



# Car Rental in Europe

Sintra | 20 January 2017

# About Leaseurope

- **The voice of leasing and automotive rental in Europe**
- **It brings together 47 Member Associations**
- **In turn representing more than 2 000 finance leasing firms & more than 1 100 short term rental companies**
- **Leaseurope represents ~95% of the European leasing market**

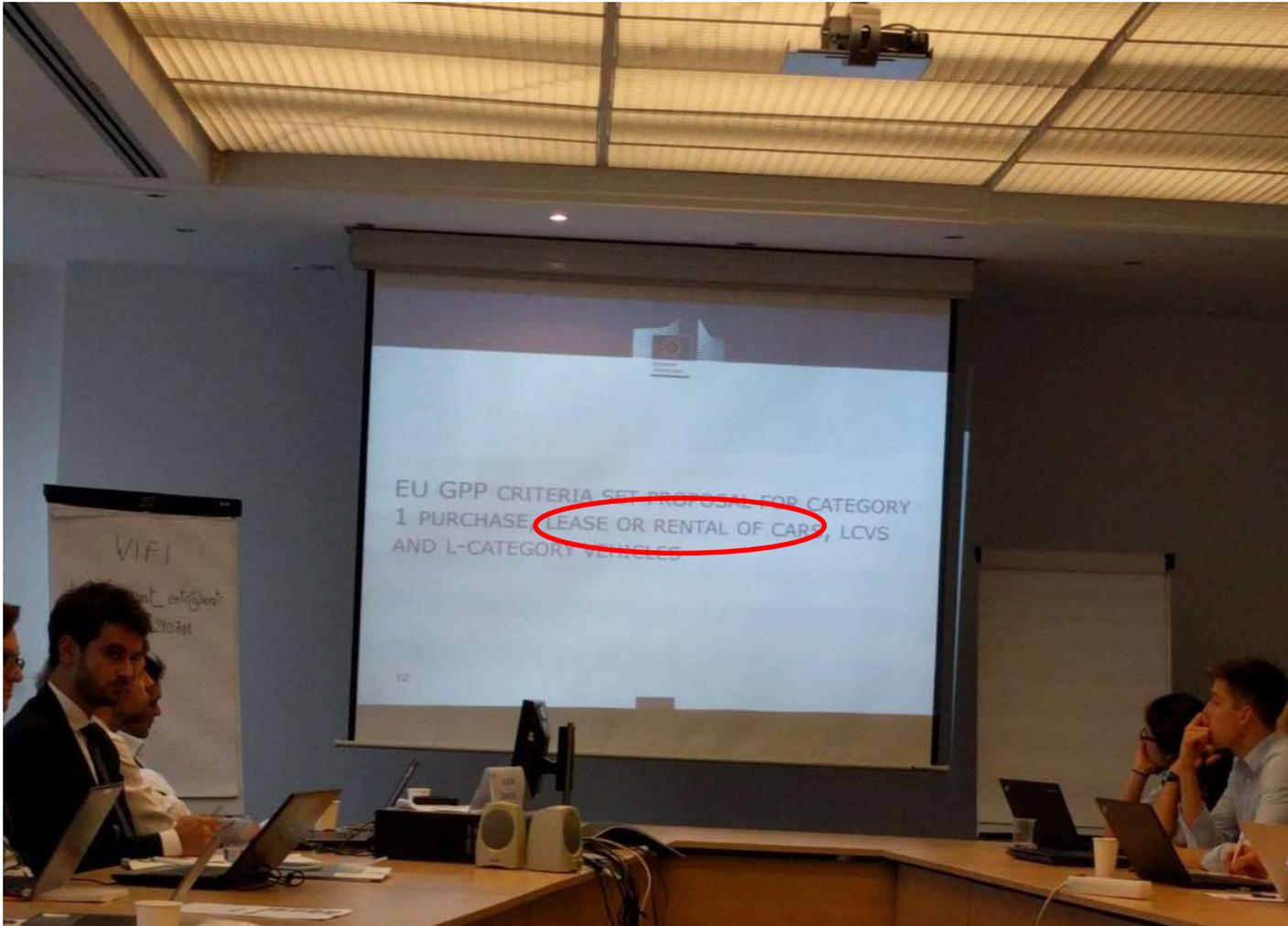


■ Leaseurope members

# Leaseurope structure

- Automotive Steering Group
  - Car Rental Working Group
  - Car Leasing Working Group
  - Truck Rental Working Group
  - **Connected Vehicle Working Group**
  - **Car Sharing Working Group**
  - Car Rental Business Council
  - Car Leasing Business Council

