



DIMINISHED VALUE

OF GEORGIA

Can I Collect Diminished Value On A Leased Car?

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Diminished Value describes the loss of market value of a car that has been to an accident and is repaired, where the owner of a vehicle can claim a DV from the insurance company. However, this often becomes complicated for those who lease their vehicles, because most insurance companies argue that you are not eligible to assert that kind of claim since you don't own the vehicle.

So, the question now becomes is it the lessee or the lessor who is harmed by the diminished value of the vehicle? First, it is important to keep in mind that regardless if the vehicle is yours or leased, it suffers diminished value. When the contract ends, you may be charged so the responsible party/insurance company may need to cover the loss in value before the return of the vehicle. If it was a third-party that caused the accident, neither the lessee or lessor are responsible for the DV.

On the other hand, the lessee is still contractually obligated to pay the same monthly lease payment, even though the car is now worth less than the original retail price. There also exists the chance of the lessor or the dealership trying to hold them liable for the lost value when returning the car.



When leasing, it's sometimes difficult to know what to do when the lease term is up and you are thinking about buying your vehicle. Here are a few things to consider. While some lessors will hold you to the contract price even if they know there's been an accident, most of them will negotiate a lower purchase price - especially if they've already settled a diminished value claim, so it may be best not to purchase the vehicle if they hold you on the pre-accident value.

Therefore, if a third party damages your leased vehicle, it's important to discuss this with them directly. It's equally advisable to find out how they handle DV payment after an accident and how it is going to be handled at the end of the contract. Notifying them of problems during your lease term is essential. If you fail to communicate with them and notify them beforehand, problems may arise in the future.