

HOW TO AVOID FOUR COMMON LEMON LAW RIP-OFFS



Consumer Awareness Guide

Katz & Amar LLP

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How to Avoid Lemon Law Rip-Off No. 1: NEVER sign your rights away in exchange for a minimal compensation offer from the car, motorcycle, boat, or RV company.

We've had consumers contact us about egregious vehicle problems and repair histories, but we can't help them. Why? **Because they signed away all of their Lemon Law and breach of warranty rights**, usually for a lot less than what they're legally entitled to. A common tactic of car, motorcycle, boat, or RV manufacturers is to offer consumers who call to complain about excessive vehicle problems minimal compensation like a warranty extension or reimbursement for one or two months of payments. The problem is that **this compensation comes with a huge catch**. Often times to receive this compensation a consumer must sign a "release" of claims for the entire vehicle repair history and any future problems that may occur. Most consumers do not understand the rights they are giving up, including the right to pursue a Lemon Law or a breach of warranty action in the future if they keep having vehicle problems. Under the law, people are generally deemed to have agreed to what they sign, even if they don't understand all of the terms. Over the years we've seen several unfortunate consumers who signed their rights away like this for minimal compensation when they could have been entitled to a Lemon Law Refund, a New Vehicle, or thousands of dollars in Cash Compensation. If a car, motorcycle, boat, or RV company offers to provide you reimbursement for monthly payments or a warranty extension NEVER EVER agree to sign any document to receive this compensation without having a Lemon Law attorney review the document for you first. It is critical that you know what you are agreeing to and if that's acceptable to you or *before* you decide whether to sign any rights away.

How to Avoid Lemon Law Rip-Off No. 2: When picking up your vehicle after a warranty repair is completed, NEVER leave a repair shop or authorized repairing dealership without being given repair records showing everything that was done to it and listing all of your defect complaints.

A common tactic by repairing dealerships when a vehicle has numerous and/or untimely warranty repairs is not to give consumers all repair records for every repair attempt showing everything that was complained of and repaired. Dealerships do this because they know *the most important type of evidence for Lemon Law and breach of warranty claims is their repair records*. According to the Ninth Circuit Court of Appeals (which covers California) the repair records containing warranty repair information are a legal

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admission of repairs to a warrantable defect that triggers Lemon Law and breach of warranty protection. Although the Lemon Law and breach of warranty laws generally apply to vehicle manufacturers, not selling or repairing dealerships, the dealerships have a business relationship with manufacturers and they often try and shield their business partners from potential Lemon Law or breach of warranty claims. If you don't protect yourself by demanding and keeping track of all your repair records, when you request them later, sometimes records conveniently disappear from the dealership's files or new records are drafted that do not list all of the repair issues and/or blame you for the repair issues. That greatly complicates Lemon Law or breach of warranty claims and makes it much more difficult to prove them when it turns into a he said/she said situation. The frame of mind to have is that if you don't have it in writing it didn't happen because anyone can obviously say anything after the fact. **So NEVER EVER let a dealership get away with not giving you a repair order showing exactly what issues you complained of and what repairs were done when you pick up your vehicle.** When you are given the repair order be sure to review it for accuracy regarding the repair issues described and the time your vehicle was in the repair shop. If there are inaccuracies then request that the dealership fix them right then and there. It is much easier to get a record corrected in the moment rather than at some point in the future. If you encounter this situation, live by the adage that you catch more flies with honey than you do with vinegar—be polite and non-confrontational, but assertive in your request that the full repair records be provided to you and that they are accurate.

How to Avoid Lemon Law Rip-Off No. 3: NEVER sign an out of court Lemon Law representation agreement that charges you for attorneys' fees, has ways you can be charged for attorneys' fees, or allows the attorney to be paid more than you out of a cash compensation settlement.

The State Lemon Law entitles consumers to recover attorneys' fees from vehicle companies for Lemon Law cases that are successfully resolved. The federal Lemon Law also gives consumers the right to recover attorneys' fees from any company that warrants a consumer product. The vast majority of legitimate Lemon Law and breach of warranty cases settle out of court without any lawsuit if you have a reputable Lemon Law attorney. For that reason, do not ever sign an out of court representation agreement that obligates you to pay attorneys' fees. The attorney should be able to recover attorneys' fees as part of any Lemon Law settlement, but many attorneys still find ways to charge their clients anyway. Some common ways attorneys charge people for attorney's fees include:

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- ✓ If there was a settlement where the car, motorcycle, boat, or RV company refused to pay all the attorneys' fees, some attorneys require you to pay the remaining balance;
- ✓ If there was a smaller cash compensation settlement where there was not enough money to cover the attorneys' fee, some attorneys actually end up getting paid more than you even though you are the one who is suffering with a Lemon vehicle.



The only limited exception where you could reasonably be charged for fees is if there is a lawsuit filed. Unlike out of court, where the process takes roughly the same amount of time and work for each case, it is not possible to know exactly how long a lawsuit will take or how much work will be involved once a lawsuit is filed. It can take much more time and work to resolve a court case than an out of court case, which requires

that both the client and the attorney share the financial burden and risk of litigating. So unless your case is one of just a small percentage of Lemon Law or breach of warranty claims that require a lawsuit, you should **NEVER** agree to pay attorneys' fees for representation of an *out of court* Lemon Law or breach of warranty claim.

How to Avoid Lemon Law Rip-Off No. 4: Do not sign any disclaimer of legal rights when you purchase your vehicle.

A common rip-off tactic by Motor Home, boat, and RV companies that happens less frequently with car or motorcycle companies is to have you sign a supposed "warranty registration" form that waives or severely limits your legal rights to compensation and even may force you to go to the State the product is manufactured in to pursue a defective vehicle claim. This is often one of many in a stack of documents that you are told to sign during the sales process and rarely are these unfair and restrictive terms explained or disclosed. Even though the sales process can be long and tedious, do not allow the sales and/or financing people to rush you through the process and make sure to read every document you are signing. Don't just rely on what you are told about documents by sales or financing people. If you see a document that states you are giving up your legal rights refuse to purchase the product unless it is removed. If not, then if

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the product ends up being defective and you seek compensation, the company will use the document you signed against you. Don't fall into this trap!

To receive more information or have your case reviewed by one of our attorneys for FREE, give us a call today!



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