fact sheet

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This document is for general information and is not legal advice.

Debt—car accidents

A claim for damages is different to other kinds of debt – someone claims that you have caused damage and requires you to pay the cost to compensate them for the damage. Most often this arises from a car accident. If you were not insured, the other party or their insurance company may claim against you for damage to the other car.

If you have received a demand for payment for damages there are two issues to consider.

- Do you accept responsibility for the damage?
- Is the amount claimed reasonable?

If you are not sure whether you are responsible, you should get legal advice immediately.

If you accept that you are responsible, then you still need to be satisfied that the amount claimed is reasonable. For a car accident, you should ask for copies of repair invoices to show the detail of the amount that is being claimed against you.

If you accept liability for the accident and you are not insured, depending on your circumstances you can either:

- If you can access a lump sum, offer it as full and final payment of the debt, even if it is less than the insurance company is demanding; or
- Ask the insurance company for an affordable payment plan; or
- Request a waiver of the debt.

Insurance companies that have signed the General Insurance Code of Practice are obliged to act fairly and in a considerate manner towards you, and to consider flexible payment arrangements if you are experiencing financial difficulty.