

Short-term car rental in the European Union

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Annex A: Intelligence Report: the CMA’s analysis of consumer contacts made to Citizens Advice during the period April 2012 to May 2014

1. Executive summary

1.1 The UK car rental market is significant, with the total value of car rental transactions estimated to be around £1.2 billion in 2012.¹ Many consumers will also rent a car when abroad, for example when on holiday. Total car rental revenue across ten key European markets has been estimated at €8.81 billion.²

Our concerns

1.2 The CMA carried out a review of the UK car rental sector in 2014 to identify the main issues affecting consumers, and sought feedback on our analysis from a number of key industry and consumer stakeholders.

1.3 Our review found that the main areas of concern related to:

- (a) a lack of transparency about the total price when making a booking, particularly when additional charges were only revealed to the consumer at the pick-up desk;
- (b) a lack of transparency of rental contract terms and conditions;
- (c) the way in which additional waiver and insurance products are sold by car rental companies;
- (d) a lack of transparency and potential unfairness of some car rental companies' fuel policies;
- (e) how vehicle damage is assessed and charged for and how disputes are dealt with; and
- (f) additional payments being taken from the consumer's credit or debit card after the rental period without adequate prior notification, explanation or supporting evidence.

¹ Euromonitor International (2013) *Car rental in the United Kingdom*, at p6. The figure of £1.2 billion includes only vehicles rented within the UK. It does not include rental transactions booked through UK car rental companies for rental outside the UK.

² Matrix Insight (2009) *Study on business practices applying different condition of access based on the nationality or the place of residence of service recipients*, at p11. This figure is based on the total car rental revenue generated in 10 key European markets: Germany, Italy, Austria, Belgium, UK, Netherlands, France, Spain, Portugal and Switzerland.

- 1.4 Our review and findings are set out in more detail in our Intelligence Report at Annex A.

Initial steps

- 1.5 Our work to remedy the concerns we have identified is in two parts. Our initial steps have been to work closely with the five largest car rental companies and our next steps will be to move our focus to the rest of the industry including smaller rental companies, brokers and intermediaries.
- 1.6 We led a European Union Consumer Protection Cooperation network (CPC network)³ project, facilitated by the European Commission, to engage with the trade body of the EU car rental industry and five major pan-European car rental companies (Avis-Budget, Enterprise Rent-a-Car, Europcar, Hertz and Sixt).
- 1.7 We have focused initially on these five major car rental companies because of their size and the large proportion of the EU market that they cover. Generally speaking, we had a higher degree of confidence in these companies' practices. Notwithstanding that, their significant market size and the fact that we held some concerns about some of their practices made them a priority starting point for work in this sector.
- 1.8 Each of these companies had a slightly different collection of practices. This meant that our concerns differed from company to company and as such, each business has made a bespoke set of changes that relates specifically to its business. Collectively, the companies have put forward voluntary proposals⁴ that build on their existing practices, and for each company includes one or more of the following:

- (a) **improved transparency when making a website booking or reservation**: consumers will now have more of the key information they need to shop around for the best deal for them; including:

³ We worked jointly with consumer enforcers from other EU Member States, facilitated by the European Commission, and with the assistance of the network of European Consumer Centres (ECCs).

⁴ Note that the car rental is often carried out by a separate company to the UK company consumers book with, and may be a company in the same group or a brand franchisee company. The proposals cover the brands' European direct booking channels and their European corporately owned rental outlets, and the five brands have undertaken to encourage their European brand franchisee companies to adopt equivalent practices.

- confidence that, as with other mandatory charges, Young Driver Surcharges will be included in the headline price at the start of the booking process;
- clearer information at an early stage of the booking process about optional extras and their prices, alongside the ability to purchase or pre-book them online rather than at the pick-up desk;
- clearer information about key rental terms and requirements, helping to avoid any surprises at the pick-up desk; and
- clearer upfront information about the need to pre-authorise a specified amount on the consumer's credit or debit card at the pick-up desk, and the circumstances when this authorisation might be used (for example, additional charges to cover damage incurred during the rental).

(b) better information at the booking stage about **optional waiver and insurance products**, including their prices, exclusions and applicable excesses;

(c) **more transparent fuel policies**;

(d) more upfront information about **pre- and post-rental vehicle inspection processes**, and how they can help to minimise potential disputes about damage;

(e) **improved practices for taking additional charges from consumers**: ensuring that consumers are given a reasonable opportunity to challenge any damage and associated repair charges before any payment is taken from their credit or debit card; and

(f) better information on booking websites about **local traffic rules and regulations** in the rental country.

1.9 To further extend the reach of these improvements we engaged with the UK trade association, the British Vehicle Rental and Leasing Association (the BVRLA) to assist it with its wholesale review of its Code of Conduct. This should improve the rigour and clarity of the standards expected from its members.

1.10 We have also worked closely with our Spanish counterparts at the Agency for Consumer Affairs, Food Safety and Nutrition (AECOSAN), providing information about the car rental companies operating in Spain which have been the cause of consumer complaints in the UK – this helped to inform its

national inspection campaign of car rental companies, franchisees and intermediaries operating in Spain, which focused on lack of price transparency, lack of information on insurance and waivers, fuel policies, and potentially unfair terms.

- 1.11 In carrying out our review we are grateful for the assistance given by consumer groups, industry professionals, trade associations, and international counterparts. In particular, the assistance of the UK European Consumer Centre and Citizens Advice has been invaluable.

Next steps

- 1.12 Our work at both the UK and European level has primarily focused to date on the five main car rental brands and their direct booking channels, which currently account for over 80% of UK rentals. The commitments to higher standards by the five major car rental companies and the improvements to the BVRLA Code set a benchmark for others in the sector to follow. This is a sensible starting point for our work in this sector as it covers most of the transactions but we are also keen to make improvements to the rest of the sector. We also expect intermediaries including brokers, price comparison websites and travel websites to take note of our findings and, in particular, the need to ensure transparency during the booking process of prices, optional extras and rental terms and conditions. We also expect car rental companies to use best endeavours to ensure the brokers and other intermediaries they deal with comply with consumer protection law. We will take appropriate steps in the market to ensure that brokers and intermediaries comply with the law. Similarly, we expect car rental companies to work to ensure that their franchisees and licensees adopt the same standards that they have agreed for their corporate businesses.
- 1.13 Any further work in this sector may not be restricted to the CMA. The **Consumer Protection Partnership (CPP)**⁵ brings together UK consumer protection organisations to jointly identify and prioritise areas where there is the greatest harm caused to consumers and to agree and coordinate collective action to tackle such detriment. Car rental is a CPP priority for 2015⁶

⁵ The CPP includes the CMA, National Trading Standards Board (NTSB), Trading Standards Scotland (TSS), the Department for Enterprise, Trade and Investment Northern Ireland (DETI), the Financial Conduct Authority (FCA), the Trading Standards Institute (TSI), Consumer Council for Northern Ireland (CCNI), Citizens Advice (CitA), and Citizens Advice Scotland (CAS).

⁶ See [Consumer Protection Partnership: Priorities Report 2015](#).

and the CPP will take account of the outcome of the CMA's work and consider whether a CPP response is required to follow up on this.

- 1.14 Additional steps will also be taken at a pan-European level. Leaseurope is an umbrella body for both the leasing and automotive rental industries in Europe, and is composed of 45 Member trade associations (including the BVRLA) in 33 countries.
- 1.15 **Leaseurope has recently reviewed and revised its Code of Best Practice, to ensure this reflects the core principles underpinning the proposals made by the major car rental companies.** We anticipate that the principles adopted by Leaseurope will then, where this is not already the case, be incorporated into the codes of best practice of its member car rental trade associations at Member State level. Leaseurope will issue guidance to its members in the next few months to supplement the Code provisions.

2. Introduction

The CMA's mission and powers

- 2.1 The CMA's mission is to make markets work well for consumers. Markets work well when businesses are in open, fair and vigorous competition with each other for the consumer's custom. The CMA pursues this goal in a number of ways including by taking enforcement action under competition and consumer law, equipping consumers and businesses with the knowledge they need to protect against and avoid unlawful practice, and encouraging businesses to improve their trading practices by educating them about their duties under the law and encouraging self-regulation. This applies to the car rental sector, both in the UK and overseas.
- 2.2 The CMA uses the full range of its consumer powers to tackle, in particular, market wide consumer problems or issues which affect consumers' ability to make choices.
- 2.3 The CMA has powers to enforce a range of consumer protection legislation, either directly or under Part 8 of the Enterprise Act 2002. The CMA shares its consumer protection powers with a number of partner organisations. In using these powers, we prioritise projects where: there are systemic market problems; where consumers are unable to exercise choice; or where we can expect to achieve wider impact, for example by developing the law or by having a deterrent effect. This role complements and reinforces the effects of our other work to improve markets and to support economic growth, by addressing problems where competition enforcement alone does not, or cannot, make a market work well for consumers. Further information about the CMA's approach to the use of its consumer powers can be found on the [CMA's webpages on GOV.UK](#).

The CMA's consumer protection review of the UK car rental market

- 2.4 The CMA (and its predecessor the Office of Fair Trading) carried out a review of the UK car rental market in 2014, based on an analysis of over 2,500 contacts made by consumers to the Citizens Advice consumer service⁷, in order to identify the main issues affecting consumers. We focused on UK rentals and bookings made in the UK for rentals abroad. We sought feedback on our analysis from a number of key stakeholders, including the UK

⁷ The Citizens Advice Consumer Service provides confidential and impartial advice on consumer issues.

European Consumer Centre⁸ (which offers free advice and assistance to consumers in cross-border European disputes about car rental), Which?, and the BVRLA. We also conducted other general research, including analysis of car rental companies' booking websites and engaged with a range of interested stakeholders including trading standards services, the Financial Conduct Authority, Citizens Advice, and specialist car rental insurance providers.

2.5 Our review found that the main areas of concern raised by consumers related to:

- (a) a lack of transparency about the total price when making a booking; in particular, where the headline price may appear low but extra compulsory charges are added during the booking process or at the pick-up desk;
- (b) a lack of transparency about, and potential unfairness of, contract terms, in particular in relation to the rental terms and conditions where the vehicle is supplied by a third party;
- (c) the way in which additional waiver and insurance products are sold by car rental companies, particularly at the pick-up desk;
- (d) the lack of transparency and potential unfairness of some car rental companies' fuel policies and associated charges;
- (e) vehicle damage; for example, how damage is assessed and charged for and how disputes are dealt with; and
- (f) additional payments being taken from the consumer's credit or debit card after the rental period, for example to cover vehicle damage or traffic fines, without any or adequate prior notification, explanation or supporting evidence.

2.6 Our review and findings are set out in more detail in Chapters 4 to 7 and in our Intelligence Report at Annex A.

What we have done

2.7 We focused on the European as well as UK markets, recognising that the major car rental companies are transnational, there is significant cross-border activity driven by tourism, and the consumer issues we identified in the UK are

⁸ The UK European Consumer Centre offers free and impartial advice and assistance in cross-border European disputes between consumers and traders.

similar across Europe. There has been a steady increase in cross border complaints received by European Consumer Centres (ECCs)⁹ on car rental.

- 2.8 We noted also that many UK consumers rent cars abroad, and many European consumers rent cars in the UK. Recognising the need for cross-border coordination, we led and coordinated an EU CPC network project to engage with representatives of the EU car rental industry to discuss the key issues affecting consumers across Europe and how to address them.

Working in partnership

- 2.9 Working with consumer protection counterparts from other Member States, facilitated by the European Commission, and with the assistance of the network of ECCs we engaged with the five major pan-European car rental companies¹⁰ – Avis-Budget, Enterprise Rent-a-Car, Europcar, Hertz and Sixt – who in total represent around two thirds of the UK and European markets and they agreed to implement a number of improvements. This approach means that UK consumers will benefit from the improvements brought about by this project when they rent in the UK and when they rent in the EU¹¹. The outcomes are set out in more detail in Chapter 8.
- 2.10 Spain is the most popular foreign destination for UK holidaymakers with 13 million people travelling there each year, and a popular destination for UK consumers to rent a car, and so is an overseas market of considerable interest to the CMA.¹² In recent years, Spanish car rental has been a source of numerous complaints both from foreign tourists and Spanish consumers. These complaints mostly relate to a lack of price transparency, fuel policies and potentially unfair rental terms. Concerns were also raised by Which? and the Spanish consumer group OCU¹³ in 2014 about the fuel policies and associated charges of some car rental companies in Spain.

⁹ The [ECC-Net](#) promotes the understanding of EU consumers' rights and assists in resolving complaints about purchases made in another country of the network, when travelling or shopping online. The European Commission, together with national governments, established the ECC network in all 28 Member States of the European Union, Norway and Iceland.

¹⁰ These brands are operated by international groups of companies, and we have engaged with representatives of the groups as a whole. However, for the purposes of this report we refer to the brands as 'companies'.

¹¹ Note that the car rental is often carried out by a separate company to the UK company consumers book with, and may be a company in the same group or a brand franchisee company. The proposals cover the brands' European direct booking channels and their European corporately owned rental outlets, and the five brands have undertaken to encourage their European brand franchisee companies to adopt equivalent practices

¹² Car hire in Spain: fuel policies and surcharges – concerns from Which?, June 2014.

¹³ The Organisation of Consumers and Users (OCU) is the oldest consumer organisation in Spain.

