

## **Step 1. What happens if the car is written off and on finance?**

If your car is written off and is on finance, your finance company will generally require you to give them the money you get from the insurance company. If you don't, you may be in default of your finance contract. Note: You should check the terms of your finance contract – often the car would be listed as security for the loan. If you are insured, your insurer will usually pay the finance company directly. If you have a policy called 'gap insurance' - this would cover you if there is any gap between the amount you still owe on your loan, and how much is paid out by your car insurer. Gap insurance is often sold by car dealerships as optional 'add-on' insurance when you purchase a vehicle, with the premiums paid in full upfront and listed on your car purchase contract.

If you have a shortfall still owing after your insurance payout, you should talk to your finance company about options, such as a repayment arrangement. If you are experiencing financial hardship and you can't afford to pay, you should speak to a Financial Counsellor. To speak to a free Financial Counsellor, call the National Debt Helpline on 1800 007 007. If you have any questions about write off and finance, [email](#) or call us at the Insurance Law Service on 1300 663 464.