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# CAR NEXT DOOR DAMAGE POLICY

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Last Modified: January 2019

The purpose of this policy is to provide a clear and simple framework for action in the unlikely event of damage to a Vehicle listed with Car Next Door.

This policy is a guideline only, and is not binding on Car Next Door. In the event of a conflict between this policy and the Member Agreement or Owner Agreement, the Member Agreement or Owner Agreement will prevail.

**Note:** This Damage Policy only applies to damage that is covered under the Member Agreement or Owner Agreement. It is important that you read the Member Agreement and Owner Agreement and understand the circumstances where Our Insurance Policy does not provide cover for damage to a Vehicle.

In this document, capitalised terms have the meaning given in the Member Agreement and Owner Agreement.

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## What does this policy cover?

This policy explains who is responsible for damage to Vehicles listed on the Car Next Door platform, and how repairs are organised and paid for.

Where this policy refers to 'damage', it does not include wear and tear. See the Schedule for examples of wear and tear.

**Car Next Door's insurance policy does not provide cover for wear and tear to a Vehicle. Borrowers are not responsible for repairing wear and tear.**

## Checking for damage: Borrowers' and Owners' responsibilities

### Borrowers' responsibilities

At the **start and end** of each Booking Period, Borrowers must:

#### **1: Inspect the Vehicle for damage**

#### **2: Take and upload photos of the Vehicle.** The photos must:

- **Capture a clear image of all sections of the Vehicle** including the exterior panels on the bonnet, front, back, passenger side, roof and driver's side, and the interior of the Vehicle.
- **Be taken even if the Booking begins or ends outside of daylight hours**, in which case the Borrower should use a flash or other available lighting in order to capture the clearest possible images of the Vehicle.
- **Be uploaded via the Car Next Door app or website within 48 hours of the end of the Booking Period** in the original, unedited and in the highest resolution form available. If the upload function is not available then the member must email their photos, unedited and in the highest available resolution, to [members@carnextdoor.com.au](mailto:members@carnextdoor.com.au) within 48 hours of the end of the Booking Period.

### Owners' responsibilities

Owners must:



- inspect their Vehicle for damage regularly (as soon as possible after each Booking Period and at a minimum once each week); and
- report any identified damage to Car Next Door as soon as it is discovered.

## Reporting damage that occurs during a booking

[If a Vehicle is damaged when a Borrower is in possession of the Vehicle, then the Borrower must inform Car Next Door as soon as possible and provide a description and photographs of the damage.

## Who is responsible for damage?

Members are responsible for any damage that occurs while they are in possession of a Vehicle, except in some cases of mechanical and tyre damage, as set out below.

**The Borrower** is considered to be in possession of a Vehicle from:

- in the case of an Instant Key Vehicle, the time they unlock the Lockbox or access the Vehicle at the commencement of a Booking until they lock the Vehicle, return the key to the Lockbox (other than in the case of a Vehicle with keyless entry) and end their Booking; and
- in the case of a Key Handover Vehicle, the time they collect the key for the Vehicle at the commencement of the Booking until they lock the Vehicle, return the key as required by the Agreement and end their Booking.

This period may not match exactly the time for which they have made a Booking for the Vehicle (for example, if the Borrower picks the Vehicle up late or returns it early).

To partially offset the time spent by Car Next Door and/or the Owner in organising the repair of damage caused by, or attributed to, a Borrower, the Borrower will be charged an inconvenience fee as set out in the Fee Schedule (<https://www.carnextdoor.com.au/fee-schedule>).

These fees will count towards the Borrower's Damage Cover Liability ("DCL") amount, so that the Borrower's total liability will not exceed his or her DCL.

**The Owner** is considered to have possession of the Vehicle at all other times.

### Disputes about when certain damage occurred

Each Borrower is responsible for taking and uploading photos to document the condition of each Vehicle that they Book, at the start and end of their possession of the Vehicle. Owners are responsible for checking their car and reporting damage to Car Next Door.

If an Owner reports damage to their Vehicle and it is unclear who caused the damage, then the last Borrower who had possession of the Vehicle will be responsible for the damage, unless:

- they show that the damage happened before they took possession of the Vehicle, through photos taken when they took possession of the Vehicle, in which case this process will be repeated in respect of prior Bookings; or



- they show that the damage happened after they ceased to have possession of the Vehicle, through photos taken at the end of their Booking Period (and after they finished driving the Vehicle), in which case the Owner is responsible.

If, after this process is complete, the damage cannot be attributed to any Borrower who had the Vehicle in the 42 days before the damage is reported, then the Owner may continue to review older trip photos and if they find photos that show that the damage happened during a Borrower's trip, they may communicate with that Borrower in respect of the repairs - but Car Next Door will not assist with any investigation of, or recovery of payment for, damage that happened more than 42 days before it was reported.

To illustrate the operation of this policy:

**Scenario 1:** an Owner reports damage and it is unclear who caused the damage. The last Borrower did not upload any photos at the end of their trip.

