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ASSOCIATES

**Link Warranties Limited (In Liquidation)
(‘Link’)**

Memorandum to Policy Holders

21 April 2011

LIABILITY OF POLICY HOLDERS FOR MOTOR VEHICLE REPAIRS

We are aware that a number of Policy Holders have been approached by motor vehicle repairers for payment for the repairs undertaken on their vehicles in the time leading up to the liquidation of Link.

On behalf of the Policy Holders we provide general guidelines on the issue, which are summarised below.

Please note this is not intended to be a legal opinion, as there will be differing circumstances that will impact on each claim. It is provided as a general guidance only, and you should seek your own advice if you are unable to reach agreement with the motor vehicle repairer.

1. The key to the matter is whether the repairer can claim a lien over a Policy Holder’s vehicle. A lien gives the person undertaking work the right to hold goods worked on until the work on those goods has been paid for.
2. A repairer therefore has a right of lien over any vehicle it has worked on that is in its possession, and is able to require payment from the Policy Holder prior to releasing the vehicle, but only for the work carried out at the time on that specific vehicle.
3. The repairer has no right of lien over any vehicle it has released. It may only claim from the owner any amount previously agreed by the Policy Holder, that is additional to the warranty claim, that remains unpaid. For example, this would include any work done by the repairer that is not covered by the warranty, as agreed at the time of booking the repair, together with any excess payable on your Policy. Any amount that was to be met by Link under its warranty remains as a claim against Link, and cannot be claimed from the Policy Holder.

As advised above, in the event you are unable to reach agreement with the repairer you should seek independent legal advice.

Chris Horton
Liquidator