

# Volkswagen faces first mammoth diesel lawsuit on home turf

September 27 2019, by Yann Schreiber

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Dieselgate is now 'part of the group's history'

A case pitting hundreds of thousands of owners of manipulated diesel cars demanding compensation opened against German car behemoth Volkswagen Monday, four years after the country's largest post-war

industrial scandal erupted.

Around 450,000 people have joined a first-of-its-kind grouped proceeding, introduced by lawmakers after the "dieselgate" emissions cheating scandal broke in 2015.

The first hearing in what is likely to be a grinding, years-long trial began at 10 am (0800 GMT) in Brunswick, around 30 kilometres (19 miles) from VW headquarters in the northern city of Wolfsburg. The second is planned for November 18.

Consumer rights group VZBV, representing the plaintiffs, says the German carmaker deliberately harmed buyers by installing motor control software that allowed vehicles to pollute far more on the road than under lab conditions.

"I would like Volkswagen to reimburse the purchase price" said Andreas Sarcletti, a customer who had made the trip from nearby Hanover, "but I'm worried the trial is going to last a very long time."

Uwe Reinicke, who bought a manipulated vehicle in 2011, said "I don't think it's right, the way Volkswagen treated us."

"VW ought to finally, properly admit that they lied," he added.

The trial is Germany's largest so far in the tentacular diesel scandal, which last week saw VW chief executive Herbert Diess charged with market manipulation over his role.



VW fooled authorities about the real level of harmful emissions from its cars

### **50 questions for judges**

"Several regional tribunals have already found against Volkswagen" and granted plaintiffs compensation, judge Michael Neef noted as the proceedings opened.

Alongside the grouped proceeding, 61,000 individual lawsuits have been filed in Germany, but Brunswick may not follow those earlier rulings.

Of the around 50 questions about the case judges must decide on, whether Volkswagen "caused harm" by acting "dishonestly" will be "one of the central, difficult questions," Neef added.

"We're confident of our chances, since Volkswagen committed fraud," VZBV lawyer Ralph Sauer told AFP ahead of the hearing.

VW lawyer Martine de Lind van Wijngaarden countered that there was "no harm and no basis to this claim" because "hundreds of thousands of cars are used" on the roads without problem.

Judges said that even if they find there was harm, the amount diesel owners receive in compensation would be based on the present-day market value—not the original purchase price.



A lot of files to get through

Every owner registered in the trial will have to claim individually, even if the plaintiffs were to win the case.

VW thinks a final judgement could arrive in 2023 at the earliest, if the case is appealed all the way to the Federal Court of Justice.

Individual proceedings could then take at least another year—in the court of first instance.

By then, the cars' market value will have further eroded, making a buyback cheaper for the firm.

Instead, the judges mentioned the possibility of a settlement, while allowing that such talks "would not be easy" given duplicates and foreign residents on the list of plaintiffs.

The VZBV says it is "open" to an out-of-court settlement but "in that case, VW would have to pay a significant sum after all," Mueller told AFP.

VW for its part finds a mass settlement "hard to imagine".



Most of VW's fines payments have gone to the US

### **30 billion euros**

Since 2015, when Volkswagen admitted to manipulating 11 million vehicles worldwide to fool emissions tests, the scandal has cost the group over 30 billion euros (\$33 billion) in fines, compensation and legal costs.

Most of that sum—\$22 billion—has gone to the US, while in Germany VW has so far paid just 2.3 billion euros spread across three fines.

Alongside car owners, investors are claiming damages for losses they suffered when the group's share price plummeted after it came clean.

And earlier this week, chief executive Herbert Diess and supervisory board chief Hans Dieter Poetsch were charged with market manipulation.

Former chief executive Martin Winterkorn, who stepped down over the scandal, has been also charged with fraud.

Away from the legal battlegrounds, "dieselgate" has sped up the fuel's decline from its status as lower-carbon alternative to petrol, favoured with government subsidies.



The clouds of scandal still haven't blown away

In Germany, its market share among new registrations has fallen from 46 to 33 percent. Car bans are also looming in some city centres because of the level of nitrogen oxides (NO<sub>x</sub>) emissions.

The diesel scandal is "part of the group's history" just like the famous Beetle and Golf models, says VW brand chief Ralf Brandstaetter.

"The diesel crisis was a catalyst for our transformation," Brandstaetter told AFP in a recent interview, pointing to VW's 30 billion euro investment in a new electric range to "regain society's respect".

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