- 2.11 We have worked closely with our Spanish counterparts at AECOSAN, both within the wider EU project and bilaterally. In particular, we forwarded intelligence to the AECOSAN about Spanish based car rental companies and their practices that were potentially causing harm to UK consumers (based on an analysis of information provided by the UK ECC, Which? and Citizens Advice consumer contacts).
- 2.12 This helped to inform a national inspection campaign coordinated by AECOSAN in the latter part of 2014 and early 2015 to check the pre-contractual information (including in relation to prices, insurance, fuel, cancellation and complaint handling) and terms and conditions of car rental companies operating in Spain, together with other issues that had been identified by national enforcers participating in the EU CPC project.
- 2.13 Eight regional Autonomous Communities¹⁴ within Spain participated in the national inspection campaign, which included the major UK tourist destinations of the Canary Islands and the Balearic Islands. This targeted car rental companies, franchisees and intermediaries, and involved the review of booking websites and inspection of business premises.
- 2.14 To date, nearly 100 car rental businesses have been checked and infringement proceedings have been considered against 32 businesses, although this may increase.
- 2.15 Some Autonomous Communities also conducted their own regional campaigns in 2014 (Madrid, which checked 30 companies and Catalonia which checked 11) and Andalusia has planned a regional campaign for 2015 in which around 40 companies will be checked.

UK specific work

- 2.16 We have worked closely with the UK trade association, the BVRLA, to address the consumer issues we found in our review of the UK market, which it took into account in its wholesale review of its Code of Conduct to improve the rigour and clarity of the standards expected from members. The BVRLA's members include 261 car rental businesses and four rental brokers, together holding a combined vehicle rental fleet of over 245,000 cars and representing over 80% of all rental transactions in the UK.

¹⁴ Balearic Islands, Canary Islands, Castile-La Mancha, Castile-Leon, Catalonia, Galicia, Murcia, Melilla.

- 2.17 Adherence to a Code of Conduct¹⁵ is a condition of membership of the BVRLA. By signing up to the Code members agree to abide by its standards. Only rental transactions that take place in the UK are covered by the Code. The Code applies to all of a members' sales channels including website, telephone and at the rental desk. Only those consumers dealing with a BVRLA member are afforded the benefits of the BVRLA code.
- 2.18 The Code also provides for access to a conciliation service to help resolve disputes between customers and members.¹⁶ This service is free to customers and any decision is binding on the BVRLA member but not the customer. Breaches of the Code, for example where check-in documentation has not been completed or where other documented evidence to support charges is incomplete or unclear, is likely to result in the BVRLA member being instructed to refund any charges.
- 2.19 The revised Code will officially be launched at the start of 2016 and should in principle address a number of the issues identified during our review; for example, in relation to the transparency of pricing, terms and conditions of rental, insurance and waivers, and fuel policies. More information about the key changes to the revised Code is provided in Chapter 8.

¹⁵ The [BVRLA's Code of Conduct](#) (What customers can expect).

¹⁶ See [BVRLA website](#) for more details.

3. Background

The regulatory landscape

- 3.1 Before turning to an assessment of the market and the CMA's concerns in relation to it, it is important to first outline both the regulatory environment within which the CMA's work sits and provide a description of the key features of the market.

Consumer protection legislation

- 3.2 Car rental businesses are required to comply with consumer protection legislation. We have summarised below the UK consumer protection laws most relevant to our review.

Consumer Protection from Unfair Trading Regulations 2008

- 3.3 The Consumer Protection from Unfair Trading Regulations 2008 (CPRs) implement the Unfair Commercial Practices Directive 2005/29/EC (UCPD) which aims to harmonise the legislation across the EU preventing business practices that are unfair to consumers, so as to support growth of the internal market. The legislation prohibits unfair commercial practices and, in particular, prohibitions of misleading acts and/or omissions and aggressive commercial practices that are likely to influence the decision of the consumer. There is also a prohibition of 31 specific commercial practices.
- 3.4 The term 'commercial practice' includes anything done in connection with the promotion, sale or supply of goods or services by businesses to consumers, whether occurring before, during or after any contract that may be concluded. In the context of car hire, the CPRs prohibit car rental businesses from engaging in unfair practices such as misleading actions, misleading omissions or aggressive commercial practices, at any stage of their dealings with consumers, wherever those practices are likely to cause consumers to take a different decision with regard to the car rental contract than they would otherwise have done.
- 3.5 The requirements of the CPRs are particularly relevant in relation to the information that should be given to consumers at the time they are booking car rental, whether online, over the telephone or at a rental office, on matters such as prices, charges and requirements of rental and related optional products. For example, where consumers are not given material information, or are given misleading information, at the start of an online booking process, if this affects their decision to proceed through subsequent pages of the

website to progress the booking, it can be considered to breach the CPRs even before they conclude a booking, or if they never in fact do so.

- 3.6 The CPRs will also apply after conclusion of the rental booking, particularly at pick up of the rental car, return of the rental car and any other time where the way consumers are dealt with and the information given to them, could impact on what they decide to do in relation to the car rental contract. Car rental companies are also prohibited from engaging in any of the 31 practices listed in Schedule 1 to the CPRs which are prescribed as unfair practices regardless of whether they can be shown to impact on consumers' transactional decisions.

Unfair Terms in Consumer Contracts Regulations 1999

- 3.7 The Unfair Terms in Consumer Contracts Regulations 1999 (UTCCRs) implement the Unfair Terms Directive 93/13/EEC (UTD), which applies a test of fairness to standard terms in business to consumer contracts. A term is defined as unfair if, contrary to the requirements of good faith, it causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. The requirement of 'good faith' embodies a general 'principle of fair and open dealing'. This general test is supplemented by a list of examples of terms that may be regarded as unfair. The UTCCRs also requires contract terms to be drafted in plain and intelligible language and with ambiguities interpreted in favour of consumers. Certain terms (in particular, those that set the price or define the main subject matter of the contract such as the product or service being supplied) are exempt from the test of fairness as long as they meet the plain language requirement. Terms that are unfair under the UTCCRs are not binding on consumers.
- 3.8 The UTCCRs therefore apply to all standard contract terms used by car rental companies in contracts with consumers, such as booking, reservation and rental contracts, and impose a requirement that such terms are fair (except where excluded from the test of fairness) and in plain and intelligible language. The UTCCRs must be interpreted to achieve the purposes of the underlying UTD. It is clearly established in case law of the Court of Justice of the European Union that the UTD requires that contract terms be transparent and that consumers are aware of their meaning and significance at the time they conclude the contract.

Consumer Contracts (Information, Cancellation & Additional Charges) Regulations 2013 (CCRs)

- 3.9 The Consumer Contracts (Information, Cancellation & Additional Charges) Regulations 2013 (CCRs) implement the Consumer Rights Directive

2011/83/EU (CRD). The CCRs came into force on 13 June 2014 and replaced certain other laws relating to distance selling and doorstep selling, and introduced new provisions, including in relation to some contracts concluded on business premises. Among other things, the CCRs require that certain pre-contract information must be given to consumers before they become bound by a contract, and provides that this information is treated as a binding term of the contract which cannot be changed unless expressly agreed with the consumer. (The CCRs also provide consumers with cancellation rights in certain circumstances for contracts made at a distance or away from business premises, however these rights do not apply in the case of car rental contracts.)

- 3.10 The CCRs therefore impose requirements on car rental companies to provide certain pre-contract information to consumers before they conclude bookings for car rental, whether face-to-face at rental offices or at a distance over the telephone or online. In addition, the CCRs impose a number of new requirements that apply to car rental companies, including a ban on charging, under the contract, any payment additional to the remuneration agreed for the business's main obligation unless the business obtains the consumer's express consent before conclusion of the contract.

Consumer Rights Act 2015

- 3.11 On 1 October 2015, the Consumer Rights Act 2015 (CRA) will come into force. The CRA, amongst other things, sets out a regime of statutory rights to be implied into contracts for traders to provide services to consumers, including restating the provision of the CRD and CCRs that pre-contract information provided to consumers under that legislation is treated as a binding term of the contract which cannot be changed unless expressly agreed with the consumer. It also introduces a number of new statutory remedies for breach of these rights.
- 3.12 The CRA also re-implements the provisions of the UTD while at the same time widening their scope. Although the UTCCRs will be revoked, once the CRA comes into force, the references in this report to how the UTCCRs apply to terms and practices in the car hire sector will be equally applicable having regard to the provisions implementing the UTD in the CRA.

Enforcement of consumer protection legislation

- 3.13 The CMA has powers to enforce a range of consumer protection legislation, including the CPRs, UTCCRs and CCRs, either directly or under Part 8 of the Enterprise Act 2002. The CMA shares these powers with a number of partner organisations, including local authority trading standards services and the

Department of Enterprise, Trade and Investment in Northern Ireland, all of whom have powers to enforce the consumer protection legislation referred to and can bring civil proceedings or criminal prosecutions against certain breaches, as appropriate.

- 3.14 Alongside working with other enforcers of consumer protection law, the CMA may, where appropriate, work with other bodies with alternative, and sometimes non-legislative, powers for the purposes of ensuring consumer protection (so-called 'compliance partners'). Bodies such as the Advertising Standards Authority¹⁷ may have other methods of gaining compliance may be best placed to act based on the circumstances of each particular case.

Industry self-regulation

- 3.15 In the UK car rental sector, the BVRLA acts as a focal point for industry self-regulation with its Code of Conduct. The BVRLA's members represent over 80% of all rental transactions in the UK.
- 3.16 At a European level Leaseurope is the umbrella body for the various car rental trade associations in the EU. Leaseurope developed a Code of Best Practice which its members are invited to reflect in their domestic codes.

International payment card scheme commercial rules

- 3.17 During the course of our work we engaged with the international payment card schemes, MasterCard and Visa Europe, who have commercial operating regulations and rules in place that are applicable to the car rental sector.
- 3.18 All Visa Europe members operating in the EU and in the car rental industry who accept Visa credit and debit cards are bound by Visa's operating regulations and rules relating to the car rental industry. Similarly, MasterCard has Transaction Processing Rules that apply to its MasterCard, Maestro and Cirrus brands.
- 3.19 These commercial rules were developed to facilitate a fair payment framework, designed to meet the needs of all parties engaging in car rental transactions and intended to protect the interests of issuer banks, acquirer banks, car rental companies and cardholders (consumers that rent cars). As well as general rules that are relevant to the car rental sector (for example in

¹⁷ The Advertising Standards Authority (ASA) is the UK's independent self-regulator of advertising across all media. Its work includes acting on complaints and proactively checking the media to take action against misleading, harmful or offensive advertisements that contravene its Advertising Codes.

relation to pre-authorisations), there are also rules that are specific to car rental companies when charging a cardholder for damage.

- 3.20 There appears to be a low level of awareness of the operating rules pertaining to damage charges both within the car rental industry and amongst consumers.¹⁸ Nevertheless, these rules may potentially offer another redress route for cardholders in circumstances where unjustified charges have been taken.

Key features of the European car rental sector

- 3.21 The UK car rental market is significant, with the total value of car rental transactions estimated to be around £1.2 billion in 2012.¹⁹ These sales were generated from 12.3 million transactions and a fleet of 189,000 vehicles.²⁰ According to a 2013 Mintel market report, in total around 3.4% of UK adults had rented a car in the previous 12 months.²¹
- 3.22 Many UK consumers will also rent a car when abroad; for example, when on holiday. Many of these car rentals will take place in Europe, having been booked in the UK. As regards the wider European market, Leaseurope's reporting members made 23.5 million rentals in 2014 across a fleet of 928,000 vehicles.²²
- 3.23 There are three different types of demand for car rental:
- **Private customers:** short-term car rentals by individual customers either through walk-in sales or can be pre-booked via a third party (such as a broker or tour operator) or direct with the car rental company (through their website or a call centre).
 - **Business customers:** can negotiate umbrella agreement with car rental companies where vehicles are rented out to company's employees. Depending on their needs, business customers may also choose to rent vehicles on a short-term basis.

¹⁸ The relevant MasterCard car rental rules can be found in its [Transaction Processing Rules manual](#) (for example, see pp77 and 85 in relation to charges taken for loss, theft or damage). The Visa Operating Regulations, which contain rules applicable to the car rental sector, are available on Visa Europe's public website. Car rental merchants can also request a specific car rental manual from their acquirer see <https://www.visaeurope.com/about-us/policy-and-regulation/veor>.

¹⁹ Euromonitor International (2013), *Car Rental in the United Kingdom*, p6.

²⁰ Euromonitor International (2013), *Car Rental in the United Kingdom*, p5.

²¹ Mintel (2013), *Car and Van Hire*, p25.

²² Leaseurope (2015), *Annual Statistical Survey*, p9.

- **Insurance replacement:** rental vehicles are provided to customers of insurance companies on a temporary basis as a replacement for a business or privately owned vehicle which is damaged.
- 3.24 Our work has focused on issues experienced by leisure customers. However, the improvements we have secured, for example in relation to transparency, are likely to also benefit business customers.
- 3.25 Leisure customers accounted for almost half of the UK car rental sales in 2012, while business customers and insurance replacements accounted for 42 and 9% of car rental sales respectively.²³ Similarly, when looking at the rental of cars and light commercial vehicles (LCVs), 43% of rentals were attributable to private individuals.²⁴
- 3.26 Leisure customers are likely to rent a vehicle for a number of reasons. A Euromonitor market report of 2014 found that just under 40% of leisure car rentals took place at an airport, suggesting a significant reason is related to holiday travel. Mintel²⁵ notes that car or van rental may also be related to day trips, moving house, house/garden clearance or a special occasion.
- 3.27 In addition, many UK consumers will book a car in the UK for rental when abroad. The cross-border nature of car rental is a key reason why our work has focused on both the European and UK car rental markets.