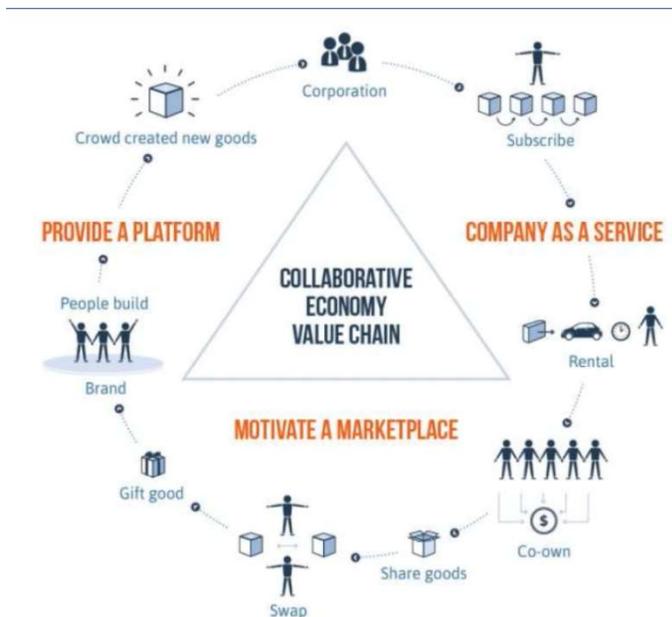
# Why Leaseurope?



