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Submission to the ACCC on behalf of affected Volkswagen owners with faulty vehicles.

Please see below my submission which covers broader issues concerning Volkswagen customers and the many faults we are suffering with our vehicles, along with an account of my personal experience.

1- Volkswagens warranty period

- a. Volkswagen offer a standard 3-year warranty on their new vehicles. However, on their website they also offer the opportunity to purchase an additional 2 year manufacturers warranty. <https://www.volkswagen.com.au/en/owners/warranty.html>
- b. Volkswagen sales staff use this warranty a bargaining chip during new vehicle sales often throwing it in for free as part of the sales package.
- c. Why are some customers being offered 3 year warranties and other customers 5 years?
- d. Why are some owners expected to pay for their repairs after 3 years when other owners get their repairs for free?
- e. Why are Volkswagen customers being charged for an extended warranty when they should already be covered by Australian consumer law?

2- Reliability of Volkswagens vehicle

- a. Vehicles manufactured by Volkswagen have been plagued with defects. These issues go beyond the well-known DSG transmission issues, and the "emissions scandal". Even when covered by warranty, these defects are costing owners money in lost time and resale. Who wants to buy a vehicle that's had multiple repairs in a short period?
- b. Service centres are overloaded with defective vehicles. People are often told they must wait weeks for their vehicles to even be seen, and are then put into loan vehicles which are not comparable to their own vehicles for weeks at a time. Why should someone who purchased a \$40,000 premium vehicle be forced to drive a \$20,000 vehicle while Volkswagen attempts repairs?
- c. Items on the vehicle that fail and are not included in the scheduled service intervals should not be considered "wear and tear."
- d. Any "wear and tear" items should be included in Volkswagens service schedule for the vehicle.

3- Trade ins

- a. Volkswagen offer owners affected by faults, discounts to trade into new vehicles. Consumer law dictates that if a product suffers from a major fault the consumer is entitled to a replacement or a refund, not a discount on a new model.
- b. Volkswagen on sells these faulty vehicles to new owners, which are often out of warranty and without disclosing the full history of the vehicles leaving the new owner subject to the cost of future repairs. This is of major concern as people who are purchasing used vehicles may not be able to cover the HUGE costs of the repairs. We know of many people are being quoted by Volkswagen \$4,000 - \$10,000 to repair late model vehicles that they paid \$10,000 - \$15,000 for.

4- My personal experience

- a. I have owned 2 late model Volkswagens over the last 5 years.

- b. The first vehicle was a 2009 Volkswagen Golf which I purchased in 2012 and kept for 2 years. While in my possession it had \$20,000 worth of repairs.
- c. After many emails, letters, time and a great deal of stress Volkswagen offered me a discount towards a new vehicle. (I was offered \$4000 discount however I know of another consumer who had the same model and issues as me that was significantly more than this) how is it right that some consumers are getting much better compensation for the same issues and model vehicles.
- d. Exhausted and over the stress I accepted and purchased a brand-new Volkswagen Golf valued at \$47,000.
- e. My new Volkswagen has now also had \$15,000 - \$20,000 worth of warranty repairs to date.
- f. In August 2016, I was offered a partial refund, which I did not accept as it left me significantly out of pocket and still owing money on the finance, and I did not meet Volkswagens obligations under the completion and consumers act.
- g. In March, I was forced to collect my vehicle even though my vehicle from the service centre even though all faults had not been repaired when the dealership threatened to report the loan vehicle stolen.
- h. I have asked Volkswagen formally via a letter in March for a full refund. They have again declined to meet their obligations under the competition and consumers act.
- i. My current Volkswagen Golf continues to suffer a range of major and minor issues.
- j. My previous Golf was on sold by the same sales person and same Volkswagen dealership to another customer. Coincidentally I met the new owner (Tom) a few months later who informed me had been quoted \$10,000 to repair the vehicle (he paid \$14,000 for it) for faults that had been there when I owned the vehicle.
- k. The dealership had hidden the repair history when selling the vehicle to Tom, presenting only a perfectly maintained service log book.
- l. It was only after I offered Tom the full history that Volkswagen agreed to repair the vehicle for free, and it went on to have another \$20,000 in repairs in his ownership. (that's \$40,000 of repairs in 4 years for a 2009 model Volkswagen Golf)
- m. Eventually Tom threatened to go to the media they refunded most of the purchase price to him in May.
- n. I am still in possession of a vehicle which continues to suffer a variety of Major (and minor) faults. Its 3-year warranty is due to expire. This is of major concern given my previous Golf had \$20,000 worth of repairs when aged between 3-5 years old.
- o. I cannot sell it as I owe too much finance on it due to carrying over finance from the previous vehicle as I traded it much earlier than originally planned due to its unreliability. Not to mention its value has been significantly affected by the many repairs.
- p. I purchased my current Golf on the promise of Volkswagen that it would be more reliable than my previous Golf. It has not been. I have spent \$44,000 (plus interest) on a vehicle that has caused me just as much stress and anxiety as the vehicle it replaced. It has fallen well short of the expectations and promises.

After almost 5 years and 2 faulty Volkswagens I am yet to reach a fair solution with Volkswagen Australia.

Thank you for taking the time to review this submission.

I am happy to discuss my concerns and experience further.

Regards,

Clint Hogan.