**Result:** the last Borrower will be responsible for the damage (up to their DCL).

**Scenario 2:** An Owner reports damage and it is unclear who caused the damage. The last Borrower's start-of-trip photos show that the damage was already there before they drove the Vehicle. The process is repeated for the prior Borrower. The prior Borrower's end-of-trip photos show that the damage was not there when they left the Vehicle. The Owner had possession of the Vehicle between Bookings.

**Result:** The Owner is responsible for the damage (up to their DCL) (because the damage must have occurred between the two Borrowers' trips).

**Scenario 2:** An Owner reports damage and it is unclear who caused the damage. The last Borrower (Borrower 1) uploaded start-of-trip photos showing that the damage was already there before they drove the Vehicle. The process is repeated for the prior Borrower (Borrower 2). Borrower 2 did not upload any photos before or after their trip.

**Result:** Borrower 2 is responsible for the damage (up to their DCL). This is the case even though the Owner had possession of the Vehicle between Bookings.

**Scenario 3:** An Owner reports damage and it is unclear who caused the damage. After reviewing all of the trip photos from Borrowers who had possession of the Vehicle in the 42 days before the damage was reported, it is shown that the damage occurred earlier in time.

**Result:** The Owner may continue to review photos further back in time to see if they can find out when the damage occurred, but Car Next Door will not assist.

Car Next Door will administer this policy in order to determine who is responsible for damage. In the case of a dispute, Car Next Door may (but is not obliged to) mediate the dispute.

Car Next Door does not take responsibility for any unattributed damage.

## Responsibility for damage to mechanical components

The owner is responsible for faults, wear and tear and breakdown of mechanical or electrical parts, except where mechanical or electrical damage is proven to have been caused by misuse of the Vehicle by a particular, identified Borrower, in which case that Borrower will be responsible for the full cost of the repairs.



However:

1: If:

- a) a mechanical or electrical component or moving part fails before reaching its expected lifespan, and
- b) that failure is suspected to be due to Borrowers' use of the vehicle, but
- c) responsibility for the damage cannot be attributed to any particular Borrower,

then Car Next Door may, after investigation and at our absolute discretion, consider making an ex-gratia contribution to the cost of repairs. Whether to make any payment in these circumstances, and the amount of any payment, will be at Car Next Door's discretion. Car Next Door will not contribute to any repair costs if there is evidence of an inherent fault or defect with that type of Vehicle or component.

2: If:

- a) a Vehicle part fails for any reason, and
- b) further damage to the Vehicle is caused by a Borrower failing to notice, observe or respond to warning lights or other signs that a reasonable and prudent driver would have noticed, observed or responded to, or otherwise by the Borrower acting other than as a reasonable and prudent driver in response to the Vehicle part failure,

then responsibility for the damage to the Vehicle may be shared between the Owner and the Borrower.

The Owner will be fully responsible for repair or replacement of the part that failed. If further damage is caused by the Borrower, Car Next Door will request an independent investigation from a qualified expert to determine (acting as an expert and not as an arbitrator) in what proportions the Borrower and the Owner should bear responsibility for the damage and cost of repairs, and the expert's decision will be final.

## **Responsibility for Tyre Damage**

Any punctures or other damage to a tyre caused by driving over foreign objects will be the responsibility of the Member who was in possession of the car at the time. That Member will need to cover the cost of repairing or replacing the tyre.

Any punctures or damage to the tyre that are caused by wear and tear (see below) will be the responsibility of the Owner, even if they occur during a Borrower's Booking. The Owner will be responsible for covering the cost of repairing or replacing the tyre in these cases.

Regardless of the cause of the flat or puncture, a Member who drives with a flat tyre will be responsible for any resulting damage to the wheel or Vehicle.

## **Lost, stolen or unreturned keys**

If a Vehicle key is lost, stolen or not returned by a Borrower, the Borrower will be charged the costs of cutting keys and recoding the locks so that the missing key will not work in the ignition, but not the cost to replace lock barrels.



## Repairs

If a Vehicle is damaged such that its safety or reliability is compromised, the Vehicle must be made unavailable for Bookings until the damage is repaired.

In any other case, the Owner may choose whether or not to have the damage repaired.

### Organising repairs

Car Next Door will organise the repairs (with the assistance of the Owner where necessary) unless the Owner chooses to have the repairs done by their preferred repairer, in which case:

- a) the Owner's chosen repairer must send digital photos and a quote to Car Next Door's online assessor for review and approval; and
- b) the \$25/day payment described below ("Payment to Owner when their car is unusable due to Borrower fault") will not apply, because Car Next Door cannot manage the timing of those repairs.

The choice of repairer and approval of repairs will be arranged between Car Next Door and the Owner. A Borrower who is liable for damage will not be entitled to review or approve quotes.

### Paying for repairs

If Car Next Door organises the repairs, then Car Next Door or its insurer will pay the repairer directly.