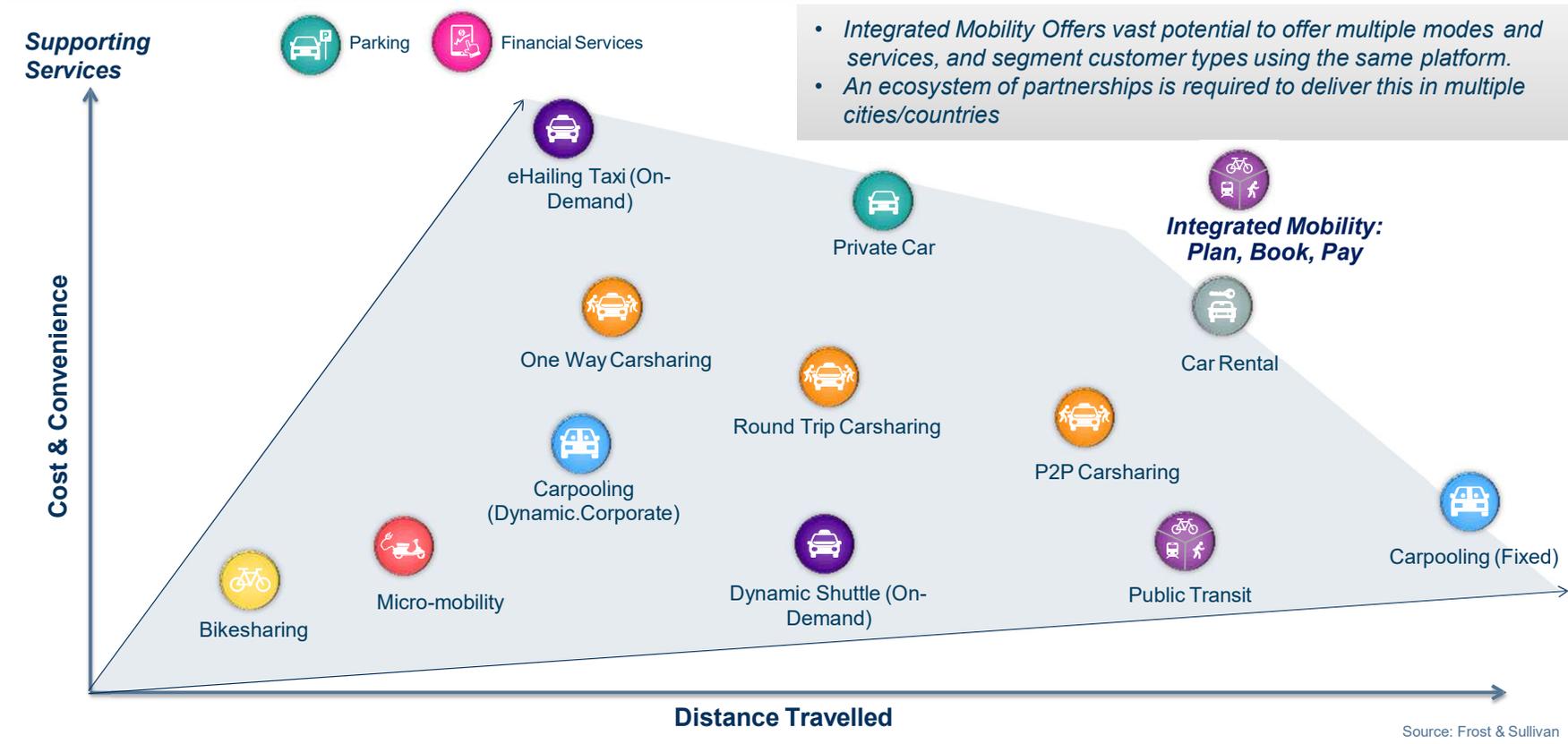
# Presentation outline

- Collaborative economy / Car sharing
- Insurance Mediation
- Transparency and rental guidelines
- Trust mark
- Brokers and online comparison platforms
- UCPD guidelines

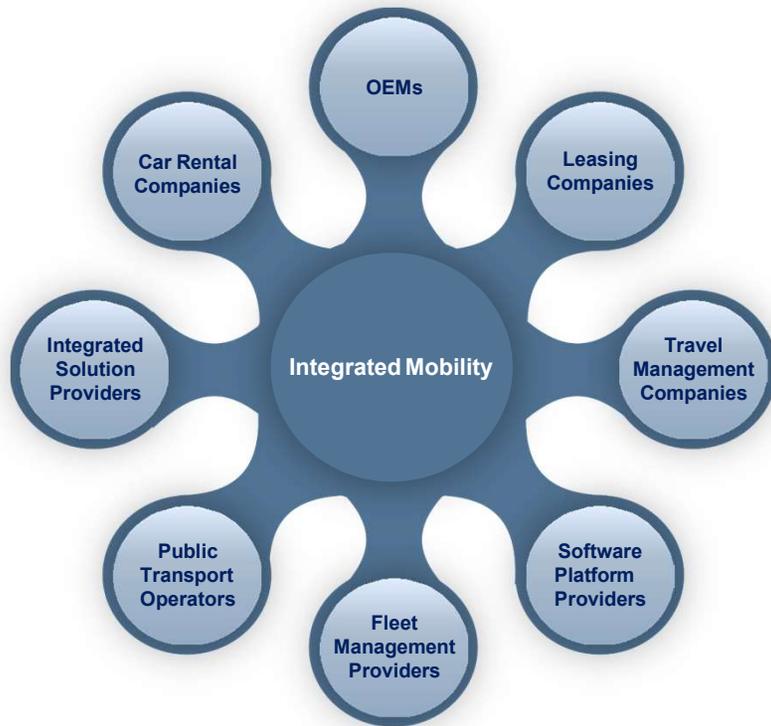
# Collaborative economy / Car sharing



# Emerging landscape



# New players



	Taxi Services	U B E R	HAIL O	Xmytaxi
	Bike Sharing		Santander	velib'
	Micro-mobility	scoot	TOYOTA I-ROAD	TWIZY
	Car Sharing	zipcar. Z	DriveNow	Enterprise CarShare
	Corporate Car-Sharing	AlphaCity	ubeeqo	
	Car Rental	Hertz	avis budget	
	Ridesharing	BlaBlaCar	lifthare	goCarShare <sup>oo</sup>
	Parking	JustPark	Parkopedia	
	E-Mobility	source LONDON	ChargeNow	
	Public Transport	DB	oyster	
	Integrated Mobility	moovel moovit	Qixxit	Citymapper

What is needed for mobility solutions to become “mainstream”?  
**Policy, Investment & Behaviour Change**

