. If you do not cooperate with the credit hire company, they may chase you for all the hire car costs. You may need to:
  - help the credit hire company chase the at-fault driver
  - provide witness statements and other documents
  - attend court to give evidence as a witness.
- What you may need to pay. Will you have to pay the hire costs if the credit hire company cannot recover the hire car costs from the other driver for whatever reason (for example, because the other driver cannot be located) or their insurer (for example, because the insurer declined the driver's insurance claim)?
- What happens if you damage the hire car or someone else's car/property when using the hire car.

## **Risks if the credit hire company wants to go to court**

If the other driver or their insurer refuse to pay the hire car costs, the credit hire company may want to take them to court.

Typically, your hire contract allows them to take the other driver or their insurer to court in your name. The contract will also require you to cooperate (for example, by giving evidence).

## **You may pay if the credit hire company loses**

If the credit hire company loses in court:

- You may have to pay the other side's legal costs (as the proceedings are in your name). These legal costs can be high, particularly if the other side is an insurer. Check your agreement with the credit hire company – will the hire car company pay for any costs order made against you in court.
- You may have to pay some or all of the hire car costs.
  - If the court decides the hire car costs were excessive (more than what you needed), you may have to pay the extra cost.

- Sometimes a credit hire company charges more than the market rates for a car because they provide the additional service to you of chasing the at-fault driver for costs. If they cannot recover this higher rate from the other driver or their insurer, could you end up having to pay the difference?

## **You may not be able to chase the at-fault driver for other costs**

If you are not at fault in an accident, you may have other losses you want to chase the other driver or their insurer for – such as repair costs, towing costs, lost wages (for income-earning cars). [Read our Car Accident when Uninsured fact sheet.](#)

However, it is generally not possible to have multiple court actions about the same matter. If the credit hire company gets a judgment about the hire car costs, you may not be able to start legal action to recover your repair costs.

## **If a credit hire company is chasing you for money**

The not at-fault driver may try to recover reasonable hire car costs from the at-fault driver. The credit hire company is generally authorised to collect those costs on behalf of the not at-fault party.

### **If you have vehicle insurance**

Send all letters from the credit hire company to your insurer and make sure they will handle the matter for you. Get advice if there are any problems.

### **If you don't have insurance**

- If you don't think you were at fault, explain why.
- Ask the credit hire company to show that the hire car costs are reasonable. The costs should be for a hire car similar to the one that was damaged, and only hired for a reasonable time for the damaged car to be repaired. Ask about the daily rate, and how long the car hire was for.
  1. Try to negotiate a suitable agreement with the hire car company.
  2. If you can't pay all at once, negotiate a payment plan.
  3. Get any agreement in writing. Get advice if you're not sure what to do.
  4. If you cannot negotiate a suitable agreement, the credit hire company may start legal action to recover the money. This will add legal fees to what you owe. **Get legal advice.**

## **Need more help?**

Contact the Insurance Law Service on 1300 663 464.

[For a list of other resources, visit our Useful Links page.](#)

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