

Indiana Lemon Law

[Source: Indiana Attorney General's website: www.IndianaConsumer.com]

You're protected from defected vehicles

Indiana's "Lemon Law" (The Motor Vehicle Protection Act) provides protection to consumers who purchase vehicles that don't meet certain basic standards.

Did you buy or lease for personal use:

- A car or light truck?
- Within 18 months of the date the car initially left the dealership?
- With less than 18,000 miles?
- From an Indiana dealer?

What to do if you buy a lemon

- Report the problem within 18 months of initial ownership of the vehicle or before 18,000 total miles, whichever comes first.
- Take your vehicle to an authorized dealer for repair.
- Allow the dealer a reasonable number of attempts to repair. A reasonable number of attempts means your vehicle is subject to **at least four repair attempts OR is out of service due to repairs for at least 30 business days - and the problem still exists.**
- Request a copy of the written repair order every time you take your car to the dealer for repair or examination.
- Per your owner's manual or vehicle warranty, you may be required to send written notice of your problem, along with copies of all repair orders to the manufacturer at the address identified in the owner's manual or vehicle warranty.
- If the manufacturer adopted an informal dispute procedure that has been certified by the Attorney General, you must follow the procedure before you can file a lawsuit under the Lemon Law.

- If notice is NOT required and the manufacturer does not have an informal dispute procedure, you may file a lawsuit without notifying the manufacturer of your claim.
- The manufacturer has 30 days to accept return of your vehicle and, at your option, replace the vehicle or refund your money.
- If the manufacturer does not resolve your claim, you must file a lawsuit within two years from the date you first reported the problem to the dealer.
- If you win the lawsuit, you can recover all your costs and attorney fees.

Replaced or Repurchased vehicles?

The manufacturer is required to obtain a new title with a brand or stamp of "Manufacturer Buyback-Disclosure on File" for all vehicles replaced or repurchased under the Lemon Law. This stamp or brand should remain on the vehicle's title for the life of the vehicle. The first time a dealer sells a replaced or repurchased lemon, the dealer must provide the buyer with:

- Written notice, at the time of sale, that the vehicle was repurchased or replaced under the Lemon Law, and
- A 12-month or 12,000 mile manufacturer's warranty.

People failing to comply with the buy-back disclosure and title branding requirements are subject to enforcement action by the Attorney General's Office. However, the Lemon Law does not permit the Attorney General to represent consumers in seeking a refund or replacement vehicle.

MOTOR VEHICLE PROTECTION

The following statutes represent what is commonly referred to as "The Lemon Law"

TITLE 24, ARTICLE 5

24-5-13-1 Applicability

Sec. 1. This chapter applies to all motor vehicles that are sold, leased, transferred, or replaced by a dealer or manufacturer in Indiana. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-2 "Business day" defined

Sec. 2. As used in this chapter, "business day" means a day other than Sunday or a legal holiday (as defined in IC 1-1-9-1). *(As added by P.L. 150-1988, SEC.1.)*

24-5-13-3 "Buyer" defined

Sec. 3. As used in this chapter, "buyer" means any person who, for purposes other than resale or sublease, enters into an agreement or contract within Indiana for the transfer, lease, or purchase of a motor vehicle covered under this chapter. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-3.4 "Lease" defined

Sec. 3.4. As used in this chapter, "lease" means a contract in the form of a lease or bailment for the use of a motor vehicle by a person for more than four (4) months, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease. *(As added by P.L.24-1989, SEC.25.)*

24-5-13-3.7 "Lessor" defined

Sec. 3.7. As used in this chapter, "lessor" means a person who:

- (1) holds title to a motor vehicle leased to a lessee under a written lease agreement; or
- (2) holds the lessor's rights under an agreement described in subdivision (1). *(As added by P.L.24-1989, SEC.26.)*

24-5-13-4 "Manufacturer" defined

Sec. 4. As used in this chapter, "manufacturer" means any person who is engaged in the business of manufacturing motor vehicles, or, in the case of motor vehicles not manufactured in the United States, any person who is engaged in the business of importing motor vehicles. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-5 "Motor vehicle" or "vehicle" defined

Sec. 5. As used in this chapter, "motor vehicle" or "vehicle" means any self-propelled vehicle that:

- (1) has a declared gross vehicle weight of less than ten thousand (10,000) pounds;
- (2) is sold to:
 - (A) a buyer in Indiana and registered in Indiana; or
 - (B) a buyer in Indiana who is not an Indiana resident (as defined in IC 9-13-2-78);
- (3) is intended primarily for use and operation on public highways; and
- (4) is required to be registered or licensed before use or operation.