F R O S T & S U L L I V A N

# Policy response

## New Business Models



CAR SHARING &  
RIDESHARING



SMART PARKING



CAR ON DEMAND



MICRO-MOBILITY



PUBLIC TRANSPORT  
(Intra/Inter city)



COLLABORATIVE MOBILITY



SHARED LOGISTICS

## Smart Policy & Governance

- Open Data
- Framework for New Mobility
- Clear Taxation Structure
- Integrated Platforms
- Technology Incubation
- Incentives

## Technology & Innovation

- Big Data
- Analytics
- Door to Door



- Smart Ticket/Payment
- Reporting/Reconciliation
- Everything Mobile!

# MOBILITY AS A SERVICE FRAMEWORK



## MY MOBILITY SERVICES



# Defining what we are talking about in GEAR 2030

- **Shared mobility services:** On-demand mobility service provided by professional service providers or private individuals.
  - **Car sharing:** Station based or free floating on demand mobility service provided to consumers or businesses by a professional service provider which **manages and owns the vehicles**. The service is subscription based and tends to be used for short periods of time and distances.
  - **Peer 2 Peer** The principal role of the peer-to-peer car sharing operator is to provide an online marketplace to connect vehicle-owners with prospective vehicle-renters.
  - **Ridesharing, Carpooling** the shared usage of a private vehicle within two or more persons, which have to do the same route. The aim is not to make a profit, but share the costs of the car trip.
  - **Ridesharing, Platforms** the “on demand” ridesharing, which is a commercial service similar to a taxi where the vehicles are driven by privates and are booked online tough an app which localizes both the driver and the private. The driver offers the service for a compensation.

# Digital Single Market and sharing economy

- European Commission staff generally in favour of ‘uberization’ of the economy
- Preliminary results of consultation on sharing economy: “a large majority of businesses and consumers believe that *“uncertainty over the rights and obligations of users and providers could form a major obstacle to the growth of the collaborative economy”*”
- Dutch Presidency: “*a fragmented and hasty response to issues in the collaborative economy on a local and national level could unnecessarily limit the further development of the collaborative economy.*”
- Dutch Presidency feels there is a need for the Commission to clarify legislation, introduce additional legislation, remove legislation, or formulate smarter regulation at local, national and European levels.
- **The legislative response will be largely influenced by EU judges, as they are currently examining whether to consider these new firms as digital platforms or service providers.**

# Digital Single Market and sharing economy

- **March 2016:** Final results of the consultation on sharing economy
- **June 2016:** Communication on the role of online platforms in the Digital Single Market. including guidance on how to apply existing EU law.

# Insurance Mediation Directive



# Why IMD 2?

## Following a review of Directive 2002/92/EC (IMD 1)

- Sought consistency with MIFID II for Cns. Protection
- Aimed for a level playing field
- Hoped to cover all distribution channels
- Wanted to raise the level of harmonisation
- To improve product suitability and advice
- To better regulate professional qualifications ( to suit the complexity of products)
- To facilitate cross border activity and entry

# EU deliberated on how to write IMD 2

## Aspirations were lowered

- Started 6 years ago – maximum harmonisation
- But considered instead a Lamfalussy proposal
- Next - a minimum harmonisation Directive with maximum harmonisation elements
- **Result – a minimum harmonisation Directive with considerable Member State discretion**

# Industry approach for IMD 2

## Key Issues for Rental

- To obtain an exemptions and ensure a proportional approach and secure a differential treatment for those with an ancillary intermediary status.
- Of primary consideration:
  - Registration requirements;
  - Professional and training requirements; and
  - Information disclosures

# Result

- No real harmonisation of the fractured regime likely
- A proportional approach is facilitated throughout, but the removal of Article 4, which had been the basis for a minimum harmonisation of laws in the EU, substantially weakens even basic minimum harmonization
- Member States will be able to gold plate basic requirements; and several are likely to do so.
- Most EU stakeholders are disappointed with the result
- Review in 5 years very likely

# Final text agreed on 30 June 2015

- Article 1 – Scope
- Article 2 – Definitions (Ancillary Insurance Intermediary & Insurance Distributor)
- Article 3 – Registration Requirements
- Article 8 – Professional & Knowledge Requirements
- Article 15 & 16/17/18 – Rules for the Conduct of Business and Information Requirements incl Remuneration

# Article 8

8.1.1 Home Member States shall ensure that insurance and reinsurance distributors and employees of insurance and reinsurance undertakings carrying out insurance or reinsurance distribution activities, possess appropriate knowledge and ability in order to complete their tasks and perform their duties adequately.

