

Consumers for Auto Reliability and Safety • CALPIRG

NEWS • NEWS • NEWS

For immediate release: Monday, June 12, 2000

Press contacts: Rosemary Shahan, CARS, 530-759-9440
Dan Jacobson, CALPIRG, 916-448-4516
More info. at www.carconsumers.com

California Auto Lemon Index Finds Saturn Stellar in Satisfying Customers Ford owners squeezed in lemon disputes VW, Hyundai “Most Improved”

SACRAMENTO—Flanked by the owners of exasperating, sometimes unsafe, new-car lemons, lawmakers and consumer groups today released the 5th annual California Auto Lemon Index, ranking auto manufacturers on their performance in satisfying customers without lemon disputes. They also called for passage of legislation to improve consumer protection for small business owners and for all consumers who are sold new vehicles that have life-threatening safety defects.

Saturn*, consistently the best manufacturer in the Lemon Index, once again outshines its competition in satisfying customers and avoiding disputes over lemon automobiles. During 1999, Saturn sold 13,764 cars per lemon dispute. VW and Hyundai, both companies that scored poorly in past indexes, showed remarkable improvement. VW sold 1,026 per lemon dispute, and Hyundai sold 969—performing better than GM, DaimlerChrysler, and Ford.

Ford ranks worst in the new Lemon Index. Ford owners were about 37 times more likely to end up in lemon disputes than consumers who bought Saturns.

The Lemon Index reflects only those disputes that are not resolved prior to a decision by an arbitrator. The Lemon Index is based on data the auto manufacturers submit to California agencies. The Index includes only car companies that sold over 10,000 new autos in the state during 1999 and also offer arbitration programs certified by California's Department of Consumer Affairs for resolving disputes. Together, those manufacturers sold 1,257,418 new autos, or 67% of the 1,861,671 new vehicles purchased in California last

year. Kia, ranked nearly worst in 1997 and worst in 1998, no longer offers a certified program in California, thus evading inclusion in the Lemon Index.

Toyota is the largest-selling manufacturer in California that fails to offer a certified arbitration program. Toyota does offer a program, but it is not certified for fairness. In the past, a Department of Consumer Affairs survey found that Toyota's program was considered unfair by 80% of the consumers who used it in an attempt to gain relief.

Lawmakers and consumer groups urged passage of legislation to improve protection for auto lemon owners under California's auto lemon law.

"No one should have to risk their life—or their family's lives—over and over again," said Senator Byron Sher (D-Palo Alto), author of SB 1718, designed to tighten protection under California's lemon law when consumers are sold vehicles with life-threatening safety defects.

"California, once a leader in lemon law protection, has fallen behind other states," said Assembly Majority Leader Kevin Shelley (D-San Francisco), co-author of SB 1718. "It is time for California to join the mainstream in protecting consumers from unsafe cars, and protecting small businesses and working people from faulty products."

"The Lemon Index helps consumers sort the lemons from the peaches," said Rosemary Shahan, President of Consumers for Auto Reliability and Safety, sponsors of SB 1718. "Some auto manufacturers are putting the squeeze on lemon owners," said Dan Jacobson of CALPIRG, the California Public Interest Research Group.

A dozen other states allow only 1 or 2 attempts to repair a life-threatening safety defect before a new car is presumed to be a lemon. Current California law allows 4 repair attempts. "Four attempts is too many, when lives are at stake," said Senator Sher. SB 1718 would allow only 2 attempts to repair a defect when it is "likely to cause death or serious bodily injury if the vehicle is driven."

Many other states also provide protection to small business owners, while California stops short of protecting those who use their vehicles solely for business, for example a landscaper who leases a truck to haul plants, or florists who buy a few vans for delivering flowers. SB 1718 would expand lemon law protection to assist small business owners and self-employed entrepreneurs who register up to 5 vehicles in California.

Consumers from Orange, Elk Grove, and San Jose described the frustration they have experienced due to their lemon automobiles. Deanna Becker of Orange, the mother of three children, paid about \$28,000 for a new 1998 Ford Explorer XLT. Soon afterwards, it began to die in traffic without

warning. When the power went, the steering locked up, and braking became extremely difficult, causing sometimes harrowing near-misses in heavy traffic. The chronic defect has proven elusive, despite at least 6 attempts to fix the hazardous condition.

Becker finally stopped driving the Explorer after it nearly caused a head-on collision, while her newborn baby was riding with her. While Ford eventually agreed it is a lemon, it has withheld payment of a refund to the Beckers. The Explorer has been sitting on the dealership lot since last November, while the Beckers have to continue to make payments, to preserve their credit. "I call it the Deathtrap," said Cole. "I will never put myself or my children in it again. In fact, I am worried about what Ford will do with it. No one else should have to go through what we have gone through."

Jodi Cole of Santa Clara told about her \$56,000 lemon 1997 E 320 Mercedes that has been plagued by a host of electronic problems. It intermittently failed to lock or unlock, sometimes significantly delaying Cole's ability to get into her own car. The heater and air conditioner either blasted away at the highest setting or failed to work at all. The radio changed volume erratically, and warning lights came on without reason. Despite having its instrument control panel repeatedly replaced, the car is still unreliable. The Coles are reluctant to drive their car, which has only around 15,000 miles on it.

Despite a unanimous jury verdict declaring the Coles' car to be a lemon, and ordering Mercedes to refund their money, Mercedes still refuses to comply. Mercedes is one of the auto manufacturers that fails to provide any arbitration program at all, as an alternative to litigation. Cole, who has owned three Mercedes, said she will never buy another one. "If I had to get from here to New York, and the only car I could use was a Mercedes, it would be a long walk," said Cole.

Michael and Marcelle Powers of Elk Grove, owners of a GM Chevrolet Suburban, and parents of three children, described how their Suburban pulls to one side when the brakes are applied. Despite numerous attempts to fix the problem, including alignments, and replacement of many major components, the strong pull continues to plague the vehicle.

"This is a very frightening defect," said Powers. "This should be a priority item to take care of, when peoples' safety is at stake." Although the dealership confirmed the Suburban has a serious problem, GM still resisted a repurchase until Powers finally hired an attorney.

* While Saturn is related to GM, Saturn's CEO Cynthia Trudell states that Saturn "legally remains an independent entity," according to a recent report in the *Washington Post*. Saturn also reports its arbitration program's performance to the California Department of Consumer Affairs separately from GM.

#