

Many times, insurance companies will declare a damaged vehicle a salvage vehicle. This usually happens when it has been in an accident or damaged by a natural disaster, such as a hurricane. In North Carolina, a vehicle may be defined as a salvage vehicle if repairing it would cost more than 75% of the vehicle's fair market value.

Insurance companies that declare your car totaled, for example, will send you money for its market value. You can choose to keep the car after your claim is paid, or assign the title to the insurance company. Once they own the car, they can keep it, junk it, or sell it. If the damage has not completely ruined the car, often they will fix the car and sell it at auction.

In North Carolina, the insurer or dealer that sells a salvaged vehicle must disclose its status to the buyer in writing. To conceal damage is a misdemeanor punishable by fines.

However, there is a gray area: if the buyer repairs the vehicle, he or she may apply for a new certificate of title. When the car is sold again, it has a clean title. Consumers must protect themselves from forged titles, switched VIN numbers, and other efforts to conceal damage by unscrupulous salvage yards and auto dealers.

For more information regarding salvage vehicles in North Carolina, call the Department of Transportation, Division of Motor Vehicles, Salvage Office at (919) 861-3500.

Consumer Protection

When you buy a used vehicle, there are a number of steps you can take to protect yourself. First, get the car's VIN if you can. There are companies that can access the national VIN database. That way, you can learn about the vehicle's history for a small fee.

You can also run a vehicle history report for a reasonable fee. If you can't get the VIN, ask the dealer for a copy of the dealer's warranty. When purchasing from an individual or repair shop, you can ask for the maintenance records from the car. Look for anything suspicious.