

Thousands of NSW motorists are having cars captured in an elaborate ransom scam worth millions of dollars

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Thousands of NSW motorists are having their cars captured by tow truck operators and affiliated crash repairers as part of an elaborate, hostage-style racket worth tens of millions of dollars.

A *Sun-Herald* investigation has found that sections of the accident towing industry are exploiting distressed, not-at-fault drivers at crash scenes by convincing them to sign "authority to act" forms.

The quasi contracts then activate a range of scams that involve tow truck operators passing on the vehicles to smash repairers who withhold them until excessive "storage" fees are paid. Rogue repairers are also fixing vehicles without the insurer's knowledge or permission, then refusing to release them until further exaggerated charges have been settled.

The Sun-Herald is aware of one Sydney tow truck operator who is currently holding 11 Sydney motorists to ransom – four of whom have not seen their cars for six months.

Suncorp Group confirmed that last year, it received more than a 100 demands each week from third party repairers or tow truck operators in NSW, at least 70 per cent of which were deemed "inflated".

The rip-off was recently exposed in the NSW Supreme Court where, in a landmark case, two NRMA customers successfully sued a Maroubra smash repairer for refusing to release their vehicles unless they paid storage fees.

NRMA Insurance head of supply chain Steven Bubulj said: "Being involved in a car accident is an emotional and confronting moment. It is abhorrent that someone in that situation would be taken advantage of as part of an opportunistic money making exercise."

The scheme specifically targets not-at-fault drivers because, as a third party, they are not bound by any contractual terms and conditions that exist between the at-fault driver and their insurer. Typically, a tow truck driver arrives at a crash scene brandishing a slip that carries the name of an associated repairer. Once a signature is secured from an often confused and traumatised motorist, it is cited as a contractual agreement that enables unlimited storage costs to be charged by repairers – who, unlike tow truck operators, have no legislative restrictions on what they are allowed to charge. Not only has the racket spread nationally, it is being fuelled by debt recovery agents and lawyers who launch legal action in local courts, knowing insurers will most likely settle than engage in lengthy litigation.

In one recent case, a Melbourne-based woman received notification of a complaint in the Magistrates Court of Victoria for \$5200, which had been issued on behalf of her sister following a minor mishap involving both their vehicles, on a family driveway. However, the sister, who had supposedly instigated the legal

proceedings, was oblivious to both the action and lawyer who had engaged it on her behalf.

In a submission lodged a fortnight ago to the Accident Towing Regulation review that is underway in Victoria, Suncorp's manager of public policy, Duncan Bone, said it was becoming "increasingly common" for pockets of the repair industry to purchase a tow truck business, or establish a "commission-based relationship" with tow truck operators in order to "capture" cars.

Last year, meanwhile, the NSW government held a Motor Vehicle Repair Industry Inquiry in which the NRMA launched a scathing attack on operators whose "real objective" is to "exploit the misfortune of customers' accidents for their own financial gain".

In his submission to the inquiry, the NRMA's executive general manager of marketing, Roy Briggs, outlined a "raft of practices" used by "unscrupulous repairers", including unauthorised repairs as well "unsubstantiated and exorbitant storage and administration fees to staged accidents and hire cars which never existed".

"In some cases, their 'smash repair' business exists only to legitimise the illegitimate and at worst it cloaks illegal activities that must be stamped out."

He wrote that in the majority of cases, customers "quite innocently believe they are obliged to sign such forms and are doing the right thing. The reality is very different".

"What results is a 'hostage' situation where the repairer preys on the customer's stress ... to extract a maximum ransom...to have the car released.

It is understood a towing company in Sydney's southern suburbs, is holding 11 cars, four of which have been detained for six months. It is understood that for the release of the other seven vehicles, the towing company has asked insurers for approximately \$2000 each, in storage and towing fees, to release them. In all cases, the customers had no idea that this would be the ultimate consequence of having their cars towed from crash scenes.

When *The Sun-Herald* asked the company if it was withholding the cars, its secretary said: "There are vehicles that are waiting for the NRMA to pull their finger out and pick up."

He went on to add that under the act, drivers received three days of storage free and his business could then charge \$19 per day. "It's not a lot but after three months, it certainly builds."

When asked if his firm had received any legal demands he said: "No, They (NRMA) just sit in the background, wait for us to sue the customer and then they eventually step in and settle the bill. That's what they do. That's what they have always done."

Suncorp's Mr Bone said: "If drivers take one thing away from this, it's do not sign a thing after an accident until you've spoken to your insurer."

NSW Fair Trading said on Friday it "will undertake enquiries on any complaints made in relation to this issue."