

Wisconsin Lemon Law

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If a new motor vehicle you bought or leased turns out to be a "lemon", you can request the vehicle manufacturer to replace the vehicle **or** refund you the purchase price. This is known as the Lemon Law, or Wisconsin Statute 218.0171.

The Wisconsin Department of Transportation (WisDOT) cannot resolve your Lemon Law claim for you, but we can provide you more information about exercising your rights under the Lemon Law. Below is an overview of the law and how you can submit a Lemon Law claim to the manufacturer.

Is my vehicle a "lemon"?

If you experience problems with a vehicle soon after your purchase it from a dealership, it's common to refer to the vehicle as a "lemon." However, state law has a specific definition of what constitutes a "lemon" vehicle.

Your vehicle is a "lemon" if all the following statements are true:

- You bought or leased a new vehicle
- The vehicle is a car, truck, motorcycle or motor home or other qualifying vehicle as described below.
- The vehicle developed a defect or defects during it's first year of operation and before the warranty expired.
- The defect seriously harms the vehicle's use, value, or safety.
- One of the following happened during the vehicle's first year of operation and before the warranty expired:
 - » The dealer failed four times to fix the same system defect OR
 - » The vehicle was "out of service" for 30 days or more due to defects

When is a vehicle "out of service"?

A vehicle is considered "out of service" if you are unable to use the vehicle for its intended purpose because of either of the following:

- 1. The vehicle is in possession of the manufacturer, motor vehicle lessor, or an authorized dealer for repair of a defect.
- 2. The vehicle is in your possession but cannot be used because of a defect that seriously affects safety or use of the vehicle **AND** the manufacturer or dealer has attempted to repair the defect on at least two occasions.

What is a defect?

A defect—what the law calls a "nonconformity"—is a problem that seriously affects a vehicle's safety, value, or use and is covered by the manufacturer warranty. Conditions resulting from abuse, neglect, or unauthorized modification or alteration of the motor vehicle are not covered by Lemon Law.

An irritating rattle may not be "serious" enough to qualify under the Lemon Law. A vehicle that is stalling or not running might be.

What vehicles are covered?

The law covers any new car, truck, motorcycle, or motorhome, or other motor-driven vehicle required to be registered under <u>Wisconsin Statute 341</u>, including demonstrator or executive-driven vehicles, that are purchased, leased, or delivered to a consumer in Wisconsin.

Vehicles purchased outside the state of Wisconsin, or purchased online and delivered outside of Wisconsin, do not qualify.

Vehicles such as mopeds, semitrailers or trailers designed for use in combination with a truck or a truck tractor, non-motorized recreational vehicles, off-road vehicles such as ATVs and UTVs, snowmobiles, and boats are not covered by the law.

Qualifying heavy-duty vehicles that have a gross vehicle weight rating or actual gross weight of more than 10,000 pounds, such as trucks and busses, are treated differently under the law. You can lose the benefits of the Lemon Law for heavy-duty vehicles if you enter a negotiated written settlement with the manufacturer.

How long am I covered?

You have 36 months to file a claim, starting from the date of vehicle delivery.

I'm having problems with my car, and I think it might be a lemon. What do I do?

The law requires that you give the manufacturer or dealer a reasonable attempt to repair the vehicle. Report the problems as soon as you can to the manufacturer or dealer and give them a chance to fix it.

Keep vehicle records in case you need to use them to support a Lemon Law claim. These records include:

- Repair Orders from the dealer for every repair visit. Even if the dealer service
 department doesn't diagnose a problem or attempt a repair during the visit,
 have them provide you with a Repair Order. Each Repair Order should list the
 problem(s) you reported, and the dates your vehicle was in for service.
- Dates that your vehicle is out of service, and the defect(s) that caused the vehicle to be out of service on those dates.
- Copies of your motor vehicle purchase contract, warranty information, and any other records related to purchase, repair, or service of the vehicle.

Do not keep records in the vehicle itself, where they may be lost.

My vehicle is a lemon. How do I file a claim?

The law requires that you notify the manufacturer that the vehicle is a lemon and request they either replace the vehicle or provide you with a refund of the vehicle's purchase price.

The department has created a claim form, the Motor Vehicle Lemon Law Notice and Nonconformity Report (MV2691), that you may use to notify the manufacturer. While you are not required to use this form, it includes important language required under the Lemon Law. Please fill out this form completely.

Mail the claim directly to the manufacturer. You can find an appropriate manufacturer address in your vehicle's owner manual, or in your warranty information. The mailing should include:

- The MV2691 Motor Vehicle Lemon Law Notice and Nonconformity Report
- Copies of all Repair Orders
- A cover letter detailing your situation, and the reason for making a claim

We recommend you send the claim by Certified Mail, so you know when the manufacturer receives it.

Do I request a refund or a replacement vehicle?

You can request either a refund of the lemon vehicle, or request the manufacturer provide you with a replacement vehicle.

When you request a refund, the manufacturer must refund the full purchase price of the vehicle plus any sales tax, finance charge, amount paid by the consumer at the point of sale, and any collateral costs. The manufacturer is allowed to deduct from the refund a "reasonable allowance" for use of the vehicle.

