

# Changes to pre-estimated liquidated damages

From 1 January 2022, the maximum amount of pre-estimated liquidated damages (PELD) that a motor vehicle dealer may charge is five per cent.

Dealers should not be asking for this amount as a default position.

The cancellation cost has to be a genuine and reasonable assessment of likely losses as a result of the deal not proceeding.

**A consumer is entitled to receive their full deposit back and should not be charged any pre-estimated liquidated damages if:**

- The contract is broken because the dealer has breached their obligations.
- The consumer withdrew their offer before the dealer accepted.
- The consumer cannot meet their contractual obligations despite taking all reasonable steps to do so.

**Need to know more about PELD and contracts?**

Go to [www.dmirs.wa.gov.au/vehicle-contracts](http://www.dmirs.wa.gov.au/vehicle-contracts)



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