



Australian Government

Australian Financial Security Authority



PPSR

Personal Property
Securities Register

Case study: Yosef's repairable write-off

The Personal Property Securities Register (PPSR) is the national online database of security interests in personal property.

Before buying a car privately, it's important to do a PPSR used car search. A used car search can tell you if a car is safe from possible repossession, has been reported written-off or stolen, or is on the Takata airbag recall list (meaning it could contain dangerous airbags).

A PPSR search costs just \$2 and provides important information to help people protect themselves when buying a used vehicle.

Scenario

Yosef finally found a used car that is exactly what he wants and is within his budget. He met with Dan, a private seller and took the car for a test drive. Yosef then assessed the car against his own car checklist of important things to consider prior to purchase.

Yosef doesn't know how important it is to search the PPSR before buying a used car.

Yosef buys the car and pays Dan cash. They both fill out the transfer papers.

Yosef goes to insure the car, but when he calls his insurer they advise that they will not be able to insure his car as it has previously been written-off.

Yosef rings Dan to ask for his money back, but Dan tells him that the car was a repairable write-off, which has been properly repaired and there was no need for him to mention it. Dan refuses to give Yosef his money back.

What is a repairable write-off?

There are two types of write-offs: statutory write-offs and repairable write-offs.

- **Statutory write-offs** are unable to be repaired and can only be used as spare parts. A car is generally classed as a statutory write-off because it would be unsafe to repair it. This might be due to structural damage (like a bent chassis) or extensive damage.
- **Repairable write-offs** are generally classed as a write-off because the repairs needed are likely to cost more than the market value of the car (like hail damage). Repairable write-offs can be repaired to a particular standard, assessed and re-registered.

Importantly, the market value of a repaired write-off is generally less than a comparable car which has not been written-off. Some insurers will not provide full coverage insurance for a repaired write-off. For late model cars, the factory warranty that came with the car may be void due to the write-off.



What happens to Yosef?

This is a difficult situation for Yosef. Yosef will be left with:

- A car that is probably worth less than what he paid for it.
- A car that can't be covered by insurance (other than compulsory third party). He could still drive the car – however, if he is at fault in an accident and causes damage to his car or another vehicle, he will have to personally pay the full cost of the damages.
- A car that cannot be registered in some states.
- No ability to seek compensation from Dan, the seller. Dan had no obligation to tell him about the write-off.

Could this have been avoided?

If Yosef had searched the PPSR, he would have known the car had been previously written-off. He could have investigated what that meant and chosen to walk away, or negotiated with Dan before agreeing to buy the car.

Used car searches are easy to do, and cost just \$2. Visit ppsr.gov.au/check-my-car to complete the search, and view the results immediately on your smartphone or computer.

What you should know

Sometimes, a written-off car will be cheaper than the average market value for the year and model of the car. Even if the price is reduced, do your homework before you agree to buy and before you hand over any money.

Some states don't allow registration of a written-off vehicle. For example, Queensland allows a properly repaired written-off car to be registered (this is how Yosef came to purchase one), but New South Wales does not. If Yosef moved to New South Wales, he would not be able to register the written-off car in that state. If you are looking at buying a repairable write-off, make sure you will be able to register it where you live.

Common questions

If a write-off has been repaired, that makes it just as good as any other car, doesn't it?

Generally, a repaired write-off car will have a lower market value than a comparable car of the same make and model. This is because of the uncertainty of the damage the vehicle suffered and the extent to which it was repaired. For example, a flood damaged car can be sufficiently repaired to be re-registered, however damage from corrosion caused by the water to electrical and other components may develop over time and not show up as a problem until some years later.

Other issues like the owner's inability to get insurance and not being able to register a repaired write-off in all states also impact the car's value.