Market structure and major players

- 3.28 The large car rental companies (especially those with household name brands) typically rent out vehicles operated through a network of both corporate and franchised or licensed outlets. Corporately owned outlets are operated by companies in the same brand group. Licensees generally own and operate a fleet of vehicles but have access to services offered by the corporate entity and, critically, the use of its intellectual property and brand. Franchisees have the same rights to use the brand and are also provided with a range of products and services, such as reservations systems, marketing and branded supplies and may make payment to the franchisor in return. Both franchisees and licensees are separate corporate entities to the franchisor or licensor and this affects the degree of control the franchisor or licensor has over them. In our work, we have engaged directly with the five major car rental companies²⁶ but we have sought to ensure that their franchisee and

²³ Source: Euromonitor (2013) *Car Rental in the United Kingdom*, p4.

²⁴ Mintel (2014) *Car and Van Hire*, p47.

²⁵ Mintel (2014) *Car and Van Hire*, p72

²⁶ As well as their trade body representatives, Leaseurope and the BVRLA.

licensee operations are also included within the scope of any improvements they make to their existing business practices.

3.29 The car rental sector in the UK includes a small number of fleet providers²⁷ that operate nationwide and a large number of regional or local companies who provide services within a more limited geographical area.

3.30 As shown in Table 1 below, the UK rental market is relatively concentrated. Based on estimates from a market report, the combined market share of the five largest rental companies was just below 85% in 2012. A second report considering the rental of cars and LCVs estimated the combined market share of the five largest rental companies at just over 70% in 2014. The remaining share of the market comprises over 200 smaller operators.²⁸

Table 1: Estimates of market shares for car rentals, and for car and LCV rentals in the UK²⁹

	<i>Car rentals (2012)^a</i>	<i>Car & LCV rentals (2014)^b</i>
Enterprise	30%	21%
Europcar / National	26%	10%
Avis / Budget	11%	17%
Hertz / Thrifty	10%	17%
Sixt	7%	7%
Others	16%	28%

Sources:³⁰

a: Euromonitor (2013), *Car Rental in the United Kingdom* p5.

b: Mintel (2014), *Car and Van Hire* p48.

3.31 Across Europe, the key players in the car rental are the same although market shares differ from those in the UK.³¹

Booking channels

3.32 Consumers can book rental vehicles through a number of different channels. Figure 1 presents a simplified version of the main routes consumers use when booking a rental vehicle.

²⁷ Car rental companies which are 'fleet providers' own a fleet of cars for hire. Other types of business, such as car rental brokers and intermediaries, do not own fleets of cars but instead advertise and arrange the services of the fleet providers.

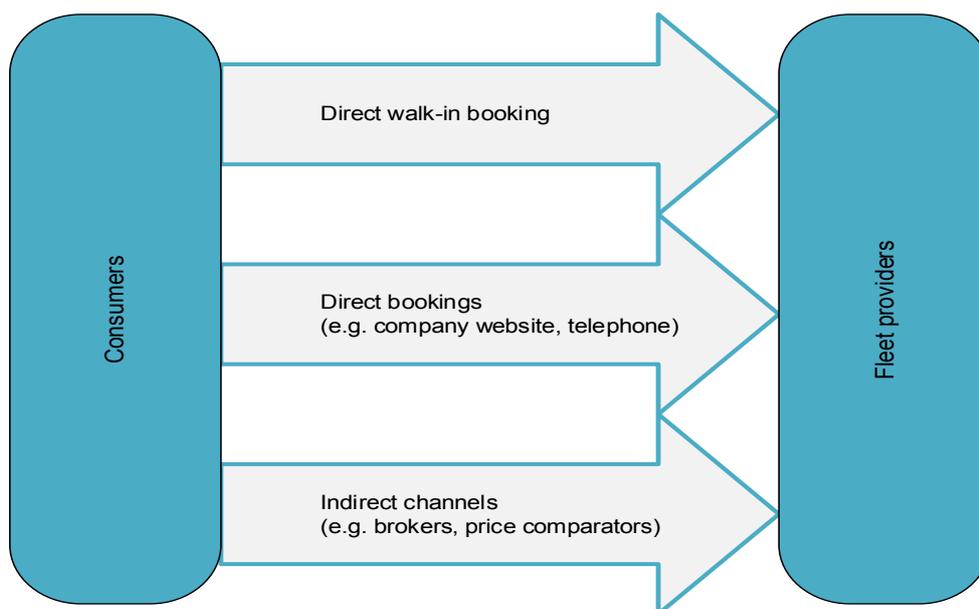
²⁸ Euromonitor International (2013), *Car rental in the United Kingdom* at p5.

²⁹ It should be noted that there has been further consolidation within the industry since 2012; for example, Enterprise's regained control of National/Alamo brands in EMEA in December 2104.

³⁰ Note that there are methodological differences between these findings. Euromonitor has compiled its market estimates from a variety of sources, while Mintel has relied on estimates obtained from a survey of 1,047 internet users.

³¹ Matrix Insight (2009), *Study on business practices applying different condition of access based on the nationality or the place of residence of service recipients*, p11.

Figure 1: Booking channels³²



3.33 Consumers may also book car rental via brokers and intermediaries, who do not own fleets of rental vehicles but instead arrange the services of rental companies on behalf of the consumer.

3.34 From the data in Table 2 we conclude that in the UK bookings are most likely to be made online, with between 36 and 42% of vehicle rentals made directly with the rental company through their website.

Table 2: Breakdown of vehicle rentals by booking channel³³

	<i>Holiday rental bookings (Feb 2014)^a</i>	<i>Car rentals (2012)^b</i>	<i>Car & LCV rentals (Nov 2013)^c</i>
Online	61%	60%	48%
<i>Direct</i>	39%	42%	36%
<i>Via intermediary</i>	22%	18%	12%
By phone or visiting rental office	27%	40%	49%

Sources:

a. CMA calculations based on Mintel (2014), *Holiday Car Hire*, pp50 and 51.

b. CMA calculations based on Euromonitor (2013), *Car Rental in the United Kingdom*, p4.

c. CMA calculations based on Mintel (2014), *Car and Van Hire*, p69.

³² Based on Figure 2 in Matrix Insight (2009), *Study on business practices applying different condition of access based on the nationality or the place of residence of service recipients*, at p12.

³³ Note that there are methodological differences between these findings. Euromonitor expresses the percentage of bookings for a particular channel as a proportion of sales. Mintel has compiled its market estimates using a survey.

3.35 While consumers are currently less likely to book a rental car through an online intermediary, this is a fast growing channel – the number of consumers who use online intermediaries to book rental cars has almost doubled since 2007.³⁴ Nevertheless, a large proportion of consumers continue to use the telephone or visit the rental office when booking a vehicle.

³⁴ Euromonitor (2013), p4.

4. Issues

Introduction

- 4.1 To identify the main issues affecting consumers that might need addressing the CMA carried out an analysis of over 2,500 consumer contacts regarding car rental made to Citizens Advice during the period April 2012 to May 2014. More detail on this analysis is provided in the Intelligence Report at Annex 1. We also carried out other general research and spoke to a range of stakeholders with experience of the sector including the UK ECC, BVRLA and Which?.
- 4.2 We have summarised the main issues of concern that we identified in the order they would be encountered during the three main stages of a typical 'customer journey':³⁵
- (a) the search and booking stage: when the consumer searches for different car rental offers and then makes a booking or reservation with a specific provider;
 - (b) the pick-up stage: when the consumer collects the car at the provider's pick-up desk or location; and
 - (c) the post-rental stage: when the consumer has returned the car to the provider; and, for example, the provider may assess the car for damage and take additional payments from the consumer for any damage or fines incurred.

Main issues of concern

- 4.3 Within these three stages, the key issues identified were as follows.

Search/booking stage

- (a) Lack of transparency of pricing: for example, where the headline price may appear low, but extra compulsory charges are added during the booking process or at the pick-up desk meaning the final price can be much higher. There was also a lack of transparency of pricing for some options which may only be available at the rental location.³⁶

³⁵ That is, the typical transaction stages a consumer would go through when renting a vehicle.

³⁶ For example, waivers and insurance, satellite navigation systems, child seats.

- (b) Transparency and fairness of booking and rental terms: in particular in relation to key terms and conditions governing the rental such as: driver eligibility criteria, fuel policies, the need for a payment card pre-authorisation, and any additional charges that may potentially arise.

Pick-up stage

- (c) Selling of optional waiver and insurance products³⁷: the way in which additional waiver and insurance products are sold by car rental companies, particularly at the pick-up desk.
- (d) Fuel policies: the lack of transparency and potential unfairness of some car rental companies' fuel policies and associated charges.

Post-rental stage

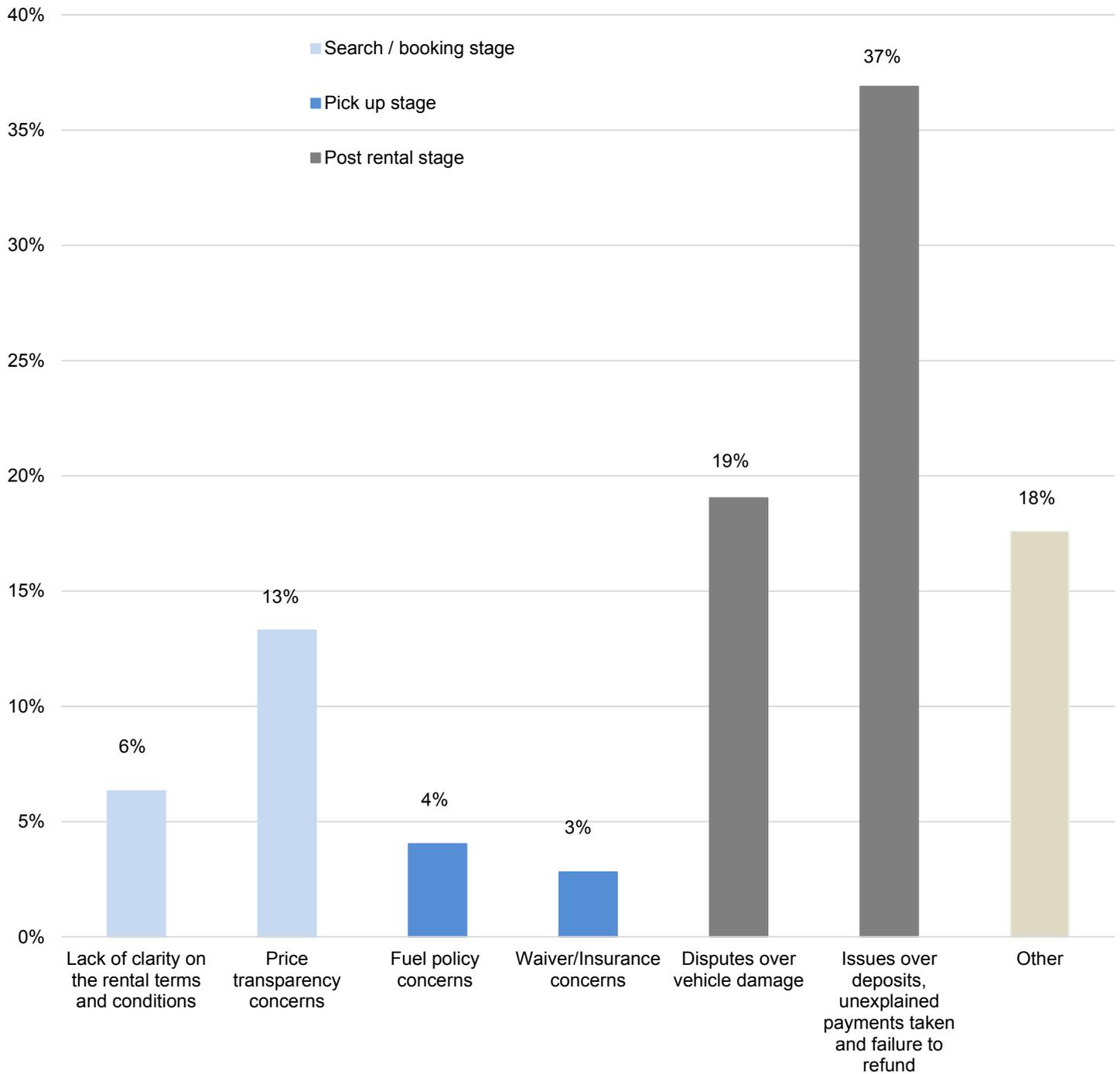
- (e) Vehicle damage charges: for example, how responsibility for damage and liability is assessed, and how disputes are dealt with.
- (f) Unexplained charges: additional payments being taken from the consumer's credit or debit card at the end of the rental period, for example to cover vehicle damage or traffic fines, without any prior notification, explanation or supporting evidence.

4.4 Figure 2 below shows that 19% of issues raised within the contacts may have arisen in the search/booking process, 7% relate to issues that may have arisen at the point of picking up the rental vehicle and 56% relate to the post-rental stage.³⁸ The remaining 18% related to miscellaneous issues that we grouped under a category titled 'Other' because they did not fit within the main issues categories.

³⁷ These products include basic waivers that may be included within the rental price to reduce the amount for which the consumer is responsible in the event of damage to or theft of the vehicle, and optional excess reduction waivers sold by car rental companies to further reduce the liability. Waiver products are sometimes referred to as 'insurance' although they may not actually be insurance products.

³⁸ Note that, whilst the CMA has considered at which stage in the 'customer journey' the type of issues reported would be typically likely to arise, the information provided for each individual contact may not be sufficient to ascertain exactly at which stage the issue arose.

Figure 2: Analysis of consumer contacts made to Citizens Advice: percentage of total issues raised, by category and by stage of the 'customer journey'



Source: Citizens Advice Consumer Advice Service data, Car Hire 1 April 2012 to 30 May 2014.

