

Step 1. What am I entitled to?

Generally in car accidents, the other party is entitled to recover damages caused by the at-fault party's negligence. The damage in a motor vehicle repair claim is usually made up as follows:

- The lesser of:
 - the cost of the repair; or
 - the market value of the vehicle LESS salvage value

If the car is cheaper to replace than to repair, then you are generally expected to act reasonably and minimise the loss by replacing the car.

- PLUS towing costs
- PLUS hire car costs, lost wages or profits (called “demurrage”)

The costs you can recover are limited to what is ‘reasonable’ given the circumstances, such as the:

- age, make and model of the car
- condition of the car
- availability of car repairers in the area.

If you want to chase the other party to recover your losses, you need to mitigate or minimise those losses. You cannot recover compensation for losses which you ought reasonably have avoided following the accident. This means you must keep your costs reasonable. It is generally advisable to get more than one quote so that you can show that your costs are reasonable. If you want to claim hire car costs, you need to consider what make/model of car would be reasonably comparable to the one that was damaged. If you are considering using a hire car management company (one that gives you a hire car then chases the other party for the cost) – see our [Should I get a courtesy car through a credit hire company? fact sheet](#).

If your car is written off You will be reimbursed the market value of the car, less the salvage value. The market value is what your car was worth if you sold it in the condition it was in just before the accident. It will almost always be less than the value

of your car at the time of purchase as it loses value over time as you use it. For example, if you bought your car for \$20,000 and two years later the car is a total loss, the market value may only be \$15,000 or less. It can be very difficult to work out the market value of a car. If you dispute the market value given to your car, get evidence. Your evidence can include:

- an independent valuation
- advertisements for comparable cars
- estimated value from valuation websites e.g. [Redbook](#), [Glass's Guide](#), or [Drive](#)

The salvage value is how much you can recover if you sold the wreck of the car. If you have further questions about written off vehicles in NSW, contact the [Roads and Maritime Service](#) on 13 22 13. If you need help dealing with the other party's insurer, click on the **"I have other questions"** button below, [email](#) or call the Insurance Law Service on 1300 663 464. If you have a general legal question following a car accident, start by calling LawAccess NSW on 1300 888 529.