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Driving Change: Stronger Consumer Protection in the Car Rental Sector

Position Paper



Summary

Introduction

Key issues identified	3
Booking chains and legal clarity	4
Insurance confusion and mis-selling	5
Cancellation and no-show policies	7
Damage disputes and inspection practices	10
Fuel, administrative and cross-border charges	12
Complaint handling and ADR	14
Contract presentation	15

Conclusion

17

Introduction

Car rental is an essential service for millions of EU consumers, particularly when travelling abroad or in areas with limited public transport. Increasingly, consumers are offered rental options when booking other services such as flights or accommodation. These offers are often reinforced through follow-up emails. Direct bookings via rental company websites and ad hoc walk-in rentals also remain common.

Yet ECC-Net complaint data (representing 3–4% of our annual caseload) shows persistent unfair practices, unclear responsibilities, and weak enforcement. This paper highlights systemic issues in the sector and proposes reforms to ensure fairness, transparency, and consumer trust.

Key issues identified

- Complex booking chains involving platforms, brokers, and rental companies.
- Regulatory gaps and weak enforcement across Member States.
- Insurance confusion and mis-selling of unnecessary products.
- Hidden fees and unfair payment practices.
- Unfair cancellation and no-show policies.
- Damage disputes and inspection manipulation.
- Fuel, administrative, and cross-border charges.
- Limited ADR participation and weak complaint handling.
- Poor contract presentation and lack of transparency.

