



Study on the compliance of car rental intermediaries' online services with the requirements of the EU legislation

Executive Summary

January 2021

1 Objectives and methodology

In the car rental market, consumers often use online intermediary websites (as well as brokers, meta-search providers, airlines and online travel agents) to search for a rental car. An intermediary website facilitates both price comparisons and the booking process of the selected car. These intermediary websites should offer the same key information on their websites as the car rental companies. Information from the European Consumer Centres (after an analysis of complaints received on car rental) and from the car rental companies indicates that these car rental intermediaries are not always compliant with consumer protection laws.

The overall aim of the study was to check if the main car rental intermediaries used by European consumers comply with EU consumer protection legislation. The study covered intermediary websites in all EU Member States as well as Iceland, Norway and the United Kingdom. Throughout the study, a distinction was made between dedicated intermediary websites (focussing on car rental only), general booking sites (also offering other travel services) and airline websites. In order to meet the overarching aim of the study, three specific objectives were outlined:

- 1) To depict a **comprehensive landscape** of the main car rental intermediary websites that target EU-consumers;
- 2) To map **the relationship between car rental intermediaries and airlines and main booking platforms** and, if possible, provide more information on this relationship;
- 3) To check the **compliance of the websites found under objective 1 with EU consumer protection legislation**, including a check of the Terms and Conditions of the websites in different EU languages.

The findings of the study in fulfilment of these objectives were also used to draw conclusions with regards to the degree of compliance and the resulting risks for European consumers, as well as to develop a set of **recommendations**. These recommendations should help improve sector-wide compliance with the relevant legislative framework and expand earlier commitments made by car rental companies to intermediaries to achieve a common standard.

In order to meet the aim and objectives of this study, several **methodological tools** were employed:

- To depict the landscape of main car rental intermediary websites, **a database of websites** was developed using information from web analytics provider Similarweb¹. Additional research for all countries was also used, including key data points on websites' traffic, geographic reach and booking model, amongst others. For each country and the EU at large, fiches were made to list the most important websites (in terms of yearly traffic share). The database was first developed in February 2020 and revised in August 2021 in order to identify and remove any website that had since become defunct or inaccessible and to take into account any potential impact on the market from the COVID-19 pandemic.
- Based on the intermediary website database, additional desk research and literature reviews were also used, as well as interviews with industry stakeholders, research into the relationships between intermediaries, as well as between intermediaries and car rental companies. This resulted in a typology of different intermediary websites according to their business model and relationship to other actors in the market.
- To check the compliance of the intermediary websites with the legislative framework, a mystery shopping exercise was organised. Specifically, 254 website assessments were conducted in which assessors simulated the cross-border rental of a car on the website, checking all aspects of the online booking process.² Four areas in particular were assessed: 1. Presentation of the search results; 2. Provision of important booking and service information (including contract information); 3. Presentation of price information; 4. Compliance with consent requirements wherever this needs to be requested from the consumer. Data collection took place between 23 September and 3 November 2020.

2 Results

2.1 Intermediary landscape

The mapping exercise identified 547 car rental intermediary websites operating in Europe. Of the 496 non-airline intermediaries, 282 (57%) are dedicated car rental intermediaries, offering only car rental services. Among the dedicated car rental intermediaries, 88% offers direct booking via their own websites, and only 12% redirects to the car rental company to complete the booking process. The remaining 43% are general booking sites, also offering other services. Among general booking sites, redirecting for the booking is much more common, and is the modus operandi for just above half of these websites (53%).

More than half (56%) of the websites in our database have a national scope - meaning that at least 80% of their website traffic comes from one country. 16% have a regional scope (at least 80% of their traffic comes from between 2 and 5 countries), and 28% have an international scope.

At the European level rentalcars.com is by far the largest dedicated car rental intermediary. It is responsible for 45% of the traffic of dedicated intermediaries included in the database, much more than the closest competitors autoeurope (9%)³, holidayautos.com (3%) and carflexi.com (2%). Rentalcars.com is also by far the largest dedicated intermediary in almost each individual country, with few exceptions.