If the Owner organises the repairs then they will pay the repairer directly, and send the invoice to Car Next Door for reimbursement. However, Car Next Door will only pay up to the amount approved by our online assessor. If the Owner's preferred repairer charges more, then the Owner will be responsible for paying the difference.

### Delays to the repair process caused by Owner

If, in Car Next Door's reasonable opinion, delays caused by the Owner increase the costs of the repairs or result in other additional costs, these may be passed on to the Owner. This includes, but is not limited to:

- a) the Owner failing to respond to Car Next Door's emails or to provide requested information within 3 business days of a request; or
- b) any action or inaction by the Owner that delays the progress of the repairs.

## Payment to Owner when their Vehicle is unusable due to Borrower fault

Where the Owner is unable to use their Vehicle (for example, because the Vehicle is unroadworthy or unsafe or because driving it will exacerbate damage) as the direct result of damage caused by a Borrower, Car Next Door may in its discretion pay the Owner \$25 per day for up to 28 days, starting on the later of:

- the day that the Owner reports the damage to Car Next Door in writing; or
- the first full day on which the Owner is unable to use the Vehicle;



and ending:

- 28 days from the start date, or
- on the day on which the Vehicle is repaired; or
- on the day on which Car Next Door makes an offer to the Owner in settlement of a written-off Vehicle,

whichever is the earlier.

The amount will be credited to the Owner's account in a single lump sum after the end of this period.

This amount is not payable in relation to mechanical issues or where the Owner chooses to have the repairs done by their preferred repairer.

## Insurance claims and Damage Cover Liability (DCL) payments

Car Next Door may ask Members to:

- submit a Collision or Damage Report Form; and
- provide any other information or assistance required for us to make a claim under our Insurance Policy.

Car Next Door will charge the Member the estimated cost of the repairs, up to his or her Damage Cover Liability amount. A separate DCL applies to each separate incident of damage. The Member may choose to pay this as a charge to their Car Next Door account using the payment card on file, or by payment directly to our bank account:

**Account name:** Car Next Door Pty Ltd

**BSB:** 112879

**Acc:** 467716133

Please use your Member number and a short description of what the payment is for as the reference, then take a screenshot of the confirmation of payment page (or save or print the page to PDF) and email it to [members@carnextdoor.com.au](mailto:members@carnextdoor.com.au).

## Dispute Resolution

If any dispute arises between Members in relation to further damage to a Vehicle caused by a Borrower in response to a Vehicle part failure (see the paragraph headed "Responsibility for damage to mechanical components"), if a qualified expert undertakes an independent investigation then the expert's decision will be final.

Otherwise, if any dispute arises between Members or between a Member and Car Next Door in relation to damage to a Vehicle or mechanical issues, Car Next Door's [Complaints and Member Dispute Resolution Policy](#) will apply. The Complaints and Member Dispute Resolution Policy is available on our website.





Car Part	Examples of wear and tear
Windshield/Windows	<ul style="list-style-type: none"> <li>• 1 or 2 minor chips, bullseyes or stars (not in direct field of vision)</li> <li>• Aging of rubber around windshield/windows</li> </ul>
Rims/Tyres	<ul style="list-style-type: none"> <li>• Minor scuffing</li> <li>• Tyre aging</li> </ul>
Interior: Trim, Upholstery, Carpets, Controls	<ul style="list-style-type: none"> <li>• Normal Soiling to seats and carpets (caused by normal use)</li> <li>• Normal odours</li> <li>• Minor scuffing and wear to surfaces</li> </ul>
Paint/Body	<ul style="list-style-type: none"> <li>• Minor scratching – scratches less than 25mm in length and shallow, no more than 2 per panel, and hairline scratches</li> <li>• Minor touch-ups or minor flaking of paint</li> <li>• Dents - less than 20mm diameter, no paint surface penetration and no more than 2 per panel</li> <li>• Minor stone chipping on hood, lower doors, wheel guards</li> <li>• Rust or corrosion</li> </ul>
Moulding/Grille/Bumpers/Mudflaps. Wheel hubs/rims and hubcaps	<ul style="list-style-type: none"> <li>• Minor parking damage - scuffing, light scratches</li> <li>• Minor stone chipping</li> </ul>
Underbody	<ul style="list-style-type: none"> <li>• Minor dents and deformations</li> <li>• Detachment of all or part of the Engine Splash Shield.</li> </ul>
Mechanical or electrical	<ul style="list-style-type: none"> <li>• Wear to engine, brakes, clutch or suspension, or component or assembly failure (e.g. engine or transmission failure)</li> <li>• Damage or malfunction of radio/stereo system, air conditioning, electric windows or other electrical components</li> <li>• Battery that is too old to be recharged</li> <li>• Borrowers will not be responsible for mechanical damage where the part is past its minimum useful life as per the manufacturer's guidelines.</li> </ul>

## Schedule: Wear and tear

The items listed are examples only and not an exhaustive list of damage that constitutes wear and tear and which is excluded from cover.

