

MODULE 5

PHILIPPINE LEMON LAW

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I. DEFINITION OF THE LAW

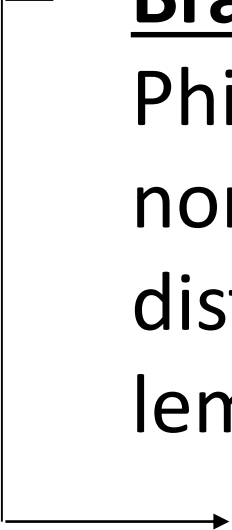
- Also known as RA No. 10642
- Signed by the President on July 15, 2014
- Consumer protection in the purchase of brand-new motor vehicles.
- Applicable to 4-wheeled self-propelled road vehicle designed to carry passengers.

II. COVERAGE

Brand new motor vehicles purchased in the Philippines reported by a consumer to be in nonconformity with the vehicle's manufacturer or distributor's standards or specifications within lemon law rights period.

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Brand new motor vehicles purchased in the Philippines reported by a consumer to be in nonconformity with the vehicle's manufacturer or distributor's standards or specifications within lemon law rights period.

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1. *it is constructed entirely from new parts*
 2. *it is covered, at the time of purchase, by a manufacturer's express warranty that it has never been sold or registered with the Department of Transportation and Communications (DOTC) or an appropriate agency or authority*
 3. *has never been operated on any highway of the Philippines, or in any foreign state or country.*


II. COVERAGE

Brand new motor vehicles purchased in the Philippines reported by a consumer to be in **nonconformity** with the vehicle's manufacturer or distributor's standards or specifications within lemon law rights period.

→ *refers to any defect or condition that substantially impairs the use, value or safety of a brand new motor vehicle which cannot be repaired.*

II. COVERAGE

Brand new motor vehicles purchased in the Philippines reported by a consumer to be in nonconformity with the vehicle's manufacturer or distributor's standards or specifications within **lemon law rights period**.



Refers to the period ending twelve (12) months after the date of the original delivery of a brand new motor vehicle to a consumer or he first twenty thousand (20,000) kilometers of operation after such delivery, whichever comes first.

II. COVERAGE

Any defect or condition resulting from the following causes are **excluded**:

- ☐ Noncompliance by the consumer of his or her obligations under the warranty
- ☐ Modifications not authorized by the manufacturer or distributor
- ☐ Abuse or neglect vehicle
- ☐ Damage due to accident or force majeure

II. COVERAGE

What vehicles are not covered under the Philippine Lemon Law?

Other Road Vehicles

Motorcycles, delivery trucks, dump trucks buses road rollers, trolley cars, street sweepers, sprinklers, lawn mowers

Heavy Equipment

Bulldozers, pay loaders graders, forklifts, amphibian trucks, cranes

Vehicles which run only on rails or tracks, and tractors, trailer and traction engines used for agricultural purposes

III. IMPLEMENTING AGENCY



The Department of Trade and Industry. Regular courts have no jurisdiction, which means that Lemon Law disputes, if filed in regular courts, will be dismissed.

IV. STEPS IN AVAILING CONSUMER RIGHTS

1. Take the vehicle for repair.

If the customer finds a defect in a brand-new motor vehicle, customer must bring vehicle to dealer for repair.

2. Take the vehicle for repair.

3. Take the vehicle for repair.

4. Take the vehicle for repair.

5. Give a written notice

What will the written notice state?

1. The unresolved complaint
2. The consumer's intention to invoke his/her rights under the law.

IV. STEPS IN AVAILING CONSUMER RIGHTS

NOTICE OF AVAILMENT OF LEMON LAW RIGHTS

To: Customer Relations Manager
 Name of Dealership:
 Address of Dealership:

Copy Furnished:
 To: Customer Relations Manager
 Name of Manufacturer/Distributor:
 Address of Manufacturer/Distributor:

This constitutes a notice of my intention to invoke my rights under Republic Act No. 10642 entitled "AN ACT STRENGTHENING CONSUMER PROTECTION IN THE PURCHASE OF BRAND NEW MOTOR VEHICLES", considering the manufacturer, distributor, authorized dealer or retailer, after four (4) separate repair attempts, has been unable to resolve the complaint indicated below.

Description of Complaint	Repair Attempts	Odometer Reading	Date of Delivery by Consumer For Repair	Date of Completion of Repair
	#1			
	#2			
	#3			
	#4			

Vehicle Make: _____ Model: _____ Year: _____

Vehicle Identification Number: _____

Name/Address of Selling Dealer: _____

Delivery Date: _____ Current Odometer Reading: _____

Repair No.	Name and Address of Service / Repair Facility	Date of Repair
1		
2		
3		
4		

I am requesting that you make a final attempt to resolve the said complaint reported above. My contact information is:

Name: _____ Contact No. _____
 Address: _____
 Consumer Signature: _____ Today's Date: _____

IV. STEPS IN AVAILING CONSUMER RIGHTS

6. Bring the Vehicle for Final Attempt Repair

Is there any compensation for customer during repair of the unit or availment of Lemon Law rights?

**Transportation Allowance
from residence to
workplace**

OR

**Service Vehicle at
option of the
manufacturer or dealer**

If the vehicle is not returned for repair within 30 days from the date of notice of release following the final repair attempt, the repair is deemed successful.

However, if NONCONFORMITY PERSISTS, vehicle owner file a complaint with the DTI within Lemon Law Period (after 30-day period)

IV. STEPS IN AVAILING CONSUMER RIGHTS

7. File a Complaint with the DTI

All disputes arising from the provisions of this Act shall be settled by the DTI in accordance with the following dispute resolution mechanisms:

MEDIATION The principles of negotiation, conciliation and mediation towards amicable settlement between the manufacturer, distributor, authorized dealer or retailer and the consumer shall be strictly observed

ARBITRATION is a process of settling an argument or disagreement in which the people or groups on both sides present their opinions and ideas to a third person or group

ADJUDICATION In the event that both parties do not undertake arbitration proceedings, at least one of the parties may commence adjudication proceedings, administered by the DTI.

IV. STEPS IN AVAILING CONSUMER RIGHTS

7. File a Complaint with the DTI

- If proven that the unit is defective, dealer must grant either of the following remedies to the consumer:
 - a. Replace motor vehicle with a similar or comparable motor vehicle in terms of specifications, values, subject to availability
 - b. Accept the return of the motor vehicle and pay the consumer the purchase price plus the collateral charges

In case consumer decides to avail another vehicle from same dealer, he shall pay the difference cost

IV. STEPS IN AVAILING CONSUMER RIGHTS

7. File a Complaint with the DTI

- If proven that the unit is defective, dealer must grant either of the following remedies to the consumer:

- **Reasonable Allowance for Use**
= PP less 20% per annum; OR

$$= \frac{\text{PP} \times \text{distance in kms}}{100,000 \text{ kms}}$$

whichever is lower

- If proven that the unit is not defective, reimbursement of manufacturer's expenses in validating claim will be shouldered by consumer.

IV. STEPS IN AVAILING CONSUMER RIGHTS

SUMMARY