Besides rentalcars.com, there is a small number of dedicated intermediary websites that manages to attract a traffic share of more than 15% in individual countries. Most notably this is billiger-mietwagen in Germany and Austria, autoeurope in Denmark, Portugal and Finland, and carsrent.lt in Lithuania.

¹ <http://www.similarweb.com>

² Excluding the payment phase.

³ This figure represents the sum of the traffic share of autoeurope's different national websites, such as autoeurope.be and autoeurope.it.

Looking at **general booking sites**, a similar market situation as seen among dedicated intermediaries emerges, with one website attracting a clear majority of traffic at the European level – **Booking.com** with 50% of the traffic. Booking.com is also by far the largest general booking site in most European countries. With regards to **airlines**, there is also a clear market leader, though less outspoken than among dedicated intermediaries and general booking sites. Ryanair.com attracts 25% of European traffic to the airline websites in our database, more than double that of the second largest website, easyjet.com (12%).

2.2 Relationship between intermediaries and other actors in the car rental market

Four main types of business models used by online car rental intermediaries were identified in the study. This typology was developed based on the analysis of contractual relationships between main providers and within the boundaries of the scope of this study. The four main business models are the following:

- **Booking intermediaries.** This business model has become the most common one for car rental intermediaries. These intermediaries conduct the booking themselves and coordinate with the car rental company, the consumer generally enters into an agreement with the intermediary regarding the booking, while the rental contract itself is between the consumer and the car rental supplier. As a consequence, the most important revenue stream for this model is based on booking commissions.
- **Comparison intermediaries.** These intermediaries provide the user with an overview and comparison of available offers. However, once the customer has selected a service, he/she is redirected to another website for the actual booking. As no bookings are carried out by these intermediaries, the revenue streams are not commission-based. Instead, fees for being listed and/or for redirections, as well as advertising constitute important source of revenue.
- **Hybrids.** These intermediaries combine the features of booking intermediaries and comparison intermediaries. This means that they present an overview of available car rental options but depending on which offer/brand/agency the consumer chooses, the website will either redirect consumers to another website or go ahead and carry out the booking.
- **Embedment/partnership.** These intermediaries outsource car rental services to a third party through partnerships, which can be done in two ways:
 - While the website looks like a booking intermediary, a third-party platform, embedded within the website, is in charge of the search, comparison, and booking process. This is common for websites that do not provide car rentals as their main activity, e.g. airline websites and general travel websites. Crucially, the complete search and booking process is handled by this platform, and upon booking the consumer enters into a contract with the platform.
 - A website can also redirect immediately to another intermediary when the customer wants to start a car rental search. In that case, the whole process is also handled by a third party, but also on that third party's website, rather than embedded within the original website.
 - Some websites have a direct partnership in place with a small number of car rental companies (e.g. Hertz, AVIS, SIXT and others). This model is common for airline websites and in some cases, there are exclusive partnerships in place between the airline and one car rental supplier, carrying out the search and booking on a co-branded website.

2.3 Compliance check

Ranking of Search results

In general, intermediaries require very few parameters to run a search to compare offers. Though, several parameters are optional for the consumer to enter meaning that it is possible in many cases to have a more refined search. The more search criteria that can be entered at the beginning in order to subsequently compare offers, the better the practice.

When offers are displayed following a search these are typically ranked by price and consumers usually have options to choose another ranking option to display the results – though almost 4 in 10 (38%) only offer one way of ranking the results. **In 31% of assessments where results were ranked according to price, it was not clear what is included in the price used for this ranking.**

Though less common, some websites by default do not rank by other criteria such as 'most popular' or 'most relevant'. **In 43% of assessments where this was possible these rankings were not explained clearly.**

Provision of booking and service information

Intermediaries and car rental companies are obliged to provide **transparent, complete and clear information about essential characteristics of the services** they offer. Failure to do so makes it difficult or impossible for the consumer to know what services they are exactly purchasing, and/or to pursue complaints if any issues occur with the booking. **Some obligatory information concerning essential aspects of the service were often found missing in the compliance check.** This pertains particularly to:

- Almost any **company info about the car rental company** with the exception of the name (e.g., address lacking in 69% of assessments, telephone number in 73%), as well as detailed information about the intermediary (specifically the trade register number and the VAT number, missing in 50% and 65% of assessments, respectively). This extends also to the **identity of the company responsible for contractual documents**. In between 20% of assessments and 38% of assessments no company could be identified on the documents consulted during the assessment.
- Information about the **contractual procedures**, specifically the timing of the contract signing/acceptance (lacking in 50% of assessments) and the procedure to end the contract (not found in 86% of assessments) as well as consequences if that procedure is not followed (50% of assessments with information about ending the contract).
- A considerable part of the assessments found information on **fuel policy** (30%), **insurance policy** (28%) and **insurance coverage risks** (40%), as well as details about the **deposit** (37%) missing altogether or only shown in the terms & conditions in a considerable minority of assessments.

Overall the information given was found at least somewhat clear in the majority of the assessments for the aspects that were investigated. The provided information was most often found unclear when it comes to how to complain in event of problem (47%), the deposit (33%) and the conditions to end the contract (33%). The documents that were consulted were also in large majority found clear and understandable. This was least often the case for insurance policy documents, which were found clear and understandable in 81% of assessments.

With regards to timing of information, in most of the assessments, information about the fuel policy, insurance and cancellation/early termination policy was given at the very beginning of the booking process. Deposit or pre-authorisation info was only given at the very beginning in 49% of assessments, and at the very end of the process in 14% of assessments.

Prices and charges

When it comes to the final booking price, **for the large majority of assessments the final booking price shown was found clear and includes all applicable charges**

(73% of assessments). However, there remains an important minority where price is not clear (12%) or where it is indicated that additional charges 'may' apply (13%). In the latter group a risk remains that it is unclear which charges will still be added to the booking price.

Additional charges that come on top of the base booking price (such as a fee for young drivers, additional drivers, out-of-hours return charges, airport pickup fees etc.) are **often not mentioned or only done so in small font or on a separate page** (such as the terms and conditions), instead of in normal font on the main booking page. Most often clearly shown on the main booking page are airport pickup surcharges (in 51% of assessments), additional driver fees (50%) and mileage fees (49%). In a minority of cases, info on charges was only given very late in the booking process – particularly when it comes to charges related to the age of the driver.

If information is found on charges, a majority of websites mention the exact fee in the case of additional driver fees (91% of assessments that made mention of a possible fee), **young driver fees** (64%) **and mileage fees** (53%). For other charges, the exact amount is mentioned by only around four in ten of websites, on average. **Refuelling charges were only in a small minority of assessments mentioned clearly** and accompanied with a clear description of how the charge was calculated. This was more common for cancellation fees (60% of assessments where the possibility to cancel the booking was mentioned) and early termination fees (47% of assessments where the possibility of early termination was mentioned). The fact that such charges apply but their size is not mentioned makes it impossible for consumers to precisely know the full cost of their booking, and can result in unpleasant surprises once the size of the charge becomes known at the desk or after the rental.

For a subset of charges (additional driver fee, young driver fee, airport pickup fee and cost for additional insurance), the compliance check tested whether the cost for these options were adequately shown in the final booking price when they were selected. If these options can be indicated by the consumer during the booking, they should also be provided with the cost as part of the final booking price, so as to be sure that price is complete and to allow the consumer to assess the impact of the option. The compliance check showed that **for the majority of assessments this charge is added to the total booking price and explicitly labelled as such** so that the consumer knows what they will have to pay in total, and what charge is added. In a minority of cases the tested parameter changes did not result in a change in the final booking price. Among such assessments however, in the majority of cases an applicable fee was mentioned somewhere on the website.