- 4.5 In Chapters 5 to 7, we set out each of the issues in more detail, highlighting:
- (a) the practices of concern that we have identified;
 - (b) the potential harm that may be caused to consumers;
 - (c) the potential for these practices to breach consumer law, in addition to causing detriment for consumers;
 - (d) some of the key things we consider businesses should do to help them achieve compliance with consumer protection law, meet best practice, and ensure that the market works well for consumers; and
 - (e) how consumers can help themselves to mitigate potential problems.
- 4.6 In identifying the issues of concern we have highlighted some of the worst practices and problems that we have heard of from our review of Citizens Advice's consumer contact data and elsewhere. These practices and problems reflect anecdotal reports of consumers' experiences with car rental businesses, brokers and intermediaries across the sector, which have not been individually verified. **It should not be assumed that they are examples of practices by the five major car rental brands who we engaged with in the CPC network project.**
- 4.7 In Chapters 5 to 7 we also set out the legal basis behind our assessment of each of the issues. It must be noted that, while this reflects the CMA's views of the application of the relevant consumer protection legislation, only the courts can definitively determine what the law requires in this context.

5. Issues at the search/booking stage

Transparency of pricing

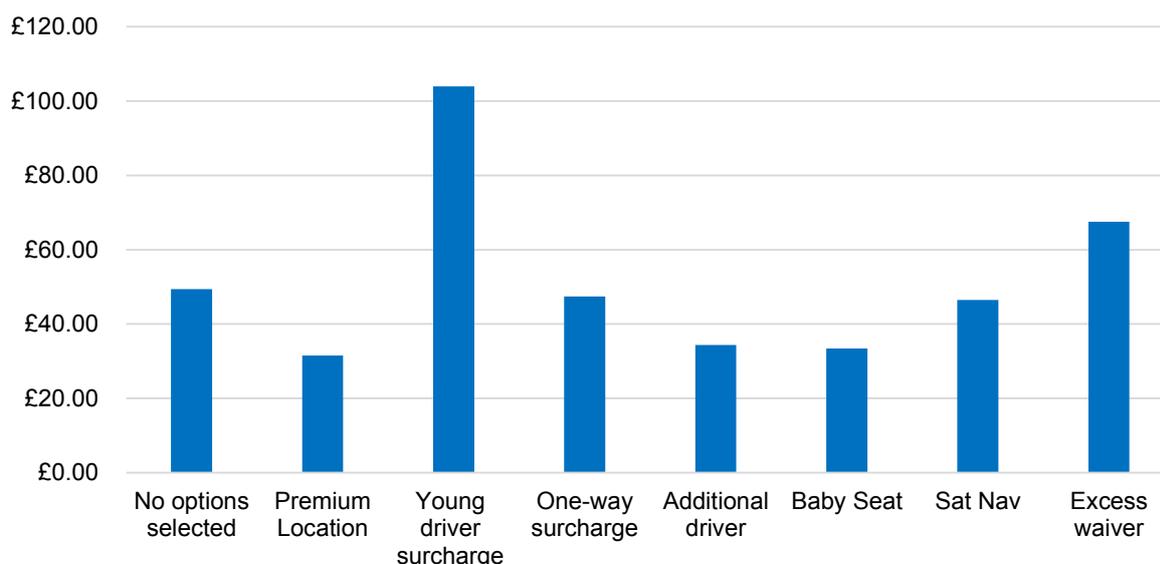
Background

- 5.1 Price is a key factor that consumers take into account when renting a car. The increased use of online booking has given consumers more ability to compare the headline price³⁹ being offered by car rental companies. Companies may seek to compete on a low headline price, which will generally include the rental of a particular category of vehicle over a set rental period and a basic level of waiver or insurance in the case of damage to or theft of the car.
- 5.2 There may be a number of additional charges that either apply to all consumers or which are compulsory for a certain group of consumers, such as fuel charges, 'one-way' fees where the vehicle is returned to a different location, 'premium location' fees for airport and city centre locations and age related surcharges (such as 'young driver surcharges') where a consumer is below a certain minimum age, all of which can significantly add to the total rental price.
- 5.3 Consumers may also be able to purchase a range of optional extras, such as child and infant seats, satellite navigation systems, additional waiver and insurance products, unlimited mileage⁴⁰ and additional drivers. These add-ons are priced separately from the headline rate, and the consumer can choose to add them to the headline price by selecting the desired option.
- 5.4 For illustration, Figure 3 provides an illustrative example of the typical price of options for a three day car rental. It shows that options can be a significant component of the overall price, which makes it all the more important that the prices of options are transparent and readily accessible.

³⁹ By 'headline price' we mean the price that is offered at the initial stage of the booking process after the consumer has entered or provided basic details, such as location, the dates of rental and the type of car required.

⁴⁰ Unlimited mileage may be included in the standard rental charge, but sometimes may be the subject of an additional charge.

Figure 3: An illustration of the typical price of options for a three day rental⁴¹



Source: CMA analysis

Practices of concern

Disclosure of additional compulsory charges

- 5.5 Our review identified some concerns around drip pricing, where the headline price is gradually increased as additional compulsory price elements are added, which cannot be avoided by the consumer. In particular, some consumers reported that additional charges – for example, to pay for a full tank of fuel, extra fees for picking up vehicles at premium locations, one-way fees and young driver surcharges – were only revealed or became apparent when they arrived at the pick-up desk. These additional charges can be significant when compared to the overall cost of the rental.
- 5.6 The choice for the consumer when facing such extra charges at the desk is to either pay them or change their plans. In reality, consumers may have little option but to pay or incur significant switching costs, as there may be no other car rental firms nearby, those that are around may lack immediate capacity or

⁴¹ The figures are averages across a selection of major car rental brands. They relate to a rental for three days in August 2015 booked online in July 2015 with the payment to be made at the rental desk when the vehicle is collected. Where an option is charged for at pick-up but not included in the online quoted price we have added the charge into the calculation of the average. Where a provider's price for an option could not be obtained from an internet search, we have excluded that provider from the calculation of the average. These figures should be treated as illustrative.

charge more for walk-up rentals, and the consumer may also face cancellation charges.

- 5.7 We also had concerns about compulsory charges only being revealed late in the booking process. Although the detriment is not as severe as in the case where the consumer only learns of the existence or amount of the charge at the pick-up desk, the practice of initially quoting a headline price then subsequently adding additional charges during the booking journey can impair consumers' ability to compare prices. They may 'anchor' to the headline price, whilst taking insufficient account of the later additional costs. Consumers may feel committed to a transaction, sometimes leading them to unwittingly pay a higher total price than they would have done if they had been able to efficiently compare the price of the rental offer they accepted with prices of competing quotes.⁴² After the booking (whether a payment has been made or not), a consumer may be unable or unwilling to change their mind due to their existing commitment to the transaction.

Drip pricing

Partitioned (or drip) pricing relates to a situation where a portion of the total price payable is shown to the consumer up front, and price increments are subsequently added (or 'dripped in') as the consumer goes through the buying process.

Drip pricing may generate biases in behaviour such that consumers end up paying more, and buying more, when price components are dripped as opposed to a total price being provided up front.

Psychologists have observed that when a consumer sees a low base price and subsequently makes the decision to buy the good, they shift their reference point because they imagine already possessing it. Later, when they realise that there are additional costs and charges, it is more difficult for them to give up the good which they already have 'in their basket'. Therefore, they are more likely to purchase the good despite the increase in price. Experiments have shown that drip pricing can lead people to pay a higher price for a good or service than they otherwise would.

Source: OFT (May 2010), *The impact of price frames on consumer decision making (OFT1226)*.

⁴² OFT, *Advertising of Prices* – available on [The National Archives' website](#).

Disclosure of costs of optional extras

- 5.8 Our review found that information about optional products and their prices was sometimes only highlighted to the consumer late in the booking process or was difficult to find on the booking website. Consumers may choose the lowest headline price without focusing on the cost of optional extras they may require that are only revealed late on during the booking process – once they face these additional costs, they may be less willing to restart their search as they are already committed to their choice. In some instances the price of optional extras will only be disclosed at the rental desk, for example where they can only be booked locally at the rental destination.
- 5.9 These practices may mean that it is very hard to compare total prices and find the best deal (including all compulsory and required optional elements). This can cause some consumers to place too much weight on the headline prices, and/or reduce the extent to which consumers shop around so that they may end up paying more than they would otherwise have done.

Relevant consumer law provisions

- 5.10 Car rental businesses may be liable for a misleading omission in breach of the CPRs if they fail to give consumers, in a clear and timely way, information they need to decide whether to book the rental, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. They may also be liable for a ‘misleading action’ in breach of the CPRs if price information given to consumers may mislead about the total rental price, or the manner in which it is calculated, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. In the CMA’s view, car rental businesses may breach the CPRs if they:
- (a) fail to provide complete and clear information during the booking process about any mandatory charges that will apply (as this inhibits a consumer’s ability to identify the total rental price);
 - (b) mislead the consumer about the price, or the manner in which the price is calculated, for example by excluding mandatory charges from the initial price given at the start of the booking; and
 - (c) require consumers to pay further charges at the pick-up desk, over and above the price that was quoted at the booking stage, as this could be an ‘aggressive commercial practice’ in that it impairs the consumer’s freedom of choice or conduct through undue influence by exerting pressure on the consumer to pay the charge in order to take possession of the rental car,

in a way which significantly limits their ability to make an informed decision.

- 5.11 Where car rental companies rely on a term of the booking to increase charges or to impose additional charges on consumers at the pick-up desk, this is likely to be an unfair term under the UTCCRs.
- 5.12 Under Regulation 13 and Schedule 2(f) and (g) to the CCRs, before the consumer concludes a rental booking contract online or by telephone (in each case, a distance contract), car hire companies must give the consumer certain listed information in a clear way, including the total price of the services and any other costs (or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable).

The CMA's expectations

- 5.13 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with the CPRs, meet best practice, and ensure that the market works well for consumers:
- (a) Any mandatory charges should be included in the headline price quoted at the start of the booking process.
 - (b) Information about any optional products (including their prices) that are offered should be made clear at an early stage of the booking process.
 - (c) The final price stated at the end of the booking process should include all mandatory charges allowing the consumer to pick up, drive away and return the vehicle, as well as any additional optional products selected during the booking process.

How consumers can help themselves

- 5.14 Consumers should check what's included in the price quoted at the end of the booking, and what is **not** included, so as to avoid any surprising extra charges at the pick-up desk. All mandatory charges should be included, but consumers need to look out for things like 'one-way fees', 'premium location fees', 'Young Driver Surcharges' and fuel surcharges which can quickly add up.
- 5.15 Consumers should check the price of any optional extras they may need, for example child seats and sat-nav equipment, and take these into account when comparing quotes. What looks like the lowest quote when comparing initial headline rates might not be the cheapest in the end.

Transparency and fairness of contract terms

Background

- 5.16 When consumers rent a vehicle, they are subject to the car rental company's terms and conditions. When making an advance booking or reservation for a rental, certain terms will apply to the booking, and in some cases, separate rental terms may also be provided. In other cases, consumers booking in advance might receive the rental terms when they pick up the car at the rental office and are required to sign a rental agreement.
- 5.17 The terms and conditions applicable at the rental destination might be different to those of the company with whom the booking is made because the company providing the rental vehicle is different to the one they have booked with. This happens where the booking company sub-contracts the service out to a third party or acts as a broker or intermediary and refers the booking to a fleet provider. This typically occurs if a consumer uses a UK website to book rental of a car abroad. Terms and conditions can also vary depending on the rental destination to reflect national legislation, case law, custom, or commercial practices.

Practices of concern

- 5.18 We found instances where consumers were not clear that their rental contract would be with a different business, or that a different business would supply the rental vehicle, from the one they booked with. This could lead to uncertainty for the consumer as to the identity of the business or businesses they are contracting with, what terms and conditions would apply, and who they should contact with queries about the booked rental and who would be responsible should problems arise with the rental and they wished to make a complaint or seek redress.
- 5.19 We also found that in some cases consumers booking in advance did not receive any of the rental terms and conditions until they picked up the car at the pick-up desk, meaning that they did not have an opportunity to read them before completing the booking or collecting the vehicle and check whether the terms were suitable and acceptable to them. Consumers were also required to sign rental agreements incorporating rental terms that differed in some respects from terms or information they were given at the time of booking. This is likely to be particularly problematic where the rental is conditional on driver eligibility or other conditions – for example passing a credit check, having a driving licence for a minimum period of time, or being over a certain minimum age, and having a particular amount of credit available on a

payment card to pre-authorise as a security deposit – but either the requirement, or the criteria to be applied, is not disclosed before booking. It creates a risk that consumers may only discover about conditions that are impossible to fulfil or are unacceptable to them when they arrive to pick up the car, or may be faced with unexpected charges at the pick-up desk, where they will be in a very weak bargaining position.⁴³

- 5.20 Even where the rental terms and conditions are made available during the booking process, they may not be sufficiently prominently highlighted so that the consumer may not be aware of them or their significance, or it may not always be easy for the consumer to access them. This applies particularly to key terms that the consumer needs to know in order to reach an informed decision on the rental offer. For example, in some instances, important information may lack prominence within a long set of terms and conditions.

