



Memorandum to the Transport Select Committee

**Post Legislative Assessment of the
Vehicle Registration Marks Act 2007**

**Presented to Parliament by the
Secretary of State for Transport,
by Command of Her Majesty
July 2012**

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MEMORANDUM TO THE TRANSPORT SELECT COMMITTEE

Post Legislative Assessment of the Vehicle Registration Marks Act 2007

Introduction

1. This memorandum provides a preliminary assessment of the Vehicle Registration Marks Act 2007 and has been prepared by the Department for Transport for submission to the Transport Select Committee. It will be published as part of the process set out in the document Post Legislative Scrutiny – the Government’s Approach (CM 7320) (as published by the previous administration).

Objectives of the Vehicle Registration Marks Act 2007

2. The Vehicle Registration Marks Act 2007 received Royal Assent on 19 July 2007. The purpose of the Act was to amend the Vehicle Excise and Registration Act 1994 to allow a vehicle keeper to pass entitlement to the vehicle’s registration mark to another person when the registration mark is first placed on retention.

3. Once the initial right of retention had been granted it was non-transferrable unless the person holding entitlement to the registration mark wished to pass their entitlement to another party via the then existing nominee arrangements.

4. There is an active market in vehicle registration marks. This has increased each year. The table below shows the figures for Cherished transfers and retention applications from 2006/07 through to 2010/11.

Financial Year	Cherished Transfers	Retentions	Total
2006/07	293722	226133	519855
2007/08	294896	263729	558625
2008/09	275601	237212	512813
2009/10	274160	264448	538608
2010/11	301603	292093	593696

5. Under the cherished transfer scheme the registered keeper of a vehicle is able to transfer the registration mark directly from one vehicle to another. Additionally, the keeper can remove the

registration mark from the vehicle and hold it on retention for 12 months until they are ready to transfer it to another vehicle. Holding a vehicle registration mark on retention effectively removed the registration mark from use until it is assigned to another vehicle. The retention is held in the name of the registered keeper of the donor vehicle (grantee). The right of retention can be extended for further 12- month periods indefinitely.

6. Only the registered keeper (grantee) is entitled to have the mark assigned to another vehicle. If the grantee wishes to sell a right to use the registration mark to another person while the mark is held on retention, he/she can give the purchaser 'nominee' status but cannot transfer his/her right of retention. The grantee may change the name of the nominee while the registration mark is held on retention and must supply nominee details to DVLA for inclusion on the Retention Document. It is only through the act of the grantee exercising his right of retention that the retained registration mark is assigned to the nominee's vehicle and whereby entitlement to use the registration mark passes to the nominee.

Rationale for government intervention

7. The previous arrangements were inflexible. They were drawn up very tightly in 1983 to counter problems with abuse of the system. It is the Agency's view that the safeguards resulting from electronic links with the vehicle record meant that these arrangements had become unduly restrictive.

8. The only person entitled to put a registration mark on retention was the registered keeper of the donor vehicle. Once on retention, the registration mark can only be assigned to a vehicle registered in the name of the grantee or that of a nominee. As entitlement to the registration mark cannot be passed on while the number is held on retention the nominee has no legal entitlement to the registration mark before its assignment, by the grantee, to his vehicle. While this requirement safeguarded a person's right to a registration mark, it created difficulty as the grantee could not dispose of his entitlement to the registration mark, but most remain involved in the process until the registration mark is properly assigned to the nominee's vehicle.

9. Similarly, if a vehicle keeper wished to sell entitlement of the registration mark to a dealer, the dealer could not take control of the number he purchased. The matter was further complicated if the dealer wished to hold the number in stock until he had a buyer for it. The grantee had to be contacted each time the entitlement needed to be extended or if the addition or change of a nominee was required. This created an administrative burden for those trading in registration marks and prevented the grantee from concluding the sale quickly.

10. Also, the nominee relied on the integrity of the grantee to assign the number as agreed. There was potential for fraud and financial loss should the grantee renege on the agreement with the nominee.

Implementation

11. The provisions of the Act were commenced progressively on and from the date on which Royal Assent was received.

Conclusion

12. The changes simplified the process of buying and selling registration numbers for both dealers and individuals without compromising the legislative safeguards against registration number fraud. It allowed the registered keeper of a vehicle (the grantee) to withdraw from the process by transferring their entitlement to use a registration mark to another person of their choice at the time the mark was first put on retention.

13. Throughout the local office network a small study was undertaken to retrieve an average percentage for customers who were benefitting from the legislative changes. There was just over 1,000 transactions conducted daily and of these an average of 10% utilized the new arrangements. There have been no dis-benefits identified as a result of these changes. However, due to an ever changing environment, DVLA keeps the criteria of this scheme under constant review to ensure it meets the expectations of our customers and stakeholders and continues to deliver good customer service.



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