

Extended warranty sales increase as motorists hold on to cars

As household finances continue to be squeezed, and motorists hold on to their cars for longer, sales of extended warranties are beginning to soar according to experts.

Warranty Direct, the leading direct consumer warranty provider, has seen a 28 percent increase in demand for its mechanical breakdown insurance on four-year-old vehicles since the end of April.

According to a recent YouGov poll, at least 1 in 2 drivers admit they will hold on to their cars longer than planned due to the increased strain on household expenses.

The traditionally accepted ownership cycle is three years. This September, more than 417,000* will emerge from the comfort and protection of the manufacturer's warranty.

During 2007, average repair bills stood at £276.47, but rose as high as £5,297**, on unforeseen and unwanted remedial work. With depreciation adding to the equation, and inflation hitting its highest level for 16 years, Warranty Direct says hanging on to a four or five-year old car and protecting it with cover rather than buying a brand new model could save thousands.

Table showing costs for Audi A4 1.9 Tdi

Costs	1-year old car	4-year old car
Depreciation***	£6,388	£2,628
MOT***	N/A	£53.10
Annual service	£249.40	£302.56
Warranty Direct cover	N/A	£357
TOTAL	£6,637.40	£3,340.66

Table showing costs for Ford Focus 1.6

Costs	1-year old car	4-year old car
Depreciation***	£6,727	£1,386
MOT****	N/A	£53.10
Annual service	£152.42	£174.80
Warranty Direct cover	N/A	£263
TOTAL	£6,879.42	£1,876.90

“Even when you add the cost of the MOT service required for cars aged over three and the cost of our extended warranty cover, you can still save an absolute packet by not

buying new,” said Warranty Direct managing director, Duncan McClure Fisher. “In today’s economic climate, it’s the only sensible thing to do.”

Last autumn, Warranty Direct became the first company to protect motorists against faults discovered during routine MOT tests and servicing. Similarly, it also includes cover on Consequential Loss and was the first to remove policy clauses excluding wear and tear from cover.

With cover starting from as little as £15 a month, visit www.warrantydirect.co.uk or call freephone 0800 731 7001 for more information.

ENDS

* <http://www.smmmt.co.uk/articles/article.cfm?articleid=11241>

** most expensive claim paid out for by Warranty Direct in last 12 months, for complete engine replacement on Audi A4 Sport TDi Cabriolet

*** Based on information from Parkers.co.uk

**** MOT costs source: http://www.direct.gov.uk/en/Motoring/OwningAVehicle/Mot/DG_4022514

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