

VW offers diesel owners \$1,000 in gift cards and vouchers

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In this Sept. 22, 2015, file photo, the Volkswagen logo of a car is photographed during a car show in Frankfurt, Germany. A dealer familiar with Volkswagen's plans says the automaker intends to offer \$1,000 in gift cards and vouchers to owners of smaller diesel cars as a gesture of goodwill to owners with 2-liter four-cylinder diesel engines that have been implicated in an emissions cheating scandal. (AP Photo/Michael Probst, File)

Volkswagen is offering \$1,000 in gift cards and vouchers as a goodwill

gesture to owners of small diesel-powered cars involved in an emissions cheating scandal.

The offer announced Monday goes to owners of 482,000 cars in the U.S., many who are angry at the company because they paid extra for the cars to be environmentally sensitive without losing peppy acceleration.

VW is working on a fix for the cars, which are equipped with software that turns on pollution controls during government tests and turns them off while on the road. The U.S. Environmental Protection Agency says the cars, with 2-liter four-cylinder diesel engines, emit 10 to 40 times the allowable amount of harmful nitrogen oxide while being driven.

The offer also includes free roadside assistance for the diesel vehicles for three years.

"We are working tirelessly to develop an approved remedy for affected vehicles," said Michael Horn, VW's U.S. CEO, said in a statement. "In the meantime we are providing this goodwill package as a first step towards regaining our customers' trust."

VW said that its Audi luxury brand would launch the same program on Friday.

Meanwhile, Germany's Transport Ministry said Monday that of the 2.4 million vehicles being recalled for fixes in Germany, regulators "currently expect that approximately 540,000 will also need hardware changes" as well as software changes. It says Volkswagen will inform owners of the details.

The company is recalling 8.5 million 2009-2015 model year cars with the software across Europe, starting next year. It says about 11 million cars worldwide have the software.

Also Monday, Fitch, the credit rating agency, downgraded Volkswagen's debt by two notches to reflect the potential financial costs of the scandal as well as the management problems that led to the crisis in the first place.

The downgrade follows a similar move by Moody's last week. Fitch cited the "possibility of further problems still to be uncovered" by the company's internal investigation as well as "relatively weak corporate governance."

To get the gift cards and vouchers in the U.S., owners will not be required to sign anything giving up their right to sue Volkswagen or forcing them into arbitration, spokeswoman Jeannine Ginivan. "There are no strings attached," she said.

The fix of the 2-liter diesels in the U.S. could wind up hurting performance or perhaps fuel mileage, the two main reasons why people buy the diesels. More than 200 class-action lawsuits have been filed in the U.S. against VW alleging that the scandal caused the diesel cars to drop in value.

Early in October, Kelley Blue Book said the average resale value of Volkswagens with two-liter diesel engines fell 13 percent since mid-September, when VW admitted it cheated on the tests.

Used car values often drop in the fall, since demand for them is stronger in the summer. But VW's diesel decline is unusually large. The price of gas-powered Volkswagens dropped 2 percent in the same period.

Volkswagen already is offering \$2,000 to current VW owners to trade in their cars for new vehicles, and the gift cards and vouchers would add \$1,000 to that.

The scandal expanded last week, when the EPA accused VW of cheating with different software on larger six-cylinder diesels in about 10,000 vehicles. VW also acknowledged finding irregularities in carbon dioxide emissions in 800,000 other vehicles, all outside the U.S. Some of those were powered by gasoline engines.

The scandal drew protests from the Greenpeace environmental group Monday outside the main entrance to VW's headquarters in Wolfsburg, Germany. Protesters unfurled a banner reading "Das Problem"—a play on the carmaker's marketing slogan "Das Auto."

In addition to their banner, the Greenpeace protesters also held a "C" and a "2" on either side of the round VW logo at the factory entrance, spelling out "CO2."

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