This "reasonable allowance" deduction cannot exceed the value obtained by taking the vehicle's mileage reported at the first time the consumer notified the manufacturer or dealer of the defect(s) and dividing that number by 100,000 (or 20,000 in the case of motorcycles).

Example. Vehicle A is a lemon. The purchase price of Vehicle A was \$30,000. Vehicle A had 10,000 miles on it when it was first brought to the dealership for repair of the defect.

$$\frac{10,000 \text{ miles at first reporting of defect}}{100,000} = 0.1 \times \$30,000 \text{ purchase price} = \$3,000$$

The manufacture could deduct up to \$3,000 from the customer's refund as a reasonable allowance for use of the vehicle.

When the manufacturer provides a refund, you must return the lemon vehicle to the manufacturer and provide them the vehicle title, including all endorsements necessary to transfer the title to the manufacturer.

When you ask for a replacement vehicle, the manufacturer shall do one of the following:

- 1. Agree in writing to provide you with a comparable motor vehicle within 30 days after receiving your claim. Then, after providing the consumer this written agreement, the manufacturer has until the 45th day after receiving your claim to deliver the replacement vehicle.
- 2. If the manufacturer is unable to deliver a comparable new vehicle within 45 days of receiving the claim, the manufacturer should refund the full purchase price of the vehicle plus any sales tax, finance charge, amount paid by the consumer at the point of sale, and any collateral costs. There is no reasonable allowance deduction for use of the vehicle.

If you request the replacement of a heavy-duty vehicle, the manufacturer shall do one of the following:

- Agree in writing to provide you with a comparable motor vehicle within 30 days after receiving your claim. Then, after providing the consumer this written agreement, the manufacturer has until the 120th day after receiving your claim to deliver the replacement vehicle.
- 2. If the manufacturer is unable to deliver a comparable new vehicle within 120 days of receiving the claim, the manufacturer should refund the full purchase price of the vehicle plus any sales tax, finance charge, amount paid by the consumer at the point of sale, and any collateral costs. There is no reasonable allowance deduction for use of the vehicle.

When the manufacturer provides a replacement vehicle, you must return the lemon vehicle to the manufacturer and provide them the vehicle title, including all endorsements necessary to transfer the title to the manufacturer.

When you request a replacement vehicle, the manufacturer must provide you with a comparable new vehicle. The comparable new vehicle may not be exactly the same as your original vehicle, e.g. the color of the exterior or interior may be different, but the general trim level and options should be similar.

The manufacturer has denied my claim/has not agreed to provide me with a refund or replacement vehicle. What can I do now?

If your claim to the manufacturer is not successful, you may want to consider using the manufacturer's arbitration program. Arbitration is an informal way to resolve your claim without going to court. Arbitrators decide your case based on information you and the manufacturer provide. Arbitration is free, does not require a lawyer, and you don't need to accept a decision you don't like.

Some manufacturers have **certified** their arbitration programs with WisDOT. If a manufacturer has a certified program, you must use arbitration before you can sue a manufacturer under the Lemon Law. If a manufacturer program is **non-certified**, you do not need to use it. Manufacturers are not required to have an arbitration program.

A complete list of certified and non-certified manufacturer arbitration programs and their contact information is listed below.

I still don't have my claim resolved. What next?

If you cannot reach an agreement with the manufacturer, and arbitration does not solve the problem, you may want to sue the manufacturer using the Lemon Law. You will want to speak with a qualified attorney regarding your claim, as a court may need to decide if your vehicle is a lemon.

Do I need to use an attorney?

At any time in the Lemon Law process, if you need to find assistance from an attorney who handles Lemon Law cases, contact the State Bar of Wisconsin Attorney Referral Service. You can contact them toll-free statewide at (800) 362-9082, or (608) 257-4666. The online WisBar Lawyer Referral and Information Service can also help.

Who else can I call for help?

WisDOT's Dealer & Agent Section licenses and regulates dealer and manufacturers can help resolve disputes about dealer sales and warranties. Contact the Dealer & Agent Section at (608) 266-1425 if you have a complaint against a dealer or manufacturer.

The Dealer & Agent Section cannot resolve your Lemon Law complaints for you, but it will provide you more information about exercising your rights under the Lemon Law.

NHTSA Vehicle Safety Hotline

If you own a car or truck that you feel has a safety defect, you should report the problem to the National Highway Traffic Safety Administration (NHTSA) of the U.S. Department of Transportation (DOT).

The NHTSA Vehicle Safety Hotline receives reports from consumers regarding suspected safety defects in vehicles, car seats, tires, and other vehicle equipment. You can also obtain information regarding air bags, highway safety, and the proper use of car seats. You can report an issue by phone at (888) 327-4236, by email at nhtsa.webmaster@dot.gov, or online through the NHTSA website.