Autonomy and consent

A consumer, when placing his order for a distance sale, must explicitly acknowledge that the order implies an obligation to pay. The trader, in this case a booking intermediary, must ensure that such acknowledgement is made, and that there is no confusion concerning the payment obligation. In practice, when the placing of such booking means that the consumer must activate a button on the screen, the button must be labelled in an easily legible manner only with the words "order with obligation to pay" or a corresponding unambiguous formulation indicating that placing the booking entails an obligation to pay the intermediary. **In 38% of the assessments the website complied with this obligation. In 30% of cases there was text in the neighbourhood of the button that states the payment obligation, which is de facto insufficient. In about 30% of cases there was no such mention.**

Clearly in violation of the current legislative framework is that **a third of websites that gave information about optional insurance had an optional insurance pre-selected**. When consumers actively choose an extended insurance, consent is requested in the format of a tick box in 43% of cases with the remainder primarily not requesting consent or only mentioning it in the text.

In over half of cases (54%) there is no mention that compensation for damages will be withdrawn automatically from the consumers credit card. **In only 4% of cases is there**

a tick box or button that requires the consumer to confirm that they acknowledge and accept this, despite the fact that 41% find text stating that this will be case.

2.4 Recommendations

Potential regulatory actions

In general, the existing legal framework of the Consumer Acquis seems sufficient in order to assess the legal or illegal nature of the encountered practices. However, for some issues, an update of the Guidance on the UCPD⁴ or the CRD could be beneficial in order to draw specific attention to an application of these instruments in the specific domain of intermediaries acting between consumers and traders, and thus specifically in the sector of car rentals.

An update to the Guidance on the UCPD may clarify the application of the UCPD in this sector, in particular the sections on omission of material information that the average consumer needs to take an informed transactional decision and that may thus mislead consumers as set forth in article 7 UCPD. **An update to the Guidance on the CRD** may clarify the application of the CRD in this sector, in particular the sections on clear and complete pre-contractual information in relation to pricing and charges (art. 6,1 e CRD), the trader's identification (art. 6,1, b and c CRD), the prohibition of pre-ticked check boxes for options with additional payments (art. 22 CRD) and the order button that is clearly labelled as implying a payment obligation (art. 8,2 CRD).

Other regulatory and policy actions worth considering are **information and warning campaigns, checklists or guides**, published or organised by the EU, the national enforcement and surveillance authorities and consumer protection; and to create **a dialogue between an organization such as Leaseurope and the important booking sites** where mutual difficulties or frustrations can be discussed, especially where there is a risk that intermediaries make commitments towards consumers that conflict with the usual commitments of car rental companies.

Potential enforcement actions

Enforcement of consumer law is traditionally a national matter. However, through the ECC Net, the European Consumer Centres Network, **the Commission is able to collect information about national issues and through the network of CPC authorities the Commission is able to organize concerted actions targeting problems that seem widespread over the territory of the EU.** Through these networks the most important booking intermediaries at transnational level and at national level can be identified and their policies can be examined. The Commission can **alert national authorities and coordinate their action to tackle practices that may cause consumer detriment.** **Coordinated sweeps** of the most important international and national booking sites, including general booking sites as well as specialised booking sites, may target the practices that are considered illegal.

When illegal activities or 'grey' practices that may create risks for detriment are identified, the Commission may **negotiate with the relevant businesses at EU level.** It could be a useful approach to **try to come to commitments from the important booking sites similar to those reached with the most important car rental companies in 2015 and 2017.**⁵ If this would not be possible, enforcement can be taken to a next level and **sanctions** may come into play. Deals involving pledges of the leading organisations and if

⁴ Guidance on the implementation/application of Directive 2005/29/EC on Unfair Commercial Practices, Commission Staff Working Document SWD(2016) 163.

⁵ Car rental companies improve treatment of consumers, thanks to EU-wide enforcement; https://ec.europa.eu/commission/presscorner/detail/en/IP_17_86

necessary sanctions against these organisations can serve as wake-up calls for smaller booking intermediaries and may have a deterring effect. Thus, a global similar approach used within the sector of the intermediaries as well as within the sector of the car rental companies should result in sector-wide compliance.



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