Relevant consumer law provisions

- 5.21 A fundamental principle of the UTCCRs and the UTD is that there should be adequate transparency of all the contract terms, and in particular, key terms, so that the consumer has a real opportunity to know and understand them, to enable them to make an informed choice whether to conclude the rental booking. This is reflected in the UTCCRs requirement that contract terms must be in plain and intelligible language, and the provision that terms which bind a consumer to terms which they have had no real opportunity of becoming acquainted with before conclusion of the contract are likely to be unfair. In the CMA's view, failing to clearly disclose the terms and conditions of rental during the booking process is therefore likely to result in breach of the UTCCRs.
- 5.22 Failing to prominently disclose material information about key rental terms and requirements before the conclusion of the booking is likely to be a 'misleading omission' under the CPRs, as it may result in the consumer concluding a booking s/he would not otherwise have made. Material information which can only be found by searching outside the booking pages of a car rental website, or which is hidden in generic terms and conditions, is not likely to satisfy the requirements of the CPRs.
- 5.23 Further, under Regulation 13 and Schedule 2 to the CCRs, before the consumer concludes a rental booking contract online or by telephone (in each case, a distance contract), car rental companies must give the consumer certain listed information in a clear way, covering matters such as the main

⁴³ See also the section on 'transparency of pricing'.

characteristics of the services, the identity of the trader, or of a third party trader on whose behalf the trader is acting, the total price of the services and any other costs, the arrangements for payment and performance, and details of required deposits or other financial guarantees to be provided by the consumer.

- 5.24 The UTCCRs requirement for terms and conditions to be drafted in plain, intelligible language in the CMA's view requires the consumer being able to read and understand the terms in their own language, where the rental company's websites are directed towards the consumer's country of residence.

The CMA's expectations

- 5.25 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with consumer law, meet best practice, and ensure that the market works well for consumers.

- 5.26 During the booking process:

- (a) It should be made clear with whom the consumer is booking, and with whom the rental contract will be concluded if a different party.
- (b) Key information and terms should be prominently highlighted to consumers – it is not sufficient to do so after the booking has been completed or when the consumer arrives at the pick-up desk.
- (c) The full terms and conditions of the rental (as well as of the booking) should be made available and accessible to consumers before the conclusion of the booking – consumers should not be invited to commit to a rental booking without an opportunity to know all the terms that will apply to the rental.

- 5.27 Where a booking is first made at the rental desk, or having previously made a booking the consumer considers purchasing optional extra products at the rental desk, the car rental company should take necessary steps to ensure the consumer is given the opportunity to read and understand the key terms of the agreement or option and to provide help to clarify any terms as requested, before the agreement is concluded.

- 5.28 Terms and conditions should be written in simple language, with appropriate highlighting of key terms, so that consumers can understand the nature and extent of their rights and obligations.

How consumers can help themselves

- 5.29 Consumers should check they know and understand the key rental information and terms before making a booking, so that they are aware of the conditions of rental when comparing deals offered by different companies – thereby avoiding any nasty surprises at the pick-up desk.
- 5.30 Consumers should look for key rental information and requirements, which might be given for example via a website link to local or country-specific rental information. The rental terms might differ from those on the website because the company supplying the vehicle may be different to the one the consumer booked with, and the terms may reflect different rules applying in the country where the car will be rented. If consumers can't find the rental terms and conditions on the website, they should request details before they book.

6. Issues at the pick-up stage

Selling of optional waivers/insurance

Background

- 6.1 Car rental companies operating in Europe include motor insurance cover for third party liability in the rental price. Under the terms of the rental agreement the consumer is, however, potentially liable for loss of, or damage to, the rental vehicle until it is returned.
- 6.2 To protect against this potential cost, in the case of rentals within the UK basic cover (known as collision and loss damage waivers) is normally included in the rental price to reduce the amount for which the consumer is responsible in the event of damage to, or theft of the vehicle. A waiver is a contractual term by which the rental company waives its rights to claim compensation from the consumer for loss of, or damage to, the rented vehicle while it is in the consumer's possession. The consumer will still be liable to pay the 'excess' or first part of the cost, which can be for a significant amount – for example up to £1,000.
- 6.3 Car rental firms generally also offer consumers optional protection products at an additional cost to further reduce their liability. These include excess reduction waivers, which reduce the consumer's residual liability (the excess) in the event of damage or theft.
- 6.4 As an alternative to the excess reduction waivers sold by car rental companies, consumers may purchase excess reimbursement insurance (ERI) products from specialist third-party companies or via brokers and intermediaries. Under this arrangement the consumer must pay the excess to the rental company in the event of damage or loss and then lodge a claim with the insurer (who will refund the money if the claim is upheld).

Practices of concern

Lack of transparency

- 6.5 We identified concerns about the lack of transparency in general around waiver and insurance products at the time of booking. In particular, some consumers reported that information about optional waiver and insurance products (and the opportunity to purchase them) was only made available to them at the pick-up desk.

- 6.6 There may be a lack of clear information during the booking process on:
- (a) the extent of the consumer's potential liability for loss or damage to the vehicle and what cover is already included within the basic rental price quoted;
 - (b) the amount of any excesses for which the consumer is liable, which can be significant;
 - (c) full details (including prices) of any additional waivers or insurance that can be purchased with the rental to further reduce the consumer's liability; and
 - (d) the scope of exclusions to the standard cover included in the rental price and/or to optional waiver and insurance products. For example, damage to important parts of the car including the windscreen, undercarriage, roof and tyres may be excluded, which consumers may not expect.
- 6.7 This means that consumers may arrive at the pick-up desk without adequate prior consideration of the need for or cost of additional waiver and insurance packages, reducing the extent to which they can 'shop around' for the best overall rental deal, and consider alternative stand-alone insurance products. Further, at the pick-up desk consumers may only have a very short time to understand the nature of these products and decide whether to purchase, sometimes without enough information (for example in relation to exclusions to the cover offered) to make an informed decision. They may well have no real opportunity to compare the cost and scope of cover with alternative competing products at this late stage. This is particularly important as the cost of these products can significantly increase the final rental price payable.
- 6.8 Given that additional waiver and insurance products are often sold at the pick-up desk and it can be difficult to find out beforehand how much they cost or what they cover, car rental companies enjoy a significant 'point-of-sale' advantage. Stand-alone ERI providers, by contrast, have to incur greater costs to identify relevant consumers, and may well have no real opportunity to market their products to a large part of their target market.

Sales practices

- 6.9 We identified concerns that in some cases insurance and waiver products that consumers did not want or need were added either during the booking process or at the pick-up desk. In particular, there were instances where:
- (a) Consumers did not request any additional cover but it was included in a pre-ticked default box and automatically added to the total rental price at

the end of the booking (unless they unticked the box) , or was included in the small print of the rental agreement and was not drawn to the consumer's attention.

(b) Consumers felt pressured at the pick-up desk to purchase additional products, for example because they were told or given the impression by staff that they were obliged to do so or that a large deposit would otherwise be required.

6.10 Such practices give rise to the risk that consumers will end up purchasing products that may be unnecessary, for example, where they already hold sufficient insurance cover such as an annual car rental insurance or ERI policy.

6.11 Further, consumers may also end up being effectively 'double insured' where they are simply confused about the terminology around 'insurance' and 'waiver' products and how they work, so that they end up purchasing an excess insurance policy from an intermediary and a damage waiver from the car rental company to cover the same liability.

Relevant consumer law provisions

6.12 Car rental businesses may be liable for a misleading omission in breach of the CPRs if they fail to give consumers, in a clear and timely way, information they need to decide whether to book the rental or take a waiver product offered with the rental, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. In the CMA's view, the information that should be provided to consumers early in the booking process, and at the rental desk where appropriate, to comply with this test may well include:

(a) the extent of consumers' liability under the rental contract for loss or damage to the vehicle;

(b) the scope of the basic waiver cover already included in the rental contract for the quoted rental price, and any exclusions to it;

(c) the amount of any excesses; and

(d) options for further reducing the liability, including their prices and any exclusions – for example, where additional products are offered by the company accepting the booking, or are to be offered by the company supplying the vehicle for rental such as optional waiver and insurance products.

- 6.13 Under Regulation 13 and Schedule 2(a) and (f) to the CCRs, before the consumer concludes a rental booking contract online or by telephone (in each case, a distance contract), car hire companies must give the consumer certain listed information in a clear way, including the main characteristics of the services and the total price. These provisions require car rental companies to give consumers clear information on the prices of additional waiver or insurance options and the essential characteristics of the products which, in the CMA's view, includes a description of cover, the amount of the consumer's remaining excess, and scope of any exclusions. Similar information requirements also apply to sales of waiver or insurance options at the pick-up desk by virtue of Regulation 9 and Schedule 1(a) and (c).
- 6.14 Failing to prominently disclose this material information as appropriate during the booking process or at the pick-up desk may stop the consumer from making an informed decision about which company to rent a vehicle from, or from shopping around for the best deal for them (for example, where there may be alternative insurance cover available that better suits their needs).

Optional waiver and insurance products

- 6.15 Optional waiver and insurance products whose terms are not written in plain and intelligible language and brought to the consumer's attention, so that the consumer is confused or unaware of important terms such as the level of protection they offer, will potentially breach the UTCCRs. Further, the CMA's view is that notwithstanding that they are brought to the attention of consumers, some exclusions in optional waivers may potentially breach the UTCCRs as unfair terms if they are unreasonable in nature or scope given that they are promoted to consumers as a means of protecting them against very high potential liability for loss or damage to the rental vehicle.
- 6.16 A practice of rental company staff exaggerating the risks of not taking optional waiver/insurance products, or giving the false impression that they are mandatory rather than optional, could be a 'misleading action', and might also be an 'aggressive commercial practice' under the CPRs in that it could potentially impair the consumer's freedom of choice or conduct through the use of harassment, coercion or undue influence, and thereby cause them to purchase the product, when they otherwise would not have done so.
- 6.17 The practice of using pre-ticked boxes on websites to sell optional protection products – where the consumer must untick the box to opt out of purchasing it – which the consumer may not want and whose inclusion they may overlook, is likely to be a breach of Regulation 40 of the CCRs. This regulation requires a business to obtain the consumer's express consent for any additional payments above the price agreed for the business's main obligation, before

the conclusion of the contract; it makes clear that there can be no express consent if the consent is inferred from the consumer not changing a default option such as a pre-ticked box. It is not lawful to take further payments from the consumer's payment card for products that the consumer has not agreed to receive.

CMA's expectations

- 6.18 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with the CPRs, meet best practice, and ensure that the market works well for consumers
- 6.19 During the booking process, car rental firms should:
- (a) Provide consumers with clear information, in simple language, about what basic insurance and level of cover for loss or damage is already included in the rental price, together with any exclusions and applicable excess amounts.
 - (b) Provide consumers with clear information, including the price, of any optional waiver or insurance products that are available so the consumer understands their main characteristics (including a description of the cover, reduced excess amount and the scope of any exclusions) and can make an informed decision whether or not to purchase.
 - (c) Prominently highlight any important exclusions including surprising exclusions, for example, those which deviate from private car insurance cover (such as damage to the roof or to the undercarriage of the car).
- 6.20 At the pick-up desk, car rental firms should:
- (a) In relation to additional waiver and insurance products that are offered to consumers, provide information about the main characteristics and price in a clear and transparent way and make clear that the products are optional.
 - (b) Ensure rental desk staff offer these products in an appropriate manner to enable the consumer to make an informed decision, without being pressured, about the product that best meets their needs.
- 6.21 In the CMA's view, car rental firms should not use exclusions in waivers that are surprisingly wide or otherwise unreasonable in nature or scope.

How consumers can help themselves

- 6.22 Before booking, consumers should check what cover for loss or damage is included in the basic rental price quoted, the excess amount they will be liable for if they damage the car, and any exclusions that may apply. For example, in many cases windscreens, tyres, roof and undercarriage damage are not covered.
- 6.23 Consumers should carefully consider their options if they want to further reduce the excess amount they are liable for, which can be high. Car rental companies offer their own optional excess waivers (exclusions may apply to what is covered) but consumers should shop around for the best deal for them - there are separate policies available, called 'excess reimbursement insurance', offered by specialist insurance firms under which the consumer, having paid any excess due to the car rental company for damage or loss, can reclaim it from the insurance company. Consumers should check to see which product best meets their needs.

Fuel return policies

Background

- 6.24 Car rental firms may offer various options for fuelling the vehicle when renting a car in the UK or abroad. These typically include:
- (a) **'full–full' tank** policy where the car is supplied with a full tank of fuel and must be returned by the consumer with a full tank (to avoid any additional charges for missing fuel). The consumer therefore only pays for the fuel they use; and
 - (b) **'full–empty' tank** policy, where the consumer must pay for a full tank of fuel from the rental company at pick up and can return the car empty.

Practices of concern

Lack of transparency

- 6.25 We found that fuel return policies, fuel costs and how they will be calculated and other applicable charges may not always be made transparent to consumers when booking. This can lead to unexpected extra costs at the pick-up desk, for example where the consumer is required to purchase a tank of fuel from the rental firm (where the cost of the fuel may be higher than at the local garage) and pay a service fee for the 'refuelling' of the vehicle. These costs can add a significant amount to the total rental price.

- 6.26 Where this lack of transparency exists, it means that at the time of booking, consumers cannot easily compare deals and know exactly what they will be paying. Faced with a full–empty tank policy at the pick-up desk the consumer may have little option than to pay the additional fuel costs as they may lose the money they have already paid if they want to cancel, or may have to pay more for a rental elsewhere if there are any alternative vehicles available.
- 6.27 For rentals with full–full tank policy, in some instances, fuel rates and ‘refuelling’ charges that are incurred if the consumer does not return the vehicle with a full tank of fuel may not be clearly disclosed. This can mean that the consumer incurs higher than expected additional charges when they return the vehicle at the end of the rental period.