Manufacturer Arbitration Programs

BBB Auto Line

1676 International Drive, Suite 550 McLean, VA 22102 (800) 955-5100

Certified for: Audi, Ford, Lincoln, Hyundai, Kia, Mazda, Volkswagen, Nissan, Infiniti

Non-certified for: General Motors, Bentley, Jaguar, Koenigsegg, Lamborghini, Land Rover, Lotus, Lucid, McLaren, Pagani, Rivian, Lotus, Subaru

National Center for Dispute Settlement

12400 Coit Road, Suite 1230 Dallas TX 75251 (800) 777-8119

Certified for: Acura, Honda, Lexus, Toyota

Non-certified for: Mitsubishi, Tesla, Fiat Chrysler (Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Ram), Fisker

DeMars & Associates Ltd. - CAP-Motors

P.O. Box 1424 Waukesha WI 53187-1424 (800) 279-5343

Certified for: Porsche

Wisconsin Department of Transportation

Dealer & Agent Section c/o Lemon Law Program 4822 Madison Yards Way PO Box 7909 Madison, WI 53707-7909

Phone: (608) 266-1425

Email: WisLemonLaw@dot.wi.gov

Frequently Asked Questions

Q: I bought a used vehicle from a dealership, and I'm having problems with it. Is my vehicle a lemon?

A: Used vehicles do not qualify as a "lemon" under state law. If you are having problems with a used vehicle that you bought from a licensed motor vehicle dealer, you have the right to submit a dealer complaint and allow one of our investigators to help you.

Q: I bought a new vehicle from a dealer in another state, and now I'm having problems with it. Can I submit a Lemon Law claim under the Wisconsin law?

A: Each state has its own version of the Lemon Law. If the vehicle was delivered to you out of state (e.g. you physically picked up the vehicle at the dealership in another state) it will not qualify for Wisconsin's Lemon Law. You will need to contact the state where the vehicle was purchased from to determine how you can file a Lemon Law claim.

Q: I bought a new truck. A week later, I had a spray-on bedliner installed. Now I need to claim the vehicle as a lemon. Will the manufacturer reimburse me for the cost of the bedliner?

A: A manufacturer is not obligated to reimburse a consumer for items purchased after the vehicle was delivered to the consumer.

If the aftermarket parts increase the vehicle's value the manufacturer may, at their discretion, offer compensation for said parts as part of the refund. You would want to discuss this type of compensation with the manufacturer at the time the claim is filed (this may be something you want to include in your cover letter).

If possible, the consumer may instead remove the aftermarket parts, provided their removal will not damage the vehicle or otherwise impair its operation. The consumer cannot leave holes in the vehicle (e.g. removing the radio or leaving holes in the body to remove a side rail), unless the manufacturer agrees to allow the consumer to remove those parts as part of the settlement.

Q: The Lemon Law says that the manufacturer must refund my collateral costs. What is a "collateral cost"?

A: Collateral costs are any expense that you incur in connection with the repair of the nonconformity. The most common collateral cost is anything you must pay to obtain alternative transportation while your own vehicle is being repaired.

Q: I received a replacement vehicle because of my Lemon Law claim. Now my replacement vehicle is also experiencing problems. Does the manufacturer need to provide me with another replacement?

A: The new replacement vehicle would be considered a separate claim. That is, you would need to submit a new Lemon Law claim and start the claim process again from the beginning.

Q: I just received a notification in the mail that my vehicle is subject to a manufacturer recall. The manufacturer doesn't know when the recall will be fixed. Can I submit a Lemon Law claim?

A: A manufacturer recall does not automatically mean your vehicle is a lemon. However, if your vehicle is less than a year old, is experiencing the problem(s) mentioned in the recall, and the dealer or manufacturer is unable to fix the problem(s) after four repair attempts or the vehicle has been out of service more than 30 days due to the problem(s), it may qualify as a lemon.

Frequently Asked Questions (continued)

Q: I bought a used vehicle that has a Manufacturer Buyback brand on the Wisconsin title. Now I'm having problems with the vehicle. Is it a lemon?

A: As part of the Lemon Law claims process, a Manufacturer Buyback brand must be added to the vehicle title after it comes into possession of the manufacturer. The Manufacturer Buyback brand alerts potential purchasers that the vehicle met the requirements of a "lemon" and was returned to the manufacturer.

Vehicles with a Buyback brand are used vehicles, so they will not qualify as a "lemon" a second time.

Q: I bought a used vehicle that has a Manufacturer Buyback brand, but there are no problems with it. My insurance company refuses to cover the vehicle because of the brand. How can I get the brand removed?

A: Buyback brands cannot be removed, even if subsequent purchasers never encounter a problem with the vehicle. Potential purchasers should be aware that the existence of a Buyback brand tends to lower the vehicle's resale value and may impact your ability to insure and/or register the vehicle in your home state.

Q: I'm having problems with my new recreational vehicle. Is there anything I can do?

A: Wisconsin's Lemon Law does not cover pull-behind recreational vehicles (RVs).

DeMars & Associates Ltd. manages the <u>Dispute Resolution Program for Recreational Vehicles</u> (<u>DRP-RV</u>), a nationwide program that provides arbitration with RV manufacturers. Many, but not all, of the most popular RV manufacturers participate in this program.

You may also want to speak with a lemon law attorney, as you may have other rights outside of Wisconsin's Lemon Law in order to seek a resolution.