8.1.2 To that end, home Member States shall have in place and publish mechanisms to effectively control and assess the knowledge and competence of insurance and reinsurance intermediaries and employees of insurance and reinsurance undertakings and employees of insurance intermediaries, based on at least 15 hours of professional training or development per year, taking into account the nature of the products sold, the type of distributor, the role they perform and the activity carried out within the insurance or reinsurance distributor.

Home Member States may require that the successful completion of the training and development requirements is proven by obtaining a certificate.

8.1.3 Member States shall adjust the required conditions with regard to knowledge and ability in line with the particular activity of insurance or reinsurance distributors and the products distributed, particularly in the case of ancillary insurance intermediaries. Member States may provide that in the cases referred to in the second subparagraph of Article 3(1) and with regard to the employees of insurance undertakings who are engaged in insurance distribution, the insurance undertaking or intermediary shall verify that the knowledge and ability of the intermediaries are in conformity with the obligations set out in paragraph 1 and, if need be, shall provide such intermediaries with training or professional development means which correspond to the requirements concerning the products sold by the intermediaries.

# Transparency and rental guidelines



# Transparency issues

- Transparency, clarity and language of terms and conditions
- Lack of clarity regarding price costs/inclusions of optional products and services
- Drive away price
- Lack of clarity regarding insurances/waivers (exclusions)
- Lack of clarity regarding deposits/authorisations
- Fuel policy
- Damage assessment
- Procedures used to charge for damages
- Options for consumer redress
- Return of the car outside the opening hours or without inspection of the car
- Manual vs. electronic signature
- Price differentials, geographical discrimination

# Transparency issues

- Administrative fees
- Winter tyres and specific equipment
- Brokers
- Cancellation charges/no show fees
- Staff training
- Liability of the driver
- Procedures to handle damage not immediately visible (can it safely be assumed the last driver caused the damage?)

# Ongoing dialogue with EC

- Comprehensive agreements reached on all aspects of rental process with major pan-European operators in July 2015
- Work started on the basis of 'commitments document' negotiated by Leaseurope
- Guidelines have been drafted to accompany Leaseurope Code of Conduct. These guidelines will be used by national competition and consumer authorities as a new 'informal standard'
- **Major push by Leaseurope to establish level playing field**

# Press release 19/1/2017

- Following a strong increase of the number of complaints on car rental issues, the European Commission and national consumer authorities engaged with the five leading car rental companies to address these issues.
- Today, the authorities decided to conclude this phase of the enforcement cooperation. They are satisfied with the changes brought by the five industry leaders, Avis, Europcar, Enterprise, Hertz and Sixt, to their commercial practices, which now comply with EU consumer rules. The EU trade association, Leaseurope, which helped set up the action from the industry side, is also developing further their guidelines for the whole car rental sector.

# Press release 19/1/2017

- **Věra Jourová**, EU Commissioner for Justice, Consumers and Gender Equality said: *"Today is a great day for European consumers. We worked hard with the car rental companies to guarantee that people across the EU can rent a car and are treated fairly – no matter where in the EU they rent a car. I thank the national consumer authorities for their excellent work and the car rental companies for their cooperation. Consumers across Europe can now enjoy their rights and be better protected."*

# Trust mark



# Progress to date

- 2009, European Consumer Summit
- 2011, European Consumer Guide to Car Rental
- 2011, Establishment of European Car Rental Conciliation Service
- 2012, Leaseurope interventions on Source Market Pricing
- 2013, Revision of Car Rental Code of Conduct
- 2014, Leaseurope intervention on SMP resulting in Commissioner Barnier praising the sector and LE intervention
- 2014, LE drafts 'Commitments paper' used as basis for bilateral negotiations
- 2015, 5 Majors conclude bilateral negotiations
- 2015, LE drafts rental guidelines to establish level playing field
- 2016, LE finalised rental guidelines
- 2016, LE starts to explore Trust Mark

# Daily Mail, January 2016

Rachel said: 'It was like banging a head on the wall. They never acknowledged our complaint. I genuinely think that if you had not stepped in they would have continued to threaten us with debt collectors.'

Separately, Rachel had already made another complaint to Firefly about the service they received when picking up the car.

She told This is Money: 'We had booked a car seat, giving them our specifications but instead of having one for a 12 month old baby they had supplied one that was appropriate for a four year old.'

'The representative was very unhelpful. They didn't know how to fit the child seats and offered us a range of battered and broken seats out of the back of a transit van. We did our best to fix the car seat and checked instructions online once we got to our apartment.'

'It was really worrying and could have put our child at risk.'

A spokesperson for Hertz said: 'Our number one priority is the safety of our customers and their families. Safety measures are consistently carried out at all our branches, and a thorough inspection on all our child seats is being conducted at this time.'

'Whilst it is Firefly's policy for staff not to fit child seats, all branches have staff who are trained to assist parents when installing the seats. Given this, Mrs Croft's case has been addressed with all staff at Murcia to avoid similar situations in the future.'

As part of the apology Hertz offered Mrs Croft a 100 euro credit to use on future trips. She said: 'No, we would never use them again - not even if they gave us free car hire. We wouldn't recommend them to our worst enemy.'

## WHAT TO DO WHEN CAR HIRE GOES WRONG

**Complain to the car hire company** – In the first instance you should complain to the car hire company. Keep a record of your complaint and give them a reasonable amount of time – 14 working days usually - to reply and rectify the situation.

**Escalate your complaint** – if that doesn't work then you can use a free service provided by **The European Car Conciliation Service (ECCCS)** which will help you with complaints about vehicle rentals in Europe. It only deals with complaints about member companies, which includes big names like Hertz, Budget and Avis.

To use the service you must be a resident in the EU and the rental must have taken place within an EU country which you are not a resident of. Your claim must also relate to the refund of charge.

**If they have broken the law** - You can contact the **European Consumer Centres Network** to investigate.

diabetes treatment and mapping space radiation - and they're all still at school  
'NASA wants to hear our findings'



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# Trust Mark

- Pan-European Coverage (EU 28)
- Based on implementation of RAC Code and Guidelines
- Mandatory participation in ECRCS
- To be created in line with ECC guidance on Trust marks
- Commission highly supportive but requires robust compliance verification program
- Verification program:
  - LE member or partnership with ECC-net, consumer organisations, consumer and competitions authorities
  - Mystery shopping

# Existing Trust Marks



PRIVATE LEASE  
VANAF NU:



## Brokers and online comparison platforms



# Brokers

- Commission recognises issues with brokers in Digital Single Market Strategy
- Leaseurope code does not fully address all specificities of broker business
- New dialogue started with major brokers such as Cartrawler
- New effort to develop additional broker code based on work done by the BVRLA

CODE OF  
CONDUCT

Rental  
broker



British Vehicle Rental and Leasing Association



# Online comparison platforms

- Leaseurope participated in Commission stakeholder group on online comparison tools tasked to develop 'key principles'
- Although the principles in themselves have no legal relevance, **they are most likely to be incorporated within the Guidance on the Unfair Commercial Practices Directive which the Commission will my likely release at the beginning of June**
- Principles clearly state that a commercial practices is misleading where the trader is non compliant with commitments contained in codes of conduct by which the trader has undertaken to be bound

# Changes obtained by Leaseurope

- “When additional services are included, this should be clearly indicated as well as whether they are offered by the traders or the CT itself. Optional services should be offered with an opt-in mechanism.”
- ~~The CTs should provide consumers, in accordance with existing legal obligations – and where such obligations do not apply, to the extent possible – with the final product price should be displayed, including applicable taxes and, when relevant, custom duties, as well as charges and, surcharges and, additional fees or, when the price cannot be calculated in advance, the manner in which the price is calculated. Delivery and delivery costs should be displayed to allow, and with a meaningful comparison detailed breakdown of these charges.~~
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# UCPD guidelines



# New developments

- New guidelines released in June
- Guidelines will provide legal interpretation regarding specific business practices for courts and ADRs
- Car rental is mentioned several times in the document
- A specific case study on car rental fuel policy was included in the guidelines

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