

Step 1. The other party is trying to recover hire car costs

In car accidents, the person at fault is legally responsible for the damages. **What can be claimed** If you are at fault, you must pay the other party (or the insurer) for:

- 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 other party (or the insurer) can only recover what is ‘reasonable’ given the circumstances. Sometimes you may be chased for hire car costs by:

- the other party’s insurer, who is also claiming the other party’s repair costs
- the other party, or
- a credit hire, demurrage or claims management company - see our [What do I do if I receive a demand for hire car costs from a credit hire company?](#) fact sheet.

If you are insured (comprehensive or third party property insurance), you should consider making a claim with your insurer immediately. If you want to make a claim on your insurance, you must allow your insurer to negotiate with the other party (or their insurer). **Dealing with hire car costs where you are not claiming on your insurance** You should ask the other party:

- what was the daily rate and length of hire?
- what was the make/model of the hire car?
- how long the car was at the smash repairer being repaired?

You can get your own evidence about whether the hire car costs were reasonable by:

- checking the rates charged by other car companies in the same area as the

other party for a car that is reasonably comparable to the one that was damaged

- checking whether the time the hire car was used was reasonable by looking at how long the damaged car was off the road, and asking a smash repairer to give you a written opinion about whether the time taken to repair the damage was reasonable.

If the evidence suggests that the costs are unreasonable, you should dispute the amount claimed - see:

- Sample letter [disputing hire car costs](#) on our website

Confirm any settlement in writing You should always get any settlement confirmed in writing. You should also be clear on what it is you are settling – is it all losses arising from the accident, or just the cost of repairs, or just hire car costs. If you only settle the repair cost, you can find yourself being chased later for other costs (e.g. hire car) from the insurer, or the other party directly. To find out how to confirm a settlement, see:

- [Put it in writing](#) on the LawAccess NSW website
- [Sample terms of settlement](#) on the LawAccess NSW website.

If you can't agree on the hire car costs, the other party (or their insurer) can start court action against you in Court. NOTE: Legal costs and Court costs maybe added onto the amount claimed. You can defend the claim by filing a Defence within 28 days. A defence confirms that you deny some or all of the claim and the reasons why. Before filing a defence, you should get legal advice. The Court may also make order that one party pay the other party's costs. For example, the Court may order the losing party pay the reasonable legal costs of the winning party. If you have received court documents, you should get [legal advice](#). You can start by contacting LawAccess NSW on 1300 888 529. You may be able to get free legal assistance from [Legal Aid NSW](#) or your local [Community Legal Centre](#). If you are unable to get free legal assistance, you may need to speak to a private lawyer. To find a private solicitor, contact the [NSW Law Society](#).