

Oil sludge woes plague VW, Automaker to pay for engine repairs, extend warranties

By Ralph Kiesel
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In the latest example of Volkswagen of America Inc.'s quality woes, the automaker is warning 426,000 VW Passat and Audi A4 owners of an engine oil sludge problem.

Affected are 1.8-liter turbocharged four-cylinder engines on 1998 to 2004 Passats and 1997 to 2004 A4s. VW won't say how many engines have been replaced or repaired, or what it is spending to fix the problem.

Owners began receiving letters from VWoA this month. Remedies range from extending warranties to covering repair costs. That includes replacing engines.

Sludge buildup causes engine performance to deteriorate. In extreme cases, sludge can cause engines to seize.

The timing couldn't be worse. VW Division has old products, and sales are down 11.5 percent for the first seven months compared with the year-ago period. And it has only been a year since VW voluntarily recalled more than 500,000 vehicles because of faulty engine ignition coils.

VW is not alone in grappling with engine oil sludge complaints. Last week the Center for Auto Safety in Washington demanded that the Chrysler group fix sludge problems and extend warranties on 2.7-liter V-6 engines in its 1998 to 2002 vehicles.

Confirming that VW has received "numerous reports of problems," VWoA spokesman Tony Fouladpour said that VW is extending factory warranties from five years to eight years. Warranties are transferable.

Changes for '05

VW is requiring its dealers to use synthetic oil and a larger oil filter in the 2005 Passat and A4. Some 2005 A4s are in dealerships. The 2005 Passat will arrive in October.

A National Highway Traffic Safety Administration source said the agency has had 12 to 15 sludge complaints for 2000 to 2004 Passats and A4s. One complaint was about an engine seizure.

VWoA will pay the cost of replacing an engine. For example, an independent repair shop in Tennessee that just replaced a sludge-damaged engine in a 1999 Passat charged the customer \$2,500. Of that, \$1,400 was for labor. The customer would be eligible for a reimbursement if he can show that he was having the oil changed as recommended.

VW dealers are seeing the problem mostly with owners who don't follow the recommended oil change intervals, said Gene Langan, of Gene Langan Volkswagen Inc. in Glastonbury, Conn.

"I've seen a few cases," he said. "It seems to happen mostly when we can't verify oil change history, when people don't do them for 20,000 miles. I think that this is a problem that is pretty broad in the industry right now."

VW owners will pay more for an oil change with synthetic oil, Langan said. An oil change with regular oil costs about \$30, he

said. It's about \$65 with synthetic oil.

In its letter to Passat and A4 owners, VW says that it will cover necessary engine repairs if oil sludge causes a problem and the vehicle owner could provide proof of oil changes. Oil changes would have to be according to VW-recommended maintenance schedules. VW recommends that oil be changed at 5,000 miles or six months.

How it occurs

The letter states that engine oil sludge occurs when old, dirty engine oil thickens and cannot continue to provide correct lubrication. It says the condition occurs primarily when the engine is operated at oil change intervals beyond those prescribed in the owner's manual.

Fouladpour said VW decided to contact owners after studying the oil sludge problem that Toyota Motor Sales U.S.A. Inc. faced two years ago.

Toyota in April 2002 notified 3.3 million owners of 1997 to 2002 Toyota and Lexus vehicles with certain V-6 and four-cylinder engines that it would pay for sludge-related repairs for eight years from date of purchase. At the time, Toyota said that it had received about 3,400 sludge-related complaints.

"We looked at that and learned from their experience," Fouladpour said.

VW builds most of its 1.8 T engines at its Gyor, Hungary, engine plant.