Booking chains and legal clarity

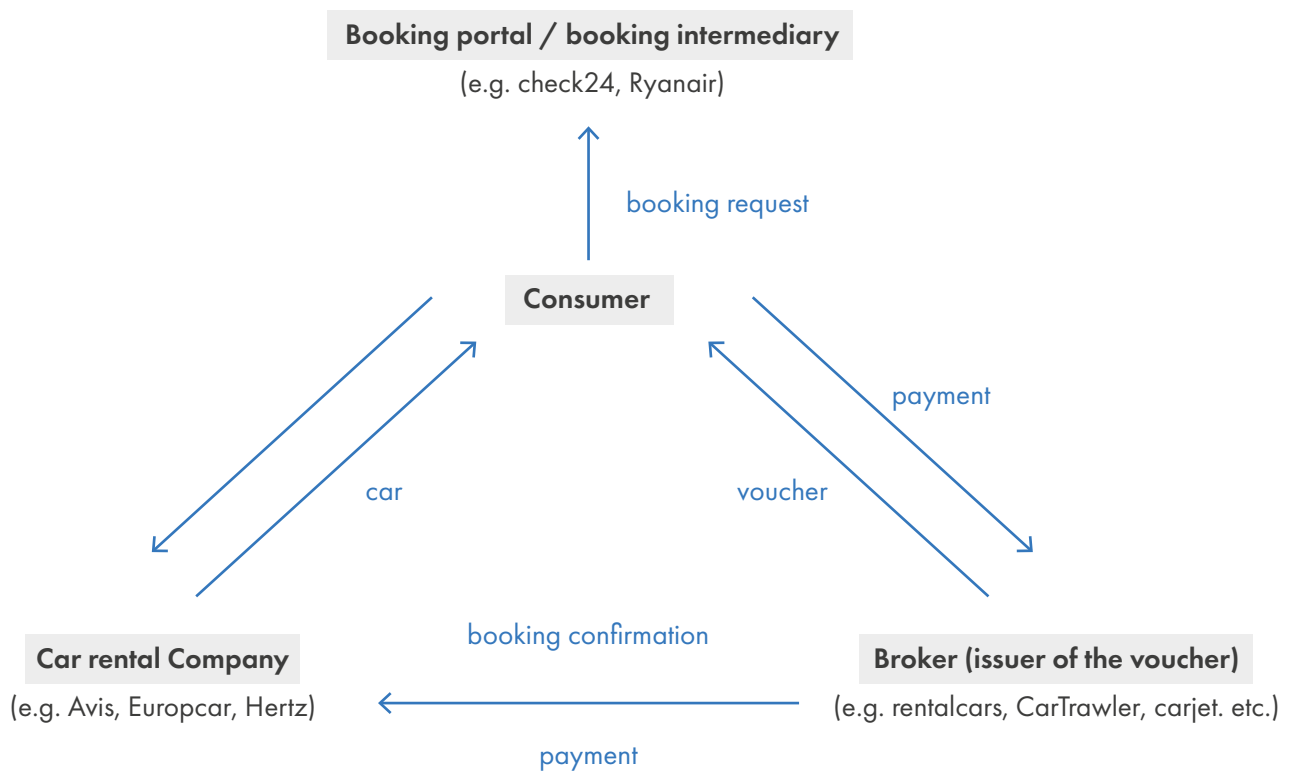


A major source of consumer complaints in the car rental sector stems from the complicated relationship between booking platforms, brokers, and rental companies. In today's digital travel landscape, consumers often book multiple services – flights, accommodation, car rental – through a single interface operated by an intermediary. These multi-service bookings can occur during a single session or over several sessions, prompted by follow-up offers.

The confusion increases when brokers are involved. Consumers may book a rental car through a familiar platform in their own language and receive confirmation and a voucher from a broker. However, the actual rental contract is only concluded on-site with the rental company. Moreover, it is often presented in a different language that consumers do not understand.

As a result, consumers are subject to multiple overlapping sets of general terms and conditions from different parties – platform, broker, and rental company – which may be inconsistent or even contradictory.

Many consumers are unaware of which party is responsible for which aspect of the service. This lack of clarity leads to significant confusion and difficulty when problems arise, as consumers struggle to identify who to contact or hold accountable.



While the Consumer Rights Directive 2011/83/EU mandates pre-contractual and confirmatory information obligations, there are no clear consequences when these are not met, especially in the multi-party setup common in car rental. This regulatory loophole allows questionable practices to persist, often without timely or effective enforcement.

Enforcement also varies greatly between Member States, with some authorities lacking capacity, efficiency, transparency, or a public enforcement mechanism. Even when action is taken, it often fails to lead to individual consumer redress unless compensation is explicitly required.

ECC-Net recommends introducing joint liability among platforms, brokers, and rental firms. This would be similar to package travel law and ensure that consumers are not left unprotected in disputes.

Insurance confusion and mis-selling



Consumers regularly face unclear or misleading insurance offers. Intermediaries frequently sell 'damage excess refund' products, while rental companies push 'collision damage waivers'. These are often misrepresented as insurance when, in reality, they are internal company waivers. Consumers report pressure at the rental desk to purchase additional coverage, with threats that vehicles will not be released otherwise.

Consumers have even asked how they are expected to understand the long list of abbreviations used by rental companies, such as:

- **LDW/CDW/Super CDW:** insurance against physical damage to the vehicle with an excess paid by the customer.
- **TP/TW/TPC:** theft insurance with excess.
- **PAI/PI/SPAI:** insurance for passengers (in the event of accidental death, bodily injury, and medical expenses).
- **PEC:** insurance against theft of personal items.
- **OAC/FPO:** fuel purchase option.
- **SLDW/Super CDW/Full insurance:** insurance covering material damage to the vehicle but with a reduced or zero deductible (with specific exclusions, such as fuel error, failure to comply with traffic regulations, damage to tyres and windows, which are covered by a separate insurance policy).

The full coverage also generally excludes some damages. This information is not provided adequately at the time of purchase, but hidden in very long terms and conditions.

For example, French consumers with comprehensive coverage through their payment cards (Visa Premier, Mastercard Gold) have been forced to purchase additional waivers. Others have been misled into signing expensive packages under the guise of refundable deposits.

ECC-Net calls for standardised product information sheets, clear definitions and exclusions, and stricter rules against misrepresentation. It also calls for the acceptance of insurance already in place via payment cards, so that consumers are not forced to pay twice for the same coverage.

Hidden fees and payment issues

Navigating car rentals often involves unexpected charges and payment complications that can surprise consumers. Hidden fees such as airport surcharges and registration costs can inflate the final rental price, while rigid payment policies may limit choices and lead to frustration.

Unexpected fees at the desk

Charges such as airport surcharges, environmental charges, and registration fees are often added on-site. Many times, these fees are already mentioned as included in the voucher but are invoiced again, with each party (broker or rental company) shifting responsibility. **Extra desk fees should be known in advance and included in the final price.**

Insurance confusion

Consumers frequently misunderstand the difference between insurance products sold by intermediaries (typically Damage Excess Refund, a pay-and-claim model) and those offered by rental companies, where liability is reduced or waived upfront (e.g. Collision Damage Waiver (CDW), see above). Many of these products are not actually insurance but internal waivers. Consumers often feel pressured to purchase additional on-site products they neither want nor need, under threat of not receiving the vehicle.

Misleading impression of full coverage

When booking, consumers are sometimes led to believe their insurance needs are already fully covered. This especially occurs when purchasing packages from brokers or platforms. They are not clearly informed about the need to either block a security deposit on their credit card or buy insurance directly from the rental company.

Hidden charges

Unexpected fees (airport surcharges, registration costs, or environmental fees) are often not disclosed in the advertised price, undermining transparency and competition.

Service denial due to payment methods

Many complaints involve consumers being refused a pre-booked vehicle at the desk because they cannot provide a credit card in the main driver's name to cover the damage excess deposit. In some cases, the only alternative is to buy expensive on-site insurance. In others, service is flatly denied, and the booking is treated as a «no show» – triggering cancellation penalties (generally the full voucher price). Even fully functional cards (including Visa or Master debit cards) are sometimes rejected arbitrarily, despite being listed as acceptable. There are also reports of technical manipulation of card authorisation processes to force consumers into purchasing unnecessary products.

Recommendations from ECC-Net

ECC-Net recommends caps on refuelling and administrative fees, full price transparency, and acceptance of debit cards for deposits. This would help car renters to anticipate costs, make informed decisions, and minimise payment issues.

Cancellation and no-show policies



Intermediaries frequently retain full prepayments for late cancellations or no-shows, regardless of actual costs incurred. Some consumers report losing several hundred euros, even when no contract was concluded with the rental company. Car rental is excluded from EU cooling-off rights, leaving traders free to impose disproportionate penalties.

Entire pre-paid amount withheld upon cancellation

Suppose consumers cancel their bookings less than 48 hours ahead of their pre-booked pickup times. In that case, the intermediaries assume the right to retain the entire pre-paid amount for the booking. This amount does not only cover administrative costs for processing the booking but also includes the rental price of the car – even though no rental contract is concluded with the car rental company in such cases. According to ECC-Net complaint data, the same practice is applied in cases classified as a “no show,” regardless of the reason for the classification.

ECC-Net’s position on this issue is that the intermediaries should only retain the proportions of the rental price that can be justified as administrative costs associated with making and cancelling the bookings. The terms that effectively allow for higher amounts to be retained should be examined in respect of their fairness, based on the definition of ‘unfair contractual term’ provided in the relevant legislation.

Impact of a no-show

It should be considered that in case of a no-show, no rental agreement is signed, and the intermediary does not pay out to the car rental company. **Therefore, the basis for the service is void, and the intermediary should refund. Otherwise, this could be considered as an unjustified enrichment.**

Many consumers book cars directly from rental car companies to pick them up at the airport. If they provide their flight details and pay the rental price upfront, **car rental companies should keep the vehicle available in case of flight delays, as they suffer no economic damage.**

Damage disputes and inspection practices



Damage charges are one of the most contentious issues. Consumers often face claims for pre-existing damage, minor wear and tear, or inflated costs calculated through standard 'damage matrices'. Contactless pick-up procedures have added to the problem, with consumers unable to properly document the vehicle's condition.

ECC-Net recommends mandatory standardised inspection protocols, multilingual checklists, photographic evidence, and a 24-hour reporting window for consumers to note pre-existing damage. Rental companies must bear the burden of proof.

Automated damage assessments require transparency

A new development in this area to be considered is the growing use of AI-powered scanners for vehicle inspections. These systems, already being piloted by major rental firms, automatically capture and analyse hundreds of images at pick-up and return to detect scratches, dents or other defects. While such tools can bring consistency and speed, they also raise concerns about false positives, over-charging, and the opacity

of automated assessments. Consumers often have limited insight into how the algorithms classify 'damage' or calculate costs, and dispute mechanisms are not always clear.

ECC-Net stresses that if AI scanners are used, consumers must be informed in advance, provided with the resulting images and reports in a durable format, and guaranteed access to human review in case of disagreement.

The scanner or log can only prove whether damage was present beforehand, not whether it can be attributed to the consumer. Car rental companies should only be allowed to calculate damages if there has been culpable behaviour by the consumer.

In some cases, it might be convenient for consumers to take possession of the car or return it as quickly as possible. **If a consumer refuses inspections, they should explicitly have to express so, similar to the renunciation of the right of withdrawal in online service contracts.**

Fuel, administrative and cross-border charges



Excessive refuelling costs, arbitrary administrative fees for traffic fines, and unclear policies on environmental zones and cross-border travel are recurring complaints. In Italy, for instance, consumers have been charged high administrative fees months after the rental contract ended – even when the fines had already been paid.

ECC-Net recommends caps on administrative fees, fairer refuelling policies, and clear disclosure of cross-border and environmental zone restrictions. Concerning administrative fees, if the car rental company complies with legal obligations, such as providing the renter’s personal details to authorities following a traffic violation, this is not an extra service provided, but a legal obligation of the company. Therefore, no fees should apply here.

Complaint handling and ADR



Many companies refuse to participate in effective Alternative Dispute Resolution (ADR) procedures. Industry-run schemes such as the European Car Rental Conciliation Service (ECRCS) might not meet EU standards, leaving consumers with weak recourse. ECC-Net believes ADR participation should be mandatory and limited to certified, independent bodies. **Those independent bodies should not only consider internal codes of conduct but also always make a legal assessment, even if this means checking the trader's terms and conditions on their legality.**

Contract presentation



Rental agreements are frequently rushed and only provided in the local language. Consumers report signing complex contracts without adequate time for review or understanding. ECC-Net calls for bilingual contracts and simplified 'Key Information' summaries, similar to those used in the financial sector.

Conclusion

The car rental sector remains structurally imbalanced, with businesses holding significant power over consumers. Self-regulation has failed to address widespread problems. The above points demonstrate how the complexity of multi-service bookings and problematic practices from intermediaries, tour operators, and car rental companies lead to this structural imbalance and affect consumers' choice and redress options when their rights are not respected, indicating a need for regulation and more effective enforcement.

Ensuring compliance across the car rental industry

ECCs have actively engaged with the industry in recent years, cooperating on codes of conduct and promoting voluntary improvements. However, these efforts are not applied by all market players, and in some cases, not even by the sub-branches of companies that publicly claim to respect them. **As a result, binding regulation emerges as the only viable next step to ensure consistent standards and fair treatment across the car rental sector.**

Expanding on existing Directives

Existing Directives could be supplemented to include specific aspects of car rental, for example:

- Directive 2011/83 could be supplemented with information requirements (e.g. standardised product information sheets, model contracts, the duty to inform clearly about exclusions from the scope of the insurance, mandatory standardised transfer protocols/inspection sheets, and the right of the consumer to receive the protocols in a durable manner)
- Directive 93/13: prohibition of certain clauses in rental contracts (e.g. exaggerated processing costs for traffic offences, disproportionately high refuelling costs, disproportionately high cancellation fees quoted in the T&Cs of the broker, etc.)
- Directive 2005/29: Unfair commercial practices (e.g. car rental companies imposing unnecessary and unwanted «insurance» products on consumers.

Recommendations for a legal car rental framework

Although expanding on the Directives would address some of the issues, a specific legal framework for car rental seems crucial. A standalone framework would avoid overloading the existing Directives with numerous car-rental-specific clauses, which would make the rules harder to navigate, and instead provide a clear and coherent set of standards tailored to the sector.

This would have to include:

- a clear definition of the responsibility of the involved companies (like the package tour directive);
- the possibility to pay the deposit with a debit card instead of requiring a credit card;
- mandatory pre- and post-rental inspections to be carried out in the consumer's presence;
- recognition of insurances offered with bank or credit cards, even from another member of the household if the driver is covered as well;
- more precise provisions about exclusions of the insurance coverage;
- a standardised procedure for the handovers/inspections of the vehicle: a standardised checklist in different languages, mandatory pictures of the car from different perspectives (also from the underside of the vehicle);
- the right of the consumer to report preexisting damages that had not been recorded during the first inspection within a deadline of 24 hours. The car rental companies have the burden of proof that the damage was not pre-existent (Proof of this could be a precise picture of the car taken during the first inspection).

To ensure uniform standards across the EU, the ideal arrangement would be for binding EU legislation that can deliver the transparency, fairness, and consumer protection required in this sector. This is crucial to building trust and ensuring that consumers are treated equally, ultimately fostering a fair and equitable marketplace for car rentals.

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