FTC FACTS for Consumers

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Renting a Car



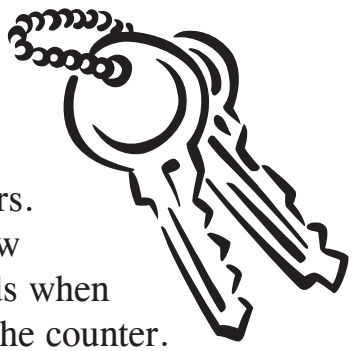
Renting a car can be confusing and expensive if you don't understand industry terms and how fees are calculated. If you have a poor driving record, renting a car may be next to impossible. The Federal Trade Commission (FTC) prepared this brochure to outline some points to consider and questions to ask when you reserve a rental car.

Choosing a Rental Car Company

Before you reserve a car, think about the size you want or need and how much you're willing to spend. This will help you avoid making a hasty or expensive decision that you may regret later. At the same time, be aware that vehicle classification systems vary. The terms "compact," "mid-size," and "luxury" sometimes differ among companies.

Call several rental car companies for price estimates, or check rates through your travel agent. Ask about specials geared to the length of time you need the vehicle. Many companies offer weekly or weekend deals. If your plans are flexible, you may be able to save money by renting a car when price breaks are available. But be sure to ask about restrictions on special offers, including blackout dates when an advertised price may not be available.

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Ask if the rental car company checks the driving records of potential customers. Many companies now check driving records when customers arrive at the counter. Some reject customers whose driving records don't meet company standards. Even if you have a confirmed reservation, you may be disqualified from renting a car for moving violations within the last few years; seat belt law violations; accidents, regardless of fault; convictions for Driving While Intoxicated (DWI), Driving Under the Influence (DUI), reckless driving, or leaving the scene of an accident; or driving with an invalid, suspended or revoked license. Ask your travel agent or the rental car company in advance whether your driving record will be checked.

Ask if there may be charges that could increase an advertised base rate, such as Collision Damage Waiver (CDW) fees (in states that allow them); a deposit or refundable charge; airport surcharges and drop-off fees; fuel charges; mileage fees; taxes; additional-driver fees; underage-driver fees; out-of-state charges; and equipment-rental fees (for items such as ski racks and car seats). These charges are defined below.

Understanding the Terms and Charges

Ask about charges before you sign your rental agreement. The information may help you save money and avoid disputes when the time comes to pay your bill.

Collision Damage Waiver (CDW), in states that allow it, is an optional charge of $9 to $13 a day. Rental car agents may urge you to buy this option. Although they call it "collision damage" coverage, it's not technically collision insurance. Rather, it is a "guarantee" that the rental company will pay for damages to your rented car. By declining the waiver, you accept responsibility for any damages. However, under CDW, the company will not pay for bodily injuries or damages to your personal property. If you do not buy CDW coverage or are not covered by your personal auto insurance policy, you could be liable for the full value of the car. Some rental companies may hold you liable only for the first $1,000 or $2,000.

Some CDWs exclude coverage under certain circumstances. For example, coverage may be revoked if you damage the car when driving it in a negligent manner, on unpaved roads, or out of the state in which you rented the vehicle. Some companies void their CDW coverage if a driver drinks alcohol or if a non-authorized driver operates the car.

The coverage offered by rental car companies may duplicate insurance you have through your auto and homeowner's policies. Coverage under your medical

plan would offer protection that CDW coverage lacks. Read your insurance policies and medical plan for specifics. If you're not sure about the coverage, call your insurers. If you're traveling on business, your employer may have insurance that covers you. Also, some credit card companies and motor clubs provide members with free rental protection when you use their cards to pay for rentals.

In addition to CDW coverage, a rental car company also may offer:

- *Personal Accident Insurance (PAI)*. At a daily cost of $1.50 to $4, it pays a death benefit and a portion of your medical expenses if you're in an accident.
- *Personal Effects Coverage (PEC) or Personal Effects Protection (PEP)*. At an average daily cost of $1.25, it safeguards your luggage against damage. If your homeowner's policy covers your luggage and other belongings while you travel, you may not need this protection.

A **refundable charge** may be required when you pick up your rental car. The charge varies, but may be hundreds of dollars. Most rental companies make the charge to your credit card but do not process the amount unless you do not return the car as specified in your rental contract. Until you return the car, however, your spending limit on your credit card may be reduced by the amount of the deposit. This may be important if you plan to charge other items to your credit card and are near your credit limit.

If you do not have a major credit card, or you do not want to charge the deposit, companies may ask for the deposit in cash.

Airport surcharges and drop-off fees can increase the base rental rate considerably. Surcharges apply when airport authorities impose fees for airport use even when rental car companies shuttle you to an off-airport site. Drop-off fees refer to charges that some companies impose to allow you to drop off the car at a different location from the pick-up point.

A **fuel charge** is the amount many rental car companies add to your bill for gasoline. Some companies give you a half-tank at a charge of $10 to $15 and tell you to return the car empty; others fill the tank and charge for the amount of gas you use. Companies that do not charge for the initial tank may ask you to return the car with a full tank. If you don't, you'll be charged the rental company's price for gasoline. It's often much higher than a local station.

Mileage fees usually are assessed on a cents-per-mile basis or as a flat fee when you exceed the allotted free mileage cap. Knowing approximately how far you will drive will allow you to select the company that offers the most favorable mileage terms.



Taxes are levied by states and some municipalities. You may be able to avoid the higher tax rate of

an urban pick-up site if you pick up your rental car at a suburban location.

Additional-driver fees and underage-driver fees are costs a company assesses when you share the driving with another person or when a driver is under a certain age (often 25).

Out-of-state charges are assessed when you drive the car out of the state in which it was rented.

Equipment-rental fees are imposed when you order extras such as ski racks and car seats. If these items are important to you, make sure you reserve them in advance.

For More Information

The American Society of Travel Agents (ASTA) offers car rental tips on its website at **www.astanet.com/travel/cartips.asp**.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit **ftc.gov** or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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