Mandatory ‘full–empty’ fuel policies

- 6.28 Concerns were also raised about the fairness of mandatory full–empty fuel policies, (ie where this is the only option made available to consumers), particularly where no refund is given to the consumer for unused fuel.
- 6.29 Some companies do not provide a refund for unused fuel. In practice, it is likely to be impossible to return a car with an empty tank without risking running out of fuel before getting back to the rental location, and the consumer may also be unused to the car’s fuel consumption making it difficult to gauge the amount of fuel required. In some circumstances there may be little chance of using a full tank, for example on small islands⁴⁴ or where the car is only being rented for a short period of time. Not refunding unused fuel means that the consumer pays for fuel they have not used and the rental company can charge the next customer for the unused fuel that has been left in. However, even where refunds are made for unused fuel, the consumer has still incurred an additional refuelling service fee.
- 6.30 The use of mandatory full–empty policies appears to be particularly widespread amongst certain car rental firms operating in Spain. In 2014 Which? and the Spanish consumer group OCU launched a campaign calling on car rental companies to be upfront about extra charges for fuel, to only charge consumers for the fuel they use, and to offer a full–full policy as default.

⁴⁴ Which? estimated that someone hiring a Fiat 500 would need to drive 550 miles to empty the tank – In Mallorca this would be enough to make the 80 mile round trip from Palma airport to Port de Pollenca on the other side of the island nearly seven times.

Relevant consumer law provisions

- 6.31 Car rental businesses may be liable for a misleading omission in breach of the CPRs if they fail to give consumers, in a clear and timely way, information they need about fuel return policies, fuel costs (and how they will be calculated) and any other charges to decide whether to book the rental, and as a result, the average consumer is likely to take a different decision than they would otherwise have done.
- 6.32 They may also be liable for a 'misleading action' in breach of the CPRs as consumers may be misled about the total rental price, or the manner in which it is calculated, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. In the CMA's view, the information that should be provided to consumers during the booking process to avoid engaging in a misleading act or omission under the CPRs likely includes:
- (a) details of the fuel policies that are offered; and
 - (b) bringing to the consumers attention the existence of any additional charge for fuel, and the amount of such charge (including the cost of the fuel and any refuelling service fee or how charges will be calculated if not known in advance).
- 6.33 Failure to provide this information may lead the consumer to select a particular car rental provider based upon the lower quoted rental price when the applicable fuel related policy and charges may make the deal less attractive than a competitor's.
- 6.34 Failing to clearly disclose during the booking process any terms and conditions about fuel policies and charges may also result in a breach of the UTCCRs through failure to disclose transparently terms in plain and intelligible language and through use of potentially unfair terms which seek to bind the consumer to important terms which they have not had the opportunity of becoming acquainted with before the conclusion of the contract.
- 6.35 Further, under Regulation 13 and Schedule 2(f) and (g) to the CCRs, before the consumer concludes a rental booking contract online or by telephone (in each case, a distance contract), car hire companies must give the consumer certain listed information in a clear way, including the total price of the services and any other costs (or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable). These provisions require the car hire company to give full price information to the consumer before any booking contract is concluded, and in particular, to give details of all charges additional to the rental that are or may be payable.

- 6.36 The use of a mandatory full–empty fuel policy, particularly where no refund is given to the consumer for unused fuel, even where transparently disclosed to the consumer, may potentially render the relevant rental terms unfair under the UTCCRs.
- 6.37 Where a full–full fuel policy applies, if the amount of any refuelling charges imposed where the consumer wrongfully fails to return the vehicle with a full tank, is not fair and reasonable, it would likely be considered a term which obliges the consumer to pay an excessive amount in compensation for their failure to fulfil their obligation, and as such, is potentially unfair under the UTCCRs.

The CMA’s expectations

- 6.38 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with consumer law, meet best practice, and ensure that the market works well for consumers:
- (a) Information about fuel return policy options, fuel costs and how they will be calculated and any other applicable or potential charges (such as refuelling fees) should be prominently highlighted during the booking process, and any relevant terms and conditions should be clearly accessible to consumers.
 - (b) We consider that it is likely to be a breach of the CPRs and/or an unfair term in breach of the UTCCRs to apply fuel policies that the consumer cannot avoid and which require a consumer to pay additional fuel-related charges, unless the charges are included in the upfront price the consumer agrees to pay for the rental. This would include policies under which consumers must pay refuelling service fees, and requirements to buy a tank of fuel from the rental company at a rate in excess of the local market rate, or without full refunds for unused fuel.
 - (c) We recommend that car rental businesses offer consumers the default option of a full–full fuel return policy, which should be available at no additional charge to the consumer.
 - (d) Any fuel refuelling charges and fees imposed where the consumer wrongfully fails to return the vehicle with a full tank, should be fair and reasonable.

How consumers can help themselves

- 6.39 Before booking consumers should carefully check the car rental provider's fuel return policies, and in particular whether they offer the option to drive away and return the car with a full tank (a full–full fuel return policy).
- 6.40 Consumers who want the convenience of not having to refuel the vehicle at the end of the rental should make sure they know before booking how much the rental firm will charge for the fuel (which could be more than the local garage price) and for the service of re-filling the tank, and whether they will refund unused fuel, so that they can compare the rental deal with other quotes.

7. Issues at the post-rental stage

Vehicle damage

Background

- 7.1 Under the terms of the rental agreement, the consumer is potentially liable for any damage to the vehicle, or its loss, for the period of rental, until it is returned and inspected. Although basic cover may well be included in the rental price to reduce the amount consumers are responsible for in the event of damage, they may still be liable to pay the 'excess' or first part of this cost, which can be significant.
- 7.2 Car rental companies have procedures in place to record damage incurred during the rental period and to charge the consumer for it. When collecting the vehicle, the consumer will normally be provided with a pre-rental inspection report indicating any pre-existing damage and given an opportunity to check and agree the condition of the vehicle. At the end of the rental period, the returned vehicle will be inspected again and any damage not previously recorded will be noted and signed for by the company employee, with the consumer invited to also sign. On some occasions, an inspection with the consumer present may not be possible, for example if the car is returned outside of business hours or if the rental location is very busy and the consumer needs to catch a flight.
- 7.3 If damage is noted at the post-rental inspection, the consumer will normally be charged for the cost of repairs up to the amount of any excess (unless the damage is classed by the car rental company as 'fair wear and tear') by deducting money from the security deposit or from their pre-authorised credit/debit card, pursuant to authorisation or consent given in the rental agreement.

Practices of concern

- 7.4 We found instances where consumers had reported concerns that the pre-rental and post-rental inspection of vehicles was not properly carried out by car rental staff, leading to disputes over whether the damage had been incurred during the period of the rental.
- 7.5 Some consumers also reported that the car rental company had charged them for damage, and taken payment, without providing any evidence of the alleged damage to the vehicle, making it very difficult for them to challenge their liability for the damage.

- 7.6 The potential for disputes about damage may be exacerbated where consumers are not present for the post-rental inspection, either because car rental staff are very busy (especially during certain times and at locations such as airports) or the vehicle is returned 'out-of-hours'.
- 7.7 Some consumers reported that the car rental company had not provided them with sufficient information about how the repair costs were calculated, making it difficult to assess the reasonableness of what they were being asked to pay.
- 7.8 In this respect, we understand that the basis upon which some car rental companies assess damage may depend on whether the damage is major or minor. For major damage, a rental company may obtain an estimate from a garage or other expert assessor for the repair cost and take the vehicle off the road to repair it. For minor damage such as a scratch or dent, companies may often rely on a 'damage matrix' to calculate the estimated repair cost.
- 7.9 A damage matrix contains a list of all minor damage and the cost of repairing it based on typical body shop repair costs. In such circumstances, the vehicle is often not repaired at the time the damage is incurred as this would mean taking it out of use and the business incurring losses (which the consumer could potentially be liable for), rather the vehicle is repaired later along with other items of accumulated minor damage). It may not be transparent to the consumer on what basis they have been charged and how the amount has been quantified.
- 7.10 We have concerns that, where damage matrices are used, it may not necessarily be transparent to the consumer on what basis they have been charged and how the amount has been quantified. This could enable car hire companies to recover excessive repair charges unless the matrices represent a genuine pre-estimate of the loss to the rental company, for example in circumstances where separate, minor damage to a part is caused by two different consumers (who are both charged for the damage) but the part is only repaired once.
- 7.11 We also have a more general concern about the extent to which consumers may be held liable for vehicle damage in circumstances where they can establish that the damage was not their fault and they had acted with reasonable care. Car rental companies maintain that the liability for damage a consumer accepts is consistent with the risk they would have for damage to their own property, and that damage waiver products are provided or available to the consumer should they wish to reduce or eliminate their liability. However, we consider that consumers may be unaware of, or surprised by, their liability for damage that is not caused by their fault. This may also be considered an inappropriate allocation of risk to the consumer.

Relevant consumer law provisions

- 7.12 Car rental businesses may be liable for a misleading omission in breach of the CPRs if they fail to give consumers, in a clear and timely way, information they need to decide how to exercise their rights under the rental contract, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. In the CMA's view, failure to give the consumer certain information before taking a charge for damage would hinder the consumer's ability to take an informed decision about whether to pay the claimed amount or to challenge it. This information is likely to include details and evidence of the damage, and evidence of the cost of repairs.
- 7.13 Under the UTCCRs, the use of contract terms that have the effect of inappropriately transferring risk from the rental company to the consumer may be open to challenge as potentially unfair terms. In the CMA's view, this might apply to terms making the consumer liable for any damage caused to the vehicle until the post-rental inspection, if returned to the rental station outside of opening hours, without taking account of whether the damage occurred within the car rental company's property and/or was caused by the negligence of the company or its employees.
- 7.14 In addition, terms entitling the car rental company to charge the consumer for damage caused to the rental car are likely to be unfair contrary to the UTCCRs if they go beyond what the company's rights would be under the general law. In general, car rental firms should not seek to recover damage that they could not prove to a court that the consumer is responsible for – the consumer needs to be able to assess their potential liability if the company sought to pursue the matter in court.
- 7.15 Further, a contract requirement for a consumer to pay more in compensation for a breach of contract than a 'reasonable pre-estimate of the loss' caused to the rental company may be considered an excessive penalty and therefore render the term imposing it unfair under the UTCCRs. For example, if the rental company's terms were to provide for the cost of repairs to be quantified by reference to a damage matrix that produced amounts significantly exceeding the actual likely cost of the repair.

The CMA's expectations

- 7.16 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with consumer law, meet best practice, and ensure that the market works well for consumers. Car rental businesses should:

- (a) Give clear information during the booking process about the extent of the consumer's liability for damage and the options available to them to reduce their liability (as consumers may be unaware of, or surprised by, their liability for damage that is not caused by their fault).
- (b) In the case of all proposed damage charges, routinely provide consumers with evidence of any alleged damage and how the repair costs have been calculated, and the opportunity to challenge it, before seeking to process a damage charge.

How consumers can help themselves

- 7.17 Before booking, consumers should check what their liability is for any damage to the car incurred during the rental period.
- 7.18 Before driving away, consumers should make sure they know the car rental company's policy for dealing with damage (including how to dispute the damage and charges if they aren't happy). Consumers should check the car and record every mark, dent and scratch on the paperwork and make sure a member of staff signs it. This will help if the car rental company says that the consumer has damaged the car when it is returned.
- 7.19 When returning the car, consumers should make sure a member of staff inspects it in their presence if at all possible, and get the paperwork signed. If the car is being returned after hours, the consumer should take photographs to show there is no new damage.

Additional payments taken from the consumer's payment card

Background

- 7.20 Before renting a car, a consumer may be required at the pick-up desk to pay a deposit or to authorise the company to use their credit/debit card as security (where the amount is effectively 'blocked' on the card and released after the rental ends). If there is a problem after the vehicle is returned the rental company can then recover their costs from the deposit or payment card. Consumers may be charged for things like fuel surcharges (where the vehicle wasn't returned with a full tank), any damage to the car that isn't covered by a waiver, and parking fines and other traffic violations. As such, the amount of the deposit or authorisation can sometimes be large.

Practices of concern

- 7.21 More than a third of the concerns identified from our review of Citizens Advice data were about issues over deposits, the taking of unexplained payments or the failure to refund deposits.
- 7.22 Consumers reported a lack of transparency and clarity about the pre-authorisation or deposit process and the types of potential additional fees and charges for which this might be used at the end of the rental. Consumers might only find out about the need to pre-authorise their credit card when arriving at the pick-up desk, meaning that a large sum was unexpectedly 'blocked' on their card during the period of their holiday and could not be used for other purchases.
- 7.23 Consumers also reported car rental companies taking extra charges from their pre-authorised credit/debit card without any prior notification, explanation or evidence to support the charges. Similarly, there were instances where the car rental company had retained the consumer's deposit after the rental period without providing any explanation or evidence; for example, to pay for damage or traffic fines. This can make it difficult for the consumer to challenge or dispute the payment, particularly as the first they may know about it is when it appears on their credit card statement. This difficulty is further exacerbated where the additional charges are not processed until several weeks or months after the end of the rental period.
- 7.24 There were also instances where deposits were not refunded for a significant period of time despite the consumer querying the delay with the car rental company.

Relevant consumer law provisions

Pre-authorisations and deposits

- 7.25 Car rental businesses may be liable for a misleading omission in breach of the CPRs if they fail to give consumers, in a clear and timely way, information they need to decide whether or not to conclude a booking or rental contract, and as a result, the average consumer is likely to take a different decision than they would otherwise have done. In the CMA's view, this is likely to include giving consumers information during the booking process about the requirement to pre-authorise their payment card or pay a security deposit, what it is intended to cover, and the amount.
- 7.26 Inviting the consumer to book a car rental, without transparently disclosing terms of the rental which require the consumer to pay a specified deposit or to pre-authorise their card to a specified amount by way of security, may have the effect of binding the consumer to terms and conditions which they have no real opportunity of becoming acquainted with before the conclusion of the contract. The CMA's view is that this would likely breach the transparency requirement of the UTCCRs for terms to be expressed in plain and intelligible language, and result in booking terms being unfair.
- 7.27 Further, Under Regulation 13 and Schedule 2(u) to the CCRs, before the consumer concludes a rental booking contract online or by telephone (in each case, a distance contract), car hire companies must give the consumer certain listed information in a clear way, including details of required deposits or other financial guarantees to be provided by the consumer.
- 7.28 Under Regulation 40 of the CCRs, it is a requirement that, before the consumer is bound by a rental contract or offer, the car rental company must seek the consumer's express consent for any additional payments beyond the price agreed for the main rental service. Failure to obtain the consumer's express consent for the pre-authorisation, after the consumer has been fully informed of the amount of the pre-authorisation and all the potential charges it covers, may breach the CCRs.

Process for taking additional charges

7.29 In the CMA's view, car rental businesses may breach the CPRs if they fail to:

- (a) notify the consumer of any additional charges a reasonable time before they are taken to enable the consumer to assess the claim and consider whether to dispute it; and
- (b) provide evidence of the damage and justification for the charges when notifying the consumer.

This is because this is likely to be material information that the consumer needs to make an informed decision about whether to challenge their liability for the charges and/or the amount. Failure to provide this information is likely to cause the consumer to take a different transactional decision in relation to exercising his/her rights under the rental contract and could therefore be a misleading omission under the CPRs.

7.30 Failure to operate a fair process for recovering damage costs may also potentially amount to an aggressive commercial practice under the CPRs. This might be the case if the car rental company fails to provide the consumer with prior notification of any additional charges, together with sufficient details and evidence of the nature of the damage and the way in which the amount charged has been calculated, or fails to allow the consumer a reasonable opportunity to challenge the charges before they are processed. The car rental company is arguably exploiting a position of power in relation to the consumer, by unilaterally and without adequate warning taking payments from the consumer's payment card. In practice this would significantly limit the consumer's ability to make an informed decision whether to dispute the charges.

7.31 Also, failure to obtain the consumer's express consent before taking the charges from the payment card pursuant to the pre-authorisation could breach Regulation 40 of the CCRs. This Regulation requires that, before the consumer is bound by a rental contract or offer, the car rental company must seek the consumer's express consent for any additional payments beyond the price agreed for the main rental service.

7.32 A term that gives a car rental company the discretion to take additional charges without prior notification and justification is also likely to be open to challenge under the UTCCRs as a potentially unfair term. In the CMA's view, a term is less likely to be unfair where it permits the car rental company to take charges from the consumer's payment card pursuant to the pre-authorisation once the consumer has been provided with the relevant basis of the claim as described above and, after a reasonable time, where the

consumer has not disputed the charge. However, where the consumer has indicated that they dispute the charges, in the CMA's view, a term entitling the car rental company to take the charge from the consumer's payment card notwithstanding that the charge is disputed, is liable to be an unfair term under the UTCCRs. This is because it reflects an imbalance between the business and the consumer, the consumer being put in the disadvantageous position of having to reclaim the payment from the car rental company. The term would be more likely to be fair if it provided for disputed charges to be referred to an independent dispute resolution process before the car rental company could take the payment from the consumer's card.

The CMA's expectations

7.33 We set out below some of the key things we consider car rental businesses should do to help them achieve compliance with consumer law, meet best practice, and ensure that the market works well for consumers.

Pre-authorisations and deposits

- 7.34 Car rental businesses should make consumers aware during the booking process of any requirement for pre-authorisations and deposits that will apply at the point of rental, their purpose and amount (as well as detailing them in the terms and conditions).
- 7.35 Potential reasons or circumstances for charging a credit/debit card for additional fees (beyond the payment of the rental service) should be clearly defined both during the booking process and in the authorisation signed by the consumer at the point of rental, by setting out a clear list of situations in which such a charge is possible.
- 7.36 The express consent of consumers for the pre-authorisation of their payment card should be obtained by the car rental company by a signed document clearly specifying the amount of the pre-authorisation and the list of potential charges that are covered by it.
- 7.37 Deposit amounts should be refunded and pre-authorised amounts unblocked from the consumer's credit/debit card as soon as possible after the end of the rental.

Processing additional end-of-rental charges

- 7.38 Consumers should be provided with clear information about the process for disputing damage charges – the CMA recommends this information is given during the booking process, in the terms and conditions, in any booking confirmation email, at the pick-up desk and at any post-rental inspection where damage is identified.
- 7.39 Before processing any additional charges that may be payable at the end of the rental, both from a pre-authorised payment card or by deduction from a consumer's deposit, car rental businesses should:
- (a) notify the consumer of any additional charges as soon as possible after the end of the rental period;
 - (b) provide justification for the charges: in particular, in relation to damage charges provide relevant supporting documents such as the pre- and post-rental inspection reports, photographic evidence of the damage and a repair estimate assessment or quote from the damage matrix;
 - (c) allow a reasonable time for consumers to challenge the evidence before charging them; and
 - (d) advise consumers of the steps they should take if they wish to dispute the charges, including details of how to contact the customer services department and any alternative dispute resolution body they can access (for example, the BVRLA's conciliation service if the company is a member) if they wish to challenge the company's final decision.

How consumers can help themselves

- 7.40 When booking, consumers should check whether they will need to pay a deposit at the pick-up desk and the amount (which can be large), or to pre-authorise the use of their credit or debit card to cover any potential additional charges at the end of the rental (which will mean an amount is 'blocked' on their card and is unavailable to use for other purchases).
- 7.41 Consumers should make sure they know what the deposit or pre-authorisation is intended for, for example it may cover damage or traffic fines.

8. Initial steps

Introduction

- 8.1 Chapters 5 to 7 have set out our general concerns with certain practices in the car rental sector, our assessment of how the law applies and our view of what car rental companies and consumers might do to achieve better outcomes.
- 8.2 To support this analytical work the CMA has also focused on achieving change within the sector by working directly with the key players. This work is the first of two phases. The first phase consists of work with the five major car rental companies and the second phase will focus on the smaller car rental businesses, intermediaries and brokers. In this chapter we describe some of the positive changes brought about by our first phase work with the five major car rental companies.
- 8.3 Generally speaking, the CMA had a higher degree of confidence in the major companies' practices when compared to the average picture of the sector that emerged from the review of Citizens Advice consumer contacts data (as previously noted, in relation to problems and practices referred to in chapters 4 to 7 of this report, it should not be assumed that they are examples of practices by the five major car rental brands). Notwithstanding this, their significant market size both in the UK and EU, and the fact that we held some concerns about certain aspects of these major companies' practices made them a priority starting point for work in this sector.
- 8.4 Each of the five major companies had a slightly different collection of practices. This meant that our concerns differed from company to company and as such, each has committed to making a bespoke set of changes that relate specifically to its business, building on existing practices.
- 8.5 We describe below some of the collective changes made by the major car rental companies in relation to each of our main areas of concern.
- 8.6 We have also set out some of the key changes made by the BVRLA (whose members represent over 80% of all rental transactions in the UK) to its Code of Conduct to further improve it, which in principle, and when fully implemented and enforced, will address a number of the issues we identified during our review.
- 8.7 The improvements by the five major car rental companies, along with the improvements to the BVRLA Code, set a benchmark for the rest of the industry to follow.

Summary of key improvements

Transparency of pricing: improvements to the transparency of pricing during the booking process

Five major car rental companies

Mandatory charges

- 8.8 The companies have confirmed that they already include, and affirm their continued commitment to including, charges that are mandatory for all consumers – such as premium location fees – in the rental price quoted at the start of the booking process, after the consumer has entered their search criteria.
- 8.9 The companies have also specifically confirmed that one way fees are already included in the price quoted at the start of the booking (where the consumer includes this in their search criteria). Most of the companies have agreed, however, to improve the timeliness of their disclosure of the Young Driver Surcharge (YDS) and its amount (which can often add significantly to the final rental price) during the website booking journey to ensure that consumers are prominently informed about it early in the booking process.⁴⁵ This will be done, for example, by asking for the driver's age on the search page so that, where applicable, the YDS will be automatically added to the rental price that is shown on the results page.

Optional extras

- 8.10 Nearly all of the companies have agreed to enhance the information they provide on their booking websites about the prices of optional extras that are available. In particular, where they do not already do so, companies will display all major optional products and services that are available at the rental destination and their prices at an early stage of the booking process and will make them available to book online.
- 8.11 The improvements made to the transparency of prices on booking websites will also be applied by the companies to their other direct booking channels, such as bookings made via telephone and mobile applications, as appropriate.

⁴⁵ One of the companies affirmed that it already does this.

BVRLA

8.12 The revised BVRLA Code of Practice reinforces the principle that members must be transparent about their pricing during the booking process. In particular:

- (a) customers must be given a clear breakdown of what is included in the quoted price of their rental. Any additional mandatory charges, including location surcharges or taxes, must be confirmed to the customer at the start of the booking process;
- (b) any one-way fee (sometimes applicable when a customer wants to return a vehicle to a different location) must be included in the total charge;
- (c) if the customer has to pay any age-related surcharges, these must be made clear during the booking process; and
- (d) early in the booking process, the member should provide the customer with clear information, including costs, of all optional products that may be offered at the rental desk, including excess waivers, additional drivers, child seats, or satellite navigation system.

Transparency and fairness of contract terms: improvements to the transparency of key rental terms and requirements during the booking process

Five major car rental companies

8.13 The companies have agreed to improve the transparency of the information they provide to consumers during the online booking process about the key rental terms and requirements. This will be implemented by the companies in different ways, for example:

- (a) by providing consumers during the booking with a new 'key facts' document that summarises important information about their rental; or
- (b) by enhancing the information available during the booking process about important 'country-specific' or 'rental location' requirements that the consumer needs to be aware of; or
- (c) by making links to terms and conditions more prominent during the booking process.

8.14 Some of the companies have also confirmed that, where they do not already do so, they will make available to consumers during the booking process a copy of the applicable full rental terms and conditions.

- 8.15 A number of the companies have also agreed to enhance the information contained in follow-up confirmation emails sent to consumers who make an online booking, for example by including, or linking, to important documents such as 'key facts' or the full terms and conditions applicable in the country of rental.
- 8.16 A number of the companies are also reviewing their terms and conditions to ensure that they are fair, simple and easily understandable to consumers, or with a view to standardising them as far as possible across their European operations and making them available during booking.
- 8.17 The improvements being made to the transparency of key rental information on booking websites will also be applied by the companies to their other direct booking channels as appropriate – including, for example, telephone bookings. Some companies will follow up disclosure of key information during telephone bookings with sending consumers booking confirmation emails that contain, or link, to key documents.

BVRLA

- 8.18 The revised BVRLA Code of Practice requires that:
- (a) members must ensure that the terms and conditions of the rental and booking are available to be read and accepted during the booking process;
 - (b) the terms and conditions must be available to download or details provided of how a copy can be obtained;
 - (c) the terms and conditions must be written in a clear way, avoiding industry jargon and acronyms; and
 - (d) members must ensure relevant information from the terms and conditions is referenced throughout the reservation process, where appropriate.

Selling of optional waivers/insurance: improvements to the transparency of optional waiver and insurance products during the booking process, including prices, exclusions and excesses

Five major car rental companies

- 8.19 The companies have agreed to further improve the transparency, clarity and comprehensiveness of the information they provide on their booking websites about waiver and insurance cover. In particular:

- (a) where not already shown, the prices of optional waivers and insurance will be provided at an early stage of the booking process together with more detailed and prominent information on exclusions and applicable excesses that the consumer is liable for;
- (b) supplementary information will also be given as applicable within one or more of the 'key facts' document, the important country or rental location information, and the key rental terms and conditions that are available during the booking process; and
- (c) where they do not already do so, the companies will make optional waiver and insurance products available to book online as well as at the pick-up desk.

8.20 The improvements made to the transparency of waivers and insurance on booking websites will also be applied by the companies to their other direct booking channels to the extent reasonably practicable.

8.21 The companies have also affirmed their commitment to their existing training, compliance and customer feedback processes to ensure that additional waiver and insurance products are sold appropriately, and without applying undue pressure on consumers, by pick-up desk staff. To supplement this, some of the companies are refreshing their staff training and/or producing new leaflets summarising the waiver products offered that will be available to consumers at the pick-up desk and online.

BVRLA

8.22 The revised BVRLA Code of Practice requires its members:

- (a) to explain during the booking (as well as at the start of the rental) the full extent of the customer's financial responsibility as it relates to damage, theft or loss of the rental vehicle or its keys while it is on hire, and make the customer aware of any exclusions in their coverage, such as windscreens and tyres or damage to the roof;
- (b) to make customers aware of any waivers or excess reduction products that may be available and the costs, and any exclusions that may apply, before the booking process is completed; and
- (c) to ensure that the relevant terms and conditions are written in a clear way, avoiding industry jargon and acronyms.

Fuel return policies: improvements to the transparency of fuel policies

Five major car rental companies

- 8.23 The companies have re-affirmed their commitment to transparent fuel policies and most have agreed to further enhance the information they already provide during the booking process, for example by including reference to it within summaries of key rental information as well as in the terms and conditions and booking confirmation.
- 8.24 The companies have affirmed that they operate a full–full fuel return policy as standard at their corporate rental locations, with other fuel options made available for the convenience of the consumer.
- 8.25 Two companies whose subsidiary value brands offered a mandatory full–empty fuel service in Spain have made changes to those practices such that a full to full fuel option is also now available. They have also re-affirmed that whilst the full–empty service will continue to be offered as an option, it has always been their policy to refund the value of any unused fuel. Specifically:
- (a) InterRent (a brand operated by Europcar) introduced a full–full fuel policy as standard in April 2015 for rentals in Spain (and earlier for other EU countries); and
 - (b) Firefly (a brand operated by Hertz), which operated a mandatory full–empty fuel policy in Spain only, launched a new full–full fuel option through its broker channels in October 2014 and intends to launch a full–full option on its main website. However, in relation to the main Firefly website, the full–empty service will remain the default fuel policy and the full–full service will only be available if the consumer purchases a bundle of optional products and services. We consider that any full–full option should be offered at no additional charge to the consumer.

