

Towing the Line: Ontario's New Towing and Vehicle Storage Laws – Close, But Not Quite Right

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Introducing the Towing and Storage Safety and Enforcement Act, 2021

Introduced on January 1, 2024, Ontario's [Towing and Storage Safety and Enforcement Act, 2021](#) (TSSEA) has brought significant changes to the province's towing and vehicle storage industry. This new law aims to address issues within the industry that have been cause for concern for a while, such as overcharging, lack of transparency, and inconsistent service standards. One of the reasons this new legislation is critically important to the equipment finance industry is that towing and vehicle storage service charges can form a lien under Ontario's [Repair and Storage Liens Act](#), which can prime a prior secured lender.

Before the TSSEA, towing and vehicle storage services were regulated through different bylaws in twenty municipalities. Now, the TSSEA aims to create a fairer system and protect consumers province-wide. However, as we'll discuss, there's still room for improvement.

Scope and Application of the TSSEA

The TSSEA applies to almost everyone in the towing and vehicle storage business in Ontario. If you offer towing services, call yourself a tow operator or tow truck driver, or provide vehicle storage services, you need a valid certificate from the provincial Director of Towing and Vehicle Storage Standards (Director).

Consumer Protections Introduced

The TSSEA introduces several consumer protection measures to make things fairer and more transparent. Here are some key points:

- **Rate Transparency:** Operators must submit their maximum rates to the Director, who can reject rates that are too high. These rates are [published online](#).
- **Estimates:** Consumers can get free estimates for towing and vehicle storage services.
- **Consent:** Operators need documented consent before providing any services, so consumers know what they're agreeing to.

Cassels

- **Invoices:** Operators must provide itemized invoices before demanding payment.
- **Complaints Reporting:** Anyone can [report a concern or file a complaint online](#) with the Ministry of Transportation.
- **Refunds for Non-Compliance:** If an operator charges more than allowed under the TSSEA, they must refund the extra amount.

Room for Improvement

While the TSSEA is a step in the right direction, there's still work to be done. For example, the Minister of Transport can set maximum charges for towing and storage services, but no such caps have been introduced yet. This leaves consumers relying on the Director's discretion to manage unreasonable charges.

The Director considers various factors to determine if rates are unreasonable, including what other operators charge in the same area. This means operators can still charge high rates if their peers do the same. To better protect consumers, a ministerial cap on rates would be more effective.

Conclusion

It remains to be seen whether the TSSEA will achieve its goal of creating a fairer and more accountable towing and vehicle storage industry in Ontario. To truly protect consumers, additional regulations might be needed.

If you have any questions about the TSSEA and how it might affect your business, please do not hesitate to contact the authors of this article or any member of our [Banking & Specialty Finance Group](#).

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