The term does not include conversion vans, motor homes, farm tractors, and other machines used in the actual production, harvesting, and care of farm products, road building equipment, truck tractors, road tractors, motorcycles, mopeds, snowmobiles, or vehicles designed primarily for off-road use. *(As added by P.L.150-1988, SEC.1. Amended by P.L.141-1990, SEC.1; P.L2-1991, SEC .84.)*

24-5-13-6 "Nonconformity" defined

Sec. 6. As used in this chapter, "nonconformity" means any specific or generic defect or condition or any concurrent combination of defects or conditions that:

- (1) substantially impairs the use, market value, or safety of a motor vehicle; or
- (2) renders the motor vehicle nonconforming to the terms of an applicable manufacturer's warranty. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-7 "Term of protection" defined

Sec. 7. As used in this chapter, "term of protection" means a period of time that:

(1) begins:

- (A) on the date of original delivery of a motor vehicle to a buyer; or
- (B) in the case of a replacement vehicle provided by a manufacturer to a buyer under this chapter, on the date of delivery of the replacement vehicle to the buyer; and

(2) ends the earlier of:

- (A) eighteen (18) months after the date identified under subdivision (1); or
- (B) the time the motor vehicle has been driven eighteen thousand (18,000) miles after the date identified under subdivision (1). *(As added by P.L.150-1988, SEC.1.)*

24-5-13-8 Repairs to correct nonconformity

Sec. 8. If a motor vehicle suffers from a nonconformity and the buyer reports the nonconformity within the term of protection to the manufacturer of the vehicle, its agent, or its authorized dealer then the manufacturer of the motor vehicle or the manufacturer's agent or authorized dealer shall make the repairs that are necessary to correct the nonconformity, even if the repairs are made after expiration of the term of protection. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-9 Notification of claim; disclosure by manufacturer

Sec. 9. (a) A buyer must first notify the manufacturer of a claim under this chapter if the manufacturer has made the disclosure required by subsection (b). However, if the manufacturer has not made the required disclosure, the buyer is not required to notify the manufacturer of a claim under this chapter.

(b) The manufacturer shall clearly and conspicuously disclose to the buyer, in the warranty or owner's manual, that written notification of the nonconformity is required before the buyer may be eligible for a refund or replacement of the vehicle. The manufacturer shall include with the warranty or owner's manual the name and address to which the buyer must send notification. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-10 Return of vehicle; refund or re-placement

Sec. 10. If, after a reasonable number of attempts, the manufacturer, its agent, or authorized dealer is unable to correct the nonconformity, the manufacturer shall accept the return of the vehicle from the buyer and, at the buyer's option, either, within thirty (30) days, refund the amount paid by the buyer or provide a replacement vehicle of comparable value. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-11 Refund; reasonable allowance for use; incidental costs

Sec. 11. (a) If a refund is tendered under this chapter with respect to a vehicle that is not a leased vehicle, the refund must be the full contract price of the vehicle, including all credits and allowances for any trade-in vehicle and less a reasonable allowance for use.

(b) To determine a reasonable allowance for use under this section, multiply:

- (1) the total contract price of the vehicle; by
- (2) a fraction having as its denominator one hundred thousand (100,000) and having as its numerator the number of miles that the vehicle traveled before the manufacturer's acceptance of its return.

(c) The refund must also include reimbursement for the following incidental costs:

- (1) All sales tax.
- (2) The unexpended portion of the registration fee and excise tax that has been prepaid for any calendar year.
- (3) All finance charges actually expended.
- (4) The cost of all options added by the authorized dealer.

(d) Refunds made under this section shall be made to the buyer and lienholder, if any, as their respective interests appear on the records of ownership. *(As added by P.L.150-1988, SEC.1. Amended by P.L.24-1989, SEC.27.)*

24-5-13-11.5 Refund; determination of reasonable allowance

Sec. 11.5. (a) If a refund is tendered under this chapter with respect to a leased motor vehicle, the refund shall be made as follows:

- (1) The lessee shall receive all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicles, less a reasonable allowance for use.
- (2) The lessor shall receive:
 - (A) the lessor's purchase cost, including freight and accessories;
 - (B) any fee paid to another to obtain the lease;
 - (C) any insurance premiums or other costs expended by the lessor for the benefit of the lessee;
 - (D) sales tax paid by the lessor; and
 - (E) five percent (5%) of the amount described in subdivision (2)(A);

less the total of all deposit and lease payments paid by the lessee to the lessor, including all credits and allowances for any trade-in vehicle.

(b) To determine a reasonable allowance for use under this section, multiply:

- (1) the total lease obligation of the lessee at the inception of the lease; by

the lessee to the lessor, including all credits and allowances for any trade-in vehicle.

(b) To determine a reasonable allowance for use under this section, multiply:

- (1) the total lease obligation of the lessee at the inception of the lease; by
- (2) a fraction having as its denominator one hundred thousand (100,000) and as its numerator the number of miles that the vehicle traveled before the lessor's acceptance of its return. *(As added by P.L.24-1989, SEC.28.)*

24-5-13-12 Reimbursement of fees; refinancing agreement for replacement vehicle

Sec. 12. (a) If a vehicle is replaced by a manufacturer under this chapter, the manufacturer shall reimburse the buyer for any fees for the transfer of registration or any sales tax incurred by the buyer as a result of replacement.

(b) If a replaced vehicle was financed by the manufacturer, its subsidiary, or agent, the manufacturer, subsidiary, or agent may not require the buyer to enter into any refinancing agreement concerning a replacement vehicle that would create any financial obligations upon the buyer less favorable than those of the original financing agreement. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-13 Towing and rental costs; reimbursement

Sec. 13. Whenever a vehicle is replaced or refunded under this chapter, the manufacturer shall reimburse the buyer for necessary towing and rental costs actually incurred as a direct result of the nonconformity. *(As added by P.L. 150-1988, SEC.1.)*

24-5-13-14 Retention of vehicle until refund or replacement

Sec. 14. A buyer has the option of retaining the use of any vehicle returned under this chapter until the time that the buyer has been tendered a full refund or replacement vehicle of comparable value. The use of any vehicle retained by a buyer after its return to a manufacturer under this chapter must, in cases in which a refund is tendered, be reflected in the reasonable allowance for use required by section 11 of this chapter. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-15 Correction of nonconformity; number of attempts or time limitation; extension due to strike

Sec. 15. (a) A reasonable number of attempts is considered to have been undertaken to correct a nonconformity if:

- (1) the nonconformity has been subject to repair at least four (4) times by the manufacturer or its agents or authorized dealers, but the nonconformity continues to exist; or
- (2) the vehicle is out of service by reason of repair of any nonconformity for a cumulative total of at least thirty (30) business days, and the nonconformity continues to exist.

(b) The thirty (30) business day period in subsection (a)(2) shall be extended by any period of time during which repair services are not available as a direct result of a strike, a period of civil unrest, a fire, a natural disaster, a terrorist attack, an act of God, or an act of war. The manufacturer, its agent, or an authorized dealer shall provide or make provision for the free use of a vehicle to any buyer whose vehicle is out of service by reason of repair during a strike, a period of civil unrest, a fire, a natural disaster, a terrorist attack, an act of God, or an act of war.

(c) The burden is on the manufacturer to show that the reason for an extension under subsection (b) was the direct cause for the failure of the manufacturer, its agent, or authorized dealer to cure any nonconformity during the time of the event. *(As added by P.L.150-1988, SEC.1. Amended by SEAS37-2013, § 82, eff. 7/1/2013.)*

24-5-13-16 Refusal to repair or diagnose; written repair order

Sec. 16. (a) A manufacturer, its agent, or authorized dealer may not refuse to diagnose or repair any vehicle for the purpose of avoiding liability under this chapter.

(b) A manufacturer, its agent, or authorized dealer shall provide a buyer with a written repair order each time the buyer's vehicle is brought in for examination or repair. The repair order must indicate all work performed on the vehicle including examination of the vehicle, parts, and labor. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-18 Affirmative defenses

Sec. 18. It is an affirmative defense to any claim under this chapter that:

- (1) the nonconformity, defect, or condition does not substantially impair the use, value, or safety of the motor vehicle; or
- (2) the nonconformity, defect, or condition is the result of abuse, neglect, or unauthorized modification or alteration of the motor vehicle by the buyer. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-19 Informal procedure participation required

Sec. 19. This chapter does not apply to any buyer who has not first resorted to an informal procedure established by a manufacturer or in which a manufacturer participates if:

- (1) the procedure is certified by the attorney general as:
 - (A) complying in all respects with 16 C.F.R 703; and
 - (B) complying with any other rules concerning certification adopted by the attorney general, including but not limited to the requirement of oral hearings, pursuant to IC 4-22-2; and
- (2) the buyer has received adequate written notice from the manufacturer of the existence of the procedure. return. *(As added by*

Adequate written notice includes the incorporation of the informal dispute settlement procedure into the terms of the written warranty to which the motor vehicle does not conform. *(As added by P.L.150-1988, SEC.1. Amended by P.L.24-1989, SEC-29.)*

24-5-13-20 Rights and remedies not limited

Sec. 20. This chapter does not limit the rights or remedies that are otherwise available to a buyer under any other applicable provision of law. *(As added by P.L.150-1988, SEC-1.)*

24-5-13-21 Civil action

Sec. 21. A buyer may bring a civil action to enforce this chapter in any circuit or superior court. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-22 Recovery; cost and expenses; attorney's fees

Sec. 22. A buyer who prevails in any action brought under this chapter is entitled to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses, including attorney's fees based on actual time expended by the attorney, determined by the court to have been reasonably incurred by the buyer for or in connection with the commencement and prosecution of the action. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-23 Statute of limitations; period tolled during informal proceedings

Sec. 23. (a) An action brought under this chapter must be commenced within two (2) years following the date the buyer first reports the nonconformity to the manufacturer, its agent, or authorized dealer.

(b) When the buyer has commenced an informal dispute settlement procedure described in section 19 of this chapter, the two (2) year period specified in subsection (a) is tolled during the time the informal dispute settlement procedure is being conducted. *(As added by P.L.150-1988, SEC.1.)*

24-5-13-24 Liability not imposed upon dealer

Sec. 24. Nothing in this chapter imposes any liability on a dealer or creates a cause of action by a consumer against a dealer, and a manufacturer may not, directly or indirectly, expose any franchised dealer to liability under this chapter. *(As added by P.L.150-1988, SEC.1.)*