

## **Step 1. The other driver is trying to recover hire car costs**

The damage in a motor vehicle repair claim is usually made up as follows:

- Repair cost of the damage caused or the market value of the vehicle, whichever the lesser;
- PLUS towing costs
- PLUS hire car costs, lost wages or profits (called “demurrage”)
- LESS salvage value (if market value of the car is claimed)

All of the costs must be reasonably incurred. The owner of the vehicle damaged in an accident can claim the cost of hiring another vehicle. The vehicle hired must be comparable to the vehicle that was damaged and for a reasonable length of time. Sometimes hire car costs will be demanded by:

1. the insurer who is also claiming the cost of the other party’s repair costs;
2. the other driver as an individual separate to their insurer;
3. Increasingly, “credit hire” or “demurrage” or “claims management” companies may also contact you demanding payment

You should ask the other party:

- What was the daily rate and length of hire?
- How long the car was at the smash repairer being repaired?
- Details as to whether the hire car was comparable to the one damaged in the accident.

If the other party is able to provide some evidence that the car was reasonably equivalent then you may be liable for the hire car costs. If you find that the evidence suggests that the costs are unreasonable you should consider disputing the amount claimed. To do so, use our [“Disputing hire car costs” sample letter](#). You should be trying in your letter to negotiate an outcome such as a full and final settlement offer of a reduced amount as it is likely you owe some of the costs. In the event the hire car costs cannot be negotiated the other party can commence proceedings against you in Court. You have the option to defend the matter in relation to the entitlement to claim and

the amount being claimed. A court would then decide the amount that was owed (if any). You should speak to a lawyer in your own state in the event proceedings are commenced. For contact details and links to state based Legal Aids and CLCs see the [Getting Help Fact Sheet](#).