

SECTION 2 — COMMERCIAL LIENS ACT



Module 1 — Introduction to the Commercial Liens Act (CLA)

What Changed, Why It Matters, and How It Affects Towing & Repairers

Opening Narration

Narrator:

Welcome to Section 2 of the ILO Administration for BC Towing and Recovery Operators course. In this section, you'll learn everything you need to know about the **Commercial Liens Act**, (CLA) the law that now governs your rights and how it relates to towing, repairing, or storing a customer's vehicle.

The CLA replaces the old **Warehouse Lien Act (WLA)**, and modernizes how commercial liens work in British Columbia.

This new Act aligns BC with national best practices and provides clearer rules about when you can hold a vehicle, when you must release it, how to notify owners and lenders, and how to sell an unclaimed vehicle legally.

Let's begin with an overview of what the Act does — and why it matters for the towing and repair industries.

Lesson 1 — Why the Commercial Liens Act Was Introduced

Narrator:

The former Warehouse Lien Act was over 70 years old and no longer aligned with:

- Modern business practices
- Electronic documentation
- PPSA (secured lending and financing) law
- The realities of automotive repair and towing

The CLA was introduced to:

1. **Standardize lien rules across industries**
2. **Clarify priority between towers/repairers and secured lenders**
3. **Provide modern notice requirements**
4. **Enable fair and transparent sale processes**
5. **Reduce legal ambiguity and disputes**
6. **Better reflect how today's towing and repair operations work**

For towers and repairers, the CLA creates both **new powers** and **new responsibilities**.

Lesson 2 — What is a Commercial Lien?

Definition (Simple Version):

A **commercial lien** is a legal right to retain possession of someone else's goods — such as a motor vehicle — until the charges for towing, storage, or repairs are paid.

Under the CLA, a lien may arise from:

- Towing a vehicle
- Storing a vehicle
- Repairing or diagnosing a vehicle
- Transporting goods
- Performing services that add value or incur expense to the vehicle

This is called a **possessory lien**, meaning:

You must have physical possession of the vehicle for the lien to remain valid.

We will explore this more deeply in Module 3.

Lesson 3 — Who the CLA Applies To

The CLA applies broadly to anyone who:

- **Tows** a vehicle
- **Transports** goods
- **Stores** vehicles or equipment
- **Repairs, services, or enhances** the value of goods
- **Recovers** vehicles from accident scenes or private property

This includes:

For Tows

- Police-directed towing
- Private property towing
- Accident towing
- Storage operations
- ICBC and insurance-authorized towing
- Long-term storage (e.g., unclaimed vehicles)

For Repairers

- Auto repair shops
 - EV repair specialists
 - Body shops
 - Dealership service departments
 - Specialty repairers (e.g., glass, mechanical, transmission, welding)
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Lesson 4 — The CLA's Relationship to Other Laws

Understanding how the CLA interacts with other legislation is essential:

1. Motor Vehicle Act (MVA) – Impoundments

Impounds under s.251 or IRP are *not* subject to the CLA — they follow RSBC rules. However, they may be enforced through the CLA.

2. Personal Property Security Act (PPSA)

Secured lenders (banks, leasing companies) often have a financial interest in the vehicle. The CLA clarifies **priority rules** when a tower or repairer claims a lien.

3. Civil Resolution Tribunal (CRT)

The CRT has jurisdiction over many disputes between consumers and automotive businesses. This includes disputes arising out of a lien or refusal to release a vehicle.

4. Insurance Legislation

Repairers and towers often interact with insurers; the CLA helps ensure invoices and releases are legally consistent.

The CLA ties these laws together through a **modern, cohesive framework**.

Lesson 5 — Key Terms Operators Must Know

The CLA uses terminology that has specific legal meaning. Here are the most important terms towers and repairers will rely on:

Goods

Any tangible personal property — including motor vehicles, trailers, equipment.

Lien Claimant

The tower, repairer, or storer who holds the lien.

Debtor

The person owing the charges — often the registered owner, but not always.

Secured Party

A bank, leasing company, or finance company with a registered PPSA lien.

Possession

Physical control of the goods.
If possession is lost, the lien is usually lost.

Proceeds

Money received from sale of the lien vehicle.

These terms form the foundation for how the CLA works.

Lesson 6 — What the CLA Improves for Towers & Repairers

Compared to the old Warehouse Lien Act, the CLA:

✓ Provides clearer notice requirements

Including how to serve owners and secured lenders.

✓ Aligns with PPSA rules

Better protecting your priority in many common scenarios.

✓ Clarifies sale procedures

Including advertising, timelines, and surplus handling.

✓ Defines rights during disputes

Including limits on unreasonable charges or conduct.

✓ Provides stronger legal footing

Because the Act is now aligned with modern commercial realities.

This module explains these improvements in practical, operational terms.

Lesson 7 — What This Section Will Teach You

By the end of Section 2, you will understand:

1. When you legally have a lien

And when you don't.

2. How to maintain a lien

Including possession, documentation, and communication.

3. How to notify owners and lenders properly

Including PPSA search procedures.

4. How lien priority works

A key issue for vehicles financed or leased.

5. How to legally sell a vehicle

Through the CLA's disposition process.

6. How to handle special scenarios

Accidents, police tows, private property disputes, unauthorized repairs, abandonment, and more.

This knowledge protects towers and repairers from legal risk and ensures compliant operations.

Lesson 8 — Summary

Narrator:

To recap:

- The **Commercial Liens Act** governs how towers and repairers assert liens.
- It modernizes a very old law and brings BC in line with PPSA standards.
- It applies broadly to towing, repair, and storage services.
- It strengthens lien rights but also increases responsibilities — especially around notice and sale.
- The rest of this module will break these processes down step by step.

In the next module, we'll look at exactly **when a lien arises**, and the rules that determine whether a lien is legally enforceable.