



43 AMOG/JA



JAG FACTS **VEHICLE LEMON LAW**

WHAT ARE THE BENEFITS OF THE LAW?

The North Carolina New Motor Vehicles Warranties Act (N.C.G.S. 20-351) Lemon Law provides protection to buyers of new motor vehicles. If a new vehicle turns out to be defective and has not been properly repaired after a reasonable number of attempts, the law requires a refund or replacement vehicle. The protections are extended to express warranties and apply to any defect or condition or series of defects or conditions which occurred no later than 24 months or 24000 miles following original delivery of the vehicle.

WHAT ARE THE MANUFACTURER'S RESPONSIBILITIES?

If an owner of a new motor vehicle reports a defect or problem, the manufacturer normally, through its dealer or repairing agent, makes the necessary repairs. If the manufacturer, dealer, or repairing agent has been unable to repair the defect or problem after a reasonable number of attempts, the manufacturer shall, at the owner's option, replace the vehicle or give a refund. When a manufacturer refunds or replaces a motor vehicle, it is also required to refund any reasonable charges the owner may have paid in shipping the defective motor vehicle back and forth to the nearest authorized facility for repairs.

The law encourages the vehicle manufacturers to establish third party arbitration programs. These programs must meet specific standards and have the approval of the Attorney General. Any decisions ordered by the arbitrator are binding on the manufacturer but not on the consumer.

HOW DOES THE LEMON LAW DEFINE A REASONABLE NUMBER OF ATTEMPTS?

The Lemon Law defines "reasonable number of repair attempts" as:

- (1) The same nonconformity has been subject to repair four or more times by the manufacturer, distributor, dealer, or repairing agent during the term of the express warranty or the one-year period after delivery of the motor vehicle to the original owner, whichever period terminates first, but the nonconformity continues to exist; or
- (2) The vehicle is out of service for repair for a total of 20 or more business days during the express warranty term or the one-year period referred to in this section, whichever period terminates first.

WHAT ARE THE EXCEPTIONS?

The defect or problem must substantially impair the use or the market value of the vehicle. The defect or problem must not be the result of alteration, abuse, or neglect by the owner or a person other than the dealer or repairing agent.

Any period of time that repairs are not performed for reasons that are beyond the control of the manufacturer, dealer, or repairing agent is excluded from the 20-day period.

If you choose a refund over a replacement, the refund will not include any accrued finance charges. The manufacturer may also deduct an allowance for your use of the vehicle and for excess depreciation due to damage, neglect, or abuse.

If the manufacturer has an approved informal dispute settlement procedure you will be required to arbitrate your dispute before going to court under the Lemon Law. If the Attorney General has not approved the program, it is your option to arbitrate or to proceed directly to Court.

SOME THINGS TO DO

Read, understand, and follow maintenance requirements contained in the owner's manual. Your driving habits may be considered by the manufacturer as a severe operating condition and may require more frequent maintenance.

If problems develop, contact your dealer as soon as possible to request an appointment for repairs. Give the service advisor a dated note completely describing all of the conditions about which you are complaining.

If it is necessary to have your vehicle towed to the dealership, ask the dealer to provide the service or reimbursement for the expenses. If towing is not provided, keep copies of your bills. The Lemon Law allows for reimbursement of reasonable shipping expenses if the vehicle is declared a lemon.

Keep copies of all repair invoices for maintenance or warranty repairs. The dealer or repairing agent is required by law to furnish a copy of the repair invoice even if the repairs were done under warranty.

If the problems persist and you end up writing the dealer or manufacturer, keep copies of all correspondence. If you make long distance telephone calls, keep your telephone bills and make notes of the names of anyone you talk to and what you discuss.

THE DEALER HAS TRIED FOUR TIMES AND STILL THE PROBLEM PERSISTS. NOW WHAT?

Many auto manufacturers have dispute resolution programs for customers with warranty problems. Some require you to use these programs before you go to court. Read your warranty for more information. You may also wish to see if the Better Business Bureau's dispute resolution service can help, or consider seeking advice from the NC Attorney General's Office Consumer Division.

If you have any questions beyond those answered above, please contact Pope AAF Legal Assistance Office at 910-394-2341.

Updated January 2024, 43 AMOG/JA Legal Assistance Office 910-394-2341. This handout is not intended to take the place of legal advice from a Judge Advocate. Please contact the 43 AMOG/JA for questions and further information.