

Motor traders and trade insurance



Contents of document:

- Motor traders
- Open or 'trade' insurance

Motor traders

Motor Traders should note that, whilst there is a relaxation of the requirements for registration, the law requires that they are obliged to register themselves as the keeper with the DVLA as soon as the vehicle is used on the road, unless it was legitimately used under a "trade licence" with trade plates displayed (or three months after they acquire it, whichever is the sooner).

A motor trader must notify DVLA Swansea that they are the new keeper of the vehicle by way of the new keeper slip on the V5C Registration document. This MUST be done on whichever date is the earliest of

- a) The day on which the motor trader first uses, or permits to be used, the vehicle on a public road otherwise than under a trade licence
- b) The day on which he first keeps the vehicle on a public road
- c) The three months after the date on which the vehicle was last kept by a person who was not a motor trader.

This is as required by the provisions of the Road Vehicles (Registration and Licensing) Regulations 2002

Motor traders will be required to submit a completed [V62 application](#) and the V5C, minus the Motor Traders Supplement V5C(3), to the DVLA, for which there is no charge. If they are not in possession of the V5C, a payment to DVLA may also be required. In this case the V62 will be submitted via the Post Office and proof of posting obtained.

Open or 'trade' insurance

If it is intended to reclaim the vehicle by using an open, or 'trade' policy please be aware that stringent enquiries will be made to check that the policy is valid and has been legitimately obtained – for example, that the policyholder is a legitimate trader.

Where a motor trader is trying to reclaim the car using an open trader insurance policy then the following will need to be complied with before it is accepted;

- Produce stock books or work books as required under **Regulation 6 of the Motor Vehicles (Compulsory Insurance) (Information Centre and Compensation) Body Regulations 2003** to show the vehicle was in their care and control at the time of seizure.
- If the vehicle has been in the care and control of the policy holder for less than 14 days the policy holder is obliged by law to keep a record of every vehicle which is used under the open certificate, this record will confirm when ownership took place.
- If the vehicle has been in the care and control of the policy holder for more than 14 days the policy holder is obliged by law to notify the insurance company of the acquisition of the vehicle. Therefore the vehicle and/or the driver must be listed on the policy at the time of production.

Guidance for reclaiming a seized vehicle

- Where the driver is an alleged employee and is driving a customer's vehicle then the motor trader will need to produce audited accounts and PAYE returns to substantiate the fact that the driver was employed by the motor trader at the time of seizure. NB open trader insurance policies will not normally cover employees to drive their own vehicles.
- Where a motor trader produces stock books or work books and evidence of their activity within the motor trade but is not VAT registered then all the documentation will be copied and forwarded to HMRC for their information and further action.

Trade policies rarely, if ever, provide cover for the purposes of reclaiming a vehicle seized by a public authority unless the "trader" owned the vehicle or had it under their care or control at, or before, the time of the seizure.

If the vehicle was in the ownership or control of the "trader" at the time of the seizure, it is likely that the "trader" may have committed the offence of "permitting" the driver to use the vehicle whilst uninsured or unlicensed. Accordingly, the "trader" may expect to be reported for this offence. If convicted of the offence, permitting uninsured or unlicensed use of a vehicle carries the same penalty as applies the person who was driving.