

Vehicle Damage And The Law Of “Accelerated Depreciation”

July 28th, 2009

When a vehicle is damaged in a BC car crash and subsequently repaired, the repaired vehicle may have a lower market value than it otherwise would have. Can the owner of such a vehicle be compensated for this loss? The answer is yes and is dealt with under a head of damage known as ‘accelerated depreciation’. Reasons for judgment were released today by the BC Supreme Court dealing with this legal principle.

In today’s case ([Cummings v. Daewoo Richmond](#)) the Plaintiff was injured in a 2008 motor vehicle collision. The Plaintiff purchased a used vehicle from the Defendant Daewoo. Seven days later she lost control of her vehicle and was injured as a result of the crash. Madam Justice Gerow found that the Defendant sold the Plaintiff a vehicle with defective tires. The court then concluded that “*the accident was caused by a loss of friction due to the wear on the rear tires of the vehicle, and that Daewoo has failed to establish that Ms. Cummings’ operation of the vehicle either caused or contributed to the accident.*”

The court went on to award the Plaintiff just over \$38,000 in total damages including \$7,600 for ‘accelerated depreciation’ of her vehicle. I set Madam Gerow’s discussion out of this area of the law below:

Accelerated depreciation

[70] Ms. Cummings is claiming the amount of \$7,600 for accelerated depreciation of the Nissan due to the damage it sustained in the accident. For the following reasons, I have concluded that an award in that amount for accelerated depreciation is appropriate.

[71] The cost to repair the Nissan following the June 2006 motor vehicle accident was in excess of \$13,000. Ms. Cummings tried to trade the Nissan in following the accident but was told by Dean Dodd, the lease manager at the Richmond Honda dealership, that the dealership is not interested in a vehicle that had sustained more than \$5,000 in damage in an accident. Mr. Dodd confirmed that the dealership does not accept cars for trade that have in excess of \$4,000 damage.

[72] Mr. Haffenden testified that the owner of a vehicle that has been involved in an accident where the damages exceed \$2,000 must declare the damages, whether selling privately or to a dealer. In his opinion, the Nissan would have suffered a depreciation of approximately 20% or \$7,600 on the date of the accident as a result of the damage it sustained.

[73] It is not necessary for a plaintiff to sell a vehicle in order to make out a claim for accelerated depreciation. The assessment of a claim for accelerated depreciation should be made on the day of the accident: [Reinders v. Wilkinson](#) (1994), 51 B.C.A.C. 230.