BVRLA

- 8.26 The revised BVRLA Code of Practice requires its members:
- (a) to inform the customer during the booking process of the fuel return policy and the different fuel options that may be available;
 - (b) to inform the customer before the rental begins of the fuel return policy, set out the different fuel options available, and explain how refuelling charges are calculated; and

- (c) to offer the customer the option to refuel the vehicle so that it can be returned with the same level of fuel it had when the rental began.

Vehicle damage: improvements to the transparency of vehicle damage assessment processes

Five major car rental companies

- 8.27 Nearly all of the companies have agreed to improve the information they provide about their damage policies and pre and post-rental inspection processes, to make consumers better aware of their potential liability for damage. This will be done for example, by highlighting the information during the online booking process either in the rental terms or key facts documents where applicable, or by providing leaflets at rental stations. These will include information on timescales, time targets for post-rental inspections at peak and off peak times and waiting times for inspections. One of the companies is also introducing a new returns procedure to actively encourage consumers to attend a post-rental inspection.
- 8.28 A number of companies who use damage matrices to assess repair costs for minor damage have agreed to regularly review them to ensure that the charges are justifiable, such as through the audit or verification of the matrices by independent third parties. One of the companies is also updating its matrices to ensure that they automatically apply 'smart repair' costs for small damage (for example, applying a smart repair of a body panel rather than a full panel repair charge), helping to ensure the consumer is only charged a proportionate amount for the damage incurred by them.
- 8.29 To the extent that they do not already do so, a number of the companies have agreed to revise their post-rental procedures to ensure that when notifying consumers of alleged damage they will always be provided with supporting evidence to justify the damage and charges. This will include photographic evidence where available.

BVRLA

- 8.30 The revised BVRLA Code of Practice contains some additional requirements in relation to the pre and post rental procedures, for example:
- (a) if the vehicle is inspected in poor light or bad weather the customer should be advised that they may inspect the vehicle again as soon as practicable and report any damage not recorded on the pre-rental inspection report;
 - (b) if a vehicle is returned within office hours, unless agreed otherwise the member must ensure that a representative is available to carry out a vehicle inspection, with the customer present, at the end of the rental;
 - (c) customers permitted to return vehicles outside normal opening hours must be provided with clear procedures for doing so. The customer must be made aware that they remain responsible for the vehicle and any post-rental damage until the rental station re-opens and the vehicle is checked-in; and
 - (d) in order to justify any damage charges, the member will provide all necessary supporting documents, including the pre- and post-rental reports, photographic evidence of the damage and a repair estimate or quote from the damage rate matrix. The member shall ensure that the charges are assessed in a transparent and proportionate manner.

Additional payments taken from the consumer's payment card: improvements to the processes and transparency for taking additional payments and charges from consumers' payment cards

Five major car rental companies

Transparency of pre-authorisations

- 8.31 Nearly all of the companies have agreed to improve the information they provide during the booking process about the requirement to pre-authorise a specified amount on the consumer's credit or debit card at the pick-up desk, what the pre-authorisation will cover, and the amount that will be taken and/or how it will be calculated. This information will be provided, for example, in key facts documents, important rental location information, and terms and conditions.

Process for taking additional damage charges

- 8.32 To the extent that they do not already do so, the companies have agreed to revise their post-rental policies for charging consumers for vehicle damage to ensure that consumers are always given prior notification of any alleged damage and charges together with justification and appropriate supporting evidence.
- 8.33 Further, where applicable the companies will ensure that on receipt of the notification consumers are given a reasonable opportunity to challenge their liability for any alleged damage and the repair costs charged before any payment is taken from their credit or debit card.⁴⁶ In particular, consumers will be given at least seven days (and in some instances a minimum of 14 days) to dispute the damage charges before they are processed by the car rental company.⁴⁷ Where the consumer challenges the damage charge, it will be put on hold pending further consideration or resolution of the dispute by the car rental company. If the company determines that the damage charge remains justified it will process the amount but consumers will be advised of their right to further pursue the matter, for example through the European Car Rental Conciliation Service (for cross-border rentals in the EU).

BVRLA

- 8.34 The revised BVRLA Code of Practice sets out the process that members must follow when processing damage charges at the end of the rental. In particular:
- (a) the member must advise customers present at the post-rental inspection of any end-of-rental costs that may be payable, including damage charges. If the customer is not present at the post-rental inspection, the member will notify the customer of any charges within 10 days;
 - (b) the customer must be notified of these charges before they are debited from their previously agreed method of payment, as set out in the rental agreement;

⁴⁶ Under its existing practices, one of the car rental companies does not process disputed damage charges unless the consumer agrees to it after being first notified and then later invoiced. If the company has strong evidence that the consumer is responsible for the damage, it will invoice the consumer but will not process payment without consent to do so. Where the consumer continues to dispute the charge after being invoiced the company may ultimately seek to recover it through court action.

⁴⁷ For some of the car rental companies, this process will not apply where the consumer was present for the post-rental inspection and signed to acknowledge their acceptance of charges for minor damage that were assessed via a damage matrix (but will apply in all other circumstances). For other companies, consumers will be sent an invoice in every case and given a minimum time period to dispute the damage charges before they are processed.

- (c) in order to justify any damage charges, the member will provide all necessary supporting documents, including the pre- and post-rental reports, photographic evidence of the damage and a repair estimate or quote from the damage rate matrix. The member shall ensure that the charges are assessed in a transparent and proportionate manner; and
- (d) members will advise customers of the steps they should take if they wish to dispute the charges, including details of how to contact any relevant customer services department.

Other improvements

- 8.35 In addition to the changes made by the major car rental companies that we have set out above, some of the companies have agreed to enhance the information they provide on their booking websites about local traffic rules and regulations in the rental country or location.

9. Next steps

Implementation of the major car rental companies' proposals

- 9.1 The five major European car rental companies have set out clear timetables for implementing the changes discussed in Chapter 8 across their corporately owned operations in EU countries, including the UK. Some of the changes have already been made but most of the others will be rolled out during the second half of 2015. The companies have also undertaken to work with their franchisees to adopt the changes. Some of the car rental companies appear to have greater control over their licensees/franchisees than others due to the nature of their contractual relationships and have been able to give firm commitments to embedding the changes. Others will educate their franchisees about the changes and support them to implement them.
- 9.2 Once implemented across their primary brands, the companies intend to also make the changes across their other corporately owned car rental brands in Europe:
- in the case of Hertz: Dollar, Thifty and Firefly operations;
 - in the case of Avis-Budget: Zipcar, Apex, Payless⁴⁸, Avancar and Maggiore brands;
 - in the case of Europcar: InterRent brand;⁴⁹
 - in the case of Enterprise: National and Alamo brands (for which it recently acquired the rights in Europe)⁵⁰; and
 - in the case of Sixt: Flizzr brand.
- 9.3 We and our CPC enforcement partners will monitor the companies to ensure that the proposals are fully implemented. Furthermore, our additional work in this sector, in particular with Leaseurope, should also help to ensure that the

⁴⁸ Avis does not currently operate any Apex rental stations in Europe but will ensure that as and when launched the changes will be implemented. Avis has recently appointed a licensee in Ireland operating under the Payless brand. The Payless brand owned by Avis-Budget has no affiliation with a car rental business operating under the name Payless in the Canary Islands.

⁴⁹ Some specific changes have already been introduced for the InterRent brand during 2015, for example in relation to its fuel policy, but other changes will be made at a later date after they have been implemented across the Europcar brand.

⁵⁰ Enterprise is currently responsible for fulfilling all rentals booked under these brands at European locations, so the changes it is already making to the Enterprise brand beyond the booking stage will apply.

principles agreed with the five major companies are adopted by their franchisees, licensees and competitors thereby creating a level playing field.

Leaseurope's revised Code of Best Practice

- 9.4 Leaseurope, the European Federation of Leasing Company Associations, represents as an umbrella body both the leasing and automotive rental industries in Europe, and is composed of 45 Member trade associations (including the BVRLA) in 33 countries.⁵¹ Leaseurope, as the representative of the European leasing and car rental industries, has actively and constructively participated in the dialogue with CPC enforcers.
- 9.5 Leaseurope has a Code of Best Practice for the car and van short term rental industry⁵² this sets out the standards expected from the car rental industry and covers areas including advertising, customer information, car condition, pre and post-rental inspections and billing.
- 9.6 Leaseurope has recently reviewed and revised its Code of Best Practice to reflect the core principles agreed by the car rental companies. This is important in a number of respects. First, the Code is intended to act as a benchmark in shaping the Codes of Practice of its national member trade associations, helping to raise standards in the car rental industry across Europe. Second, it is relevant to the European Car Rental Conciliation Service (ECRCS), which helps customers with unresolved complaints concerning cross-border vehicle rentals within Europe. The ECRCS investigates potential breaches of the Code of Best Practice; as such the Code acts as the standard against which subscribing car rental companies behaviour is judged for the purposes of reaching a decision.
- 9.7 In the next few months, to supplement the Code provisions, Leaseurope will issue detailed practical guidance to its membership that reflects the changes implemented by the major car rental companies. These are summarised in Chapters 5 to 7.

⁵¹ The countries represented are: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta, Morocco, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Tunisia, Ukraine and the United Kingdom. Please see <http://www.leaseurope.org/index.php?page=about-us>.

⁵² [Leaseurope Code of Best Practice](#).

Implementing the BVRLA's revised Code

- 9.8 The BVRLA has undertaken a wholesale review of its Code, to improve the rigour and clarity of the standards expected from its members.
- 9.9 We were able to raise and discuss with the BVRLA the issues that we had found in our review of the UK market, which it took into account when revising the rental section of its Code. Although the CMA has no formal role to accredit or approve codes of practice⁵³, we also provided feedback on the draft revised Code to assist the BVRLA in its review.
- 9.10 We welcome the revisions made to the Code to further improve it, which in principle, and when fully implemented and enforced, will address a number of the issues we identified during our review. The revised Code is clearer and more detailed about the standards that are required of members, in particular at the vital customer-interaction stages.
- 9.11 Although the revised Code will be officially launched at the beginning of 2016, we understand some members have already made changes in order to meet the new standards. Further, the BVRLA has undertaken that the revised Code will be supported with a stronger governance regime that will review members' compliance. The BVRLA will undertake regular compliance checks on members, for example by looking at members' websites, vehicle condition and maintenance records, and key areas of customer service. Where repeated major breaches of the Code are found, the member may face expulsion. We are encouraged by the BVRLA's commitment to enforce the Code robustly.

Consideration of collective action by the UK Consumer Protection Partnership

- 9.12 The CPP brings together UK consumer protection organisations⁵⁴ to jointly identify and prioritise areas where there is the greatest harm caused to consumers and to agree and coordinate collective action to tackle such detriment.

⁵³ The Consumer Codes Approval Board, operated by the Chartered Trading Standards Institute, is responsible for approving voluntary consumer codes of practice that meet set criteria.

⁵⁴ The CPP includes the CMA, National Trading Standards Board (NTSB), Trading Standards Scotland (TSS), the Department for Enterprise, Trade and Investment Northern Ireland (DETI), the Financial Conduct Authority (FCA), the Trading Standards Institute (TSI), Consumer Council for Northern Ireland (CCNI), Citizens Advice (CitA), and Citizens Advice Scotland (CAS).

9.13 Car rental is a CPP priority for 2015.⁵⁵ As such, the CPP will take account of the outcome of the CMA's work and consider whether a CPP response is required to follow up on this.

Sharing information and best practice with other international enforcers

9.14 The major car rental companies we have been engaging with operate at a global as well as pan-European level.

9.15 We intend to share the outcomes and learning from our work in the sector with our counterparts in the International Consumer Protection and Enforcement Network (ICPEN). ICPEN is a network of consumer protection law enforcement authorities from across the globe. The CMA, on behalf of the UK, took up the Presidency of ICPEN on 1 July 2015.

9.16 ICPEN was established to protect consumers' economic interests around the world and to allow agencies to cooperate to tackle cross-border consumer problems. It has a diverse membership of consumer enforcement bodies with different powers and remits from over 50 countries, and is expanding. ICPEN is therefore an ideal forum for sharing information about the issues we have found and the outcomes

Focus on intermediaries and brokers

9.17 Our work at both the UK and European level has primarily focused to date on car rental companies and their direct booking channels, which currently account for over 80% of rentals.

9.18 However, intermediaries including brokers, price comparison websites and general travel websites are of increasing importance to the car rental market. The share of bookings made through intermediaries has grown from 6% in 2003 to 18% in 2012 (see Table 2).

9.19 We expect brokers and intermediaries to take note of our findings, and in particular, the need to ensure there is transparency during the booking process on prices, optional extras and terms and conditions.

9.20 We also expect car rental companies to use their best endeavours to ensure that brokers and other intermediaries with which they have a contractual or

⁵⁵ [Consumer Protection Partnership: Priorities Report 2015](#).

commercial relationship comply with consumer protection law. Some of the major car rental companies we have been engaging with already contractually require, or will going forward require, brokers they engage with to comply with consumer law. Further, the BVRLA's revised Code of Conduct sets out that its requirements on transparency of information at the reservation and booking stage applies to all sales channels for which a member is responsible, including where partnering with a third party.

- 9.21 We will also share information with our CPC enforcement partners with respect to brokers and intermediaries to support them to take compliance action in their own Member States where appropriate.