



# **Exploratory study of consumer issues in online peer-to-peer platform markets**

Task 4 – Case study: easyCar Club

February 2017



*Justice and Consumers*



## EUROPEAN COMMISSION

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# **Exploratory study of consumer issues in online peer-to-peer platform markets**

Task 4 – Case study report: easyCar Club

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# 1 Introduction

## 1.1 Platform overview

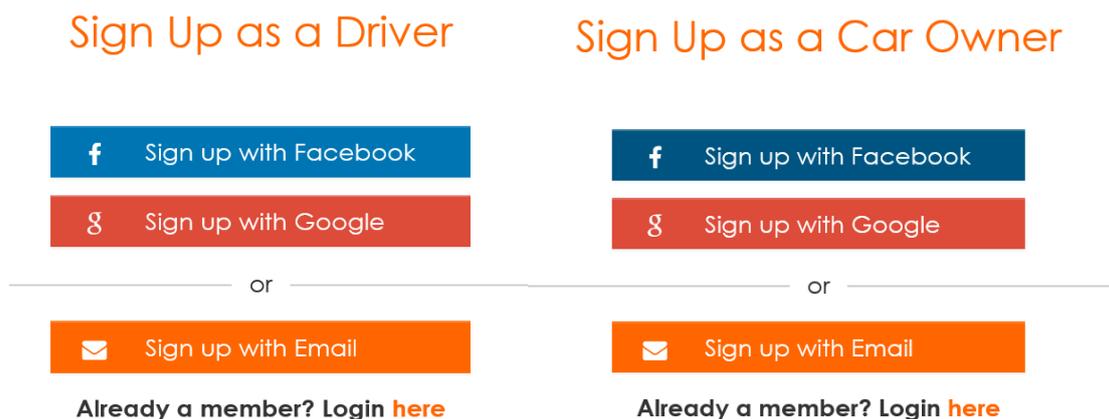
easyCar Club is a peer-to-peer platform that allows peer providers to rent out their personal cars to peer consumers.<sup>1</sup> The platform is available on the web and on IOS app. An Android app is currently under development<sup>2</sup>. As of August 2016, the service is available in the UK only and it is managed by a team of 13 people<sup>3</sup>.

According to CrunchBase, easyCar Club is the UK's largest peer-to-peer car rental market place<sup>4</sup>. The platform has around 50,000 peer users (there is roughly 1 peer provider for every 9 peer consumers<sup>5</sup>) and tens of thousands of transactions<sup>6</sup> have been concluded on the platform so far<sup>7</sup>. Between May 2015 and August 2016, easyCar Club has doubled its members and transactions<sup>8</sup>. However, the platform notes that the UK market for carsharing is not as developed as in France, the Netherlands and Scandinavian countries.

## 1.2 User experience

To access the service, peers must register on the platform. The registration process is different for peer providers and peer consumers. Both can use their Facebook or Google account, or their personal email, to start the registration process (Figure 1).

**Figure 1: easyCar Club sign up**



To complete the registration procedure peers must provide additional information and undergo a series of verifications that are described in more detail in section 2.5.2. Peers are also required to accept the T&C and meet certain criteria to use the service. The criteria are different for peer providers and peer consumers. Peer providers are subject to their vehicle meeting the Vehicle Eligibility Criteria, while peer consumers need to meet the Driver Eligibility Criteria. The Vehicle Eligibility Criteria states that<sup>9</sup>:

- The car is 15 years old or less at time of joining;
- The car sits in the insurance group of 1-50 (most makes and models of cars in the UK are accepted);
- Replacement value of the car is lower than £40,000;

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<sup>1</sup> Within the scope of this case study, desk research and the mystery shopping exercise were carried up until December 2016. Some minor clarifications regarding the core research results were sought until February 2017.

<sup>2</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubrenter#15>, accessed on 09/12/2017

<sup>3</sup> Interview with easyCar Club, 03/08/2016

<sup>4</sup> Information available at: <https://www.crunchbase.com/organization/easyCar-club#/entity>, accessed on 09/12/2017

<sup>5</sup> Interview with easyCar Club, 03/08/2016

<sup>6</sup> Due to sensitivity of these data, the exact numbers were not shared with the study team, but it has been confirmed that easyCar Club have not reached 100.000 rents.

<sup>7</sup> Interview with easyCar Club, 03/08/2016

<sup>8</sup> Interview with easyCar Club, 03/08/2016

<sup>9</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubowner>, accessed on 09/12/2017

- The car has less than 120,000 miles;
- No custom modifications have been implemented on the vehicle;
- Expiry date of vehicle tax (tax disc) and MOT (if applicable) must be more than 30 days away;
- Car currently comprehensively insured in the UK;
- The platform does not accept motorbikes, motorhomes, campervans, foreign registered or imported cars; and
- Vans are accepted and promoted in a specific section.

Under the Driver Eligibility Criteria peer providers must<sup>10</sup>:

- Be aged between 21 and 70 years;
- Be current UK resident with a UK residential home address;
- Hold a valid driving licence from the UK, EU/EEA, USA or one of the following countries: Andorra, Australia, Barbados, BVI, Canada, Falkland Islands, Faroe Islands, Gibraltar, Hong Kong, Japan, Monaco, New Zealand, Republic of Korea, Singapore, South Africa, Switzerland and Zimbabwe;
- Have held a full valid driving licence for a minimum of 12 months (or 36 months, if they are under 25);
- Have no more than 6 points (CU, SP & TS prefixes only) on their licence (UK licence holders) or no more than 2 speeding convictions (non-UK licence holders) and no bans or disqualifications;
- Not have any non-motoring criminal convictions; and
- Have had no more than two fault claims in the last 3 years, or no more than 3 non-fault and fault claims in total in the last 3 years.

Peer providers can create listings for a maximum of 3 cars per profile<sup>11</sup>. All cars must be registered with the UK's Driver and Vehicle Licensing Agency (DVLA) under the peer provider's name. After registering, peer providers can choose at what times and on which days they want to make their car available. The options are selected by using a calendar available on peer provider's account page.

For each car offer, peer providers can select several features:

- On request or instant booking;
- Delivery option;
- Face to face or remote hiring.

If a car is available "on request" peer providers must accept or decline each booking request. If "instant booking" is activated by the peer provider, peer consumers can book the car instantly without having to receive confirmation from the peer provider.

The "delivery option" signals the peer provider's availability to deliver the car to peer consumers. By activating this option peer providers are requested to specify the maximum distance, the available times and the price that they will charge for delivery.

Peer providers can choose between two methods to exchange keys with the peer consumer:

- "Face-to-Face hiring" where peers exchange keys personally;
- "Remote hiring" the car keys are stored in a Key Safe and accessed by the peer consumer using a unique, randomly-generated code that only the peer consumer receives. Peer providers also receive a universal code that enables them to open the lock which can be attached in the proximity of the vehicle. As of August 2016, the key safe is offered and shipped free of charge by the platform to peer providers who request it.

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<sup>10</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubrenter>, accessed on 09/12/2017

<sup>11</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubrenter>, accessed on 09/12/2017

**Figure 2: Example of Key Safe**



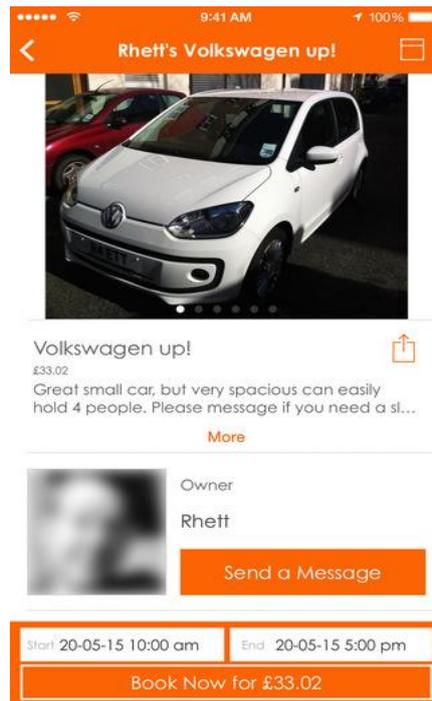
Peer consumers can search for a car by entering location and period of the rental (date and time). The app uses geolocation to automatically enter the location. Results will be shown both in a list and on an interactive map. Searches can be further refined through filters.

**Figure 3: Search results (web)**

The screenshot shows the easyCar Club website interface. At the top, there's a navigation bar with the logo, a search input field containing 'London', and links for 'Join', 'Login', 'Learn More', and 'ADD MY CAR'. Below this is a search filter section with fields for location (London), start date (29/07/2016), start time (19:30), end date (31/07/2016), and end time (19:30), along with a 'FIND' button. A row of filter categories is visible: PRICE, DISTANCE, DELIVERY, INSTANT BOOK, MAKE, CAR TYPE, TRANSMISSION, SEATS, FUEL TYPE, and ORDER BY. The main content area is split into two columns. The left column shows two car listings: 'Michael's Volkswagen Golf Cabriolet' (0.25 miles away, £181.80 total, £90.90/day) and 'Sara's Volkswagen Polo' (0.26 miles away, £95.25 total, £47.63/day). The right column features an interactive map of the London area with several orange price markers overlaid on the map, such as £343.80, £251.88, £95.25, £101.37, £181.80, and £261.80. A 'LIVE CHAT' button is visible on the right side of the map.

To book a car, the peer consumer sends a booking request to the peer provider, or books instantaneously if "instant booking" is available. Before booking, peer consumers can look at the providers' profile and message them for additional information.

**Figure 4: Booking phase: sending a booking request (App)**



Peer providers can accept or reject the booking request – or accept automatically in case “instant booking” is activated. They can contact the peer consumer via message, email or phone call and/or consult the requester's profile.

**Figure 5: Accepting a booking request (App)**



In case of instant booking the listing is marked with a lightning sign (see figure Figure 6).

**Figure 6: Instant booking**



After the booking and depending on the options selected and listed above, the peer consumer will:

- Meet the peer provider to pick up the car and collect the keys;
- Pick up the car at a designated place using the key safe system;

EasyCar Club requires both peer providers and consumers to strictly comply with the reporting requirements set out in the Booking Voucher<sup>12</sup>. Before each rental, the peer provider is obliged to provide a Condition Report that both parties need to agree and sign<sup>13</sup>. For Remote Hiring, peer providers must leave a pre-populated copy of the Condition Report in the vehicle ahead of the rental<sup>14</sup>.

After using the car for the pre-established period, the peer consumer returns the car to the peer provider at the agreed place and time.

In case of remote hiring, when returning the car, the peer consumer is asked to take at a minimum the following 8 photos:

- Dashboard, including fuel gauge
- Full car shots on all sides of the vehicle with wheels' position in a straight orientation
- Front right
- Front left
- Rear right
- Rear left
- Driver side
- Passenger side
- Where the car is parked

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<sup>12</sup> Booking vouchers are forwarded via mail to both peer consumer and peer provider after each booking, it contains the car's exact address and all the details on how to perform the rent, as well as how to behave in case of accidents and the contacts to call in case of needs.

<sup>13</sup> Information available at: <http://carclubblog.easyCar.com/~easyCarc/establishing-condition-of-car/>, accessed on 09/12/2017

<sup>14</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubowner#7>, accessed on 09/12/2017

## 2 Assessment of the platform

### 2.1 Evolution of the platform business model

EasyCar Club is operated by Lowcost Vehicle Rental (UK) Limited (trading as easyCar), with company registration number 03816836 and a registered address at 3rd Floor Rear, Satila House, 109-111 Farringdon Road, London, EC1R 3BW<sup>15</sup>.

Lowcost Vehicle Rental (UK) Limited (from now on easyCar) is an independent company and part of the easyGroup franchise. EasyGroup, through its wholly owned subsidiary EasyGroup IP Licensing Ltd, licences the Easy brand to other businesses (such as EasyJet, the low-cost airline). Lowcost Vehicle Rental (UK) Limited pays a fee for easyCar and easyCar Club licenses.

easyCar has been operating since 2000 as a traditional car rental company with its own fleet. Between 2005 and 2006 the company changed its *modus operandi* by setting-up an international online car rental brokering platform, and it closed its traditional car rental activity<sup>16</sup>.

In 2012 the company decided to enter the P2P car rental market. Financing came from Stelios Haji-Ioannou, the main shareholder of easyCar through easyGroup Holding Limited, and venture capital investors PROfounders Capital, a company specialized in investing in capital efficient, early-stage companies operating in the digital media and technology space.

In 2013 the company, under the name “Carclub by easyCar”, launched a one-year trial of the service in the Greater London Area. In February 2014, the company changed its name to easyCar Club and launched the service across the UK.

As of June 2016, the company’s market capitalization is £10,378,761<sup>17</sup>. easyCar Club does not rely on venture capital to cover current expenses but it uses the revenues generated by the car rental brokering platform to cover the expenses of the P2P platform<sup>18</sup>.

### 2.2 Current business model

#### 2.2.1 Business model and pricing

The platform’s business model can be represented through a business model canvas (

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<sup>15</sup> Information available at: <https://carclub.easyCar.com/home/termsandconditions>

<sup>16</sup> Interview with easyCar Club, 03/08/2016

<sup>17</sup> Annual return of LOWCOST VEHICLE RENTAL (UK) LIMITED available at Information available at: <https://beta.companieshouse.gov.uk/>

<sup>18</sup> Interview with easyCar Club, 03/08/2016

Table 1).

**Table 1: Business model canvas for easyCar Club**

<i>Key Partners</i>	<i>Key activities</i>	<i>Value proposition</i>	<i>Customer relationship</i>	<i>Customer segments</i>
- Community - Investors - Third party providers of additional services (escrow system, additional insurance)	- Product development/ Management - Network building - Customer service <i>Key resources</i> - community - technology	- Price - Cost reduction - Resource optimisation - Accessibility (matching service)	- Co-creation - Automated services  <i>Channels</i> - direct online: web & apps (iOS)	- mass market (personal and business travellers) - multi-sided platform (targeting both providers and consumers)
<i>Cost structure</i>		<i>Revenue streams</i>		
- Fixed costs (online booking system, staff, office rents) - Variable costs (online booking system, administrative support and marketing, key safe) - Advertising/PR = marketing		- Transaction fee - Extra charges		

The platform’s revenue generation model is based on transaction fees. For each transaction, the platform charges a fee of 10% plus VAT. Given the UK’s 20% VAT rate<sup>19</sup>, the total overall fee charged by the platform is 12% (VAT included). The transaction fee is not separately visible to the peer consumer when booking a car; it is included in the price that the peer consumer sees when searching for a vehicle.

Peer providers have two ways to price their vehicles on the platform. They can choose between:

- Fixed pricing; and
- Market pricing.

With fixed pricing, peer providers themselves choose the daily rental price of their vehicle. All prices must be above £18 per day, the minimum price set by the platform<sup>20</sup>.

By choosing ‘market pricing’ the platform automatically sets the daily rental price. According to a spokesperson for easyCar Club, prices are calculated using car rental market prices (monitored by the easyCar brokering platform) and several other variables such as age of the vehicle, kind of car transmission (manual/automatic) and rental period<sup>21</sup>. Prices are not based on supply and demand for cars on the platform<sup>22</sup>.

When using the ‘market pricing’ option peer providers can add a ‘tracker’: this allows to set the rental price of the vehicle at a constant percentage above or below the market price. For example, peer providers may want to price their vehicle with a 10% discount compared to the ‘market price’ to increase their chances of getting a booking.

As of November 2016, peer consumers only see the total price when booking a car, inclusive of peer provider share, transaction fee and insurance fee.

<sup>19</sup> Information available at: <https://www.gov.uk/vat-rates>, accessed on 09/12/2017

<sup>20</sup> As of August 2016

<sup>21</sup> Interview with easyCar Club, 03/08/2016

<sup>22</sup> Ibid.

To book a car, peer consumers must also pay a standard **security deposit** of £600 per booking. For high value cars<sup>23</sup>, a £750 deposit is required. The deposit is used to cover any damage up to the excess and/or parking fees, fines, tolls or other charges (e.g. Congestion Charge, Dart Charge) that may occur during the rental. For an additional £9.95 per day in the insurance premium, peer providers can reduce their deposit to £100 (or £250 for high value cars).

The cost of the insurance is decided independently by the insurance company<sup>24</sup>. As of August 2016, the insurance premium included in the total price for renting a car was<sup>25,26</sup>:

- £8 per day for peer consumers above 24 years of age;
- £12 per day for peer consumers below 25 years of age; and
- For rentals longer than 2 days, the daily premium is reduced by 10% every day after the second day.

**Table 2: Insurance premium structure**

Age	Daily insurance premium	Discount	Additional insurance to reduce deposit
<25	£12	-10% every day after 2 <sup>nd</sup> day	+£9.95 a day
≥25	£8	-10% every day after 2 <sup>nd</sup> day	+£9.95 a day

Additional revenues for the platform are generated by fees for additional services or penalties for not respecting platform rules.

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<sup>23</sup> According to the interview the value of excess charged is determined by the insurance group (Admiral) based on the value of the car and the insurance group. The platform was not able to give us additional information on how the insurance calculate the excess.

<sup>24</sup> Interview with easyCar Club, 03/08/2016

<sup>25</sup> Interview with easyCar Club, 03/08/2016

<sup>26</sup> Prices may change at discretion of the Insurance Company.

Table 3 summarizes the fees for additional services.

**Table 3: Extra charges and fees<sup>27</sup>**

Charge	easyCar Admin fee	Peer Provider fee	Variable Element
CLEANING: Car returned in an unacceptable state due to smoking, pets, litter, mud etc.	£10	£10	Up to £25 for standard valeting service. If there have been unauthorised smoking/ pets or the Vehicle is returned excessively dirty, a maximum of £60 will apply.
FUEL: Car returned with not enough fuel in tank	£10	£10	Cost of fuel
LOST KEYS: Car keys not returned/lost	£10	£25	Cost of replacement
FINES/TICKETS: Fees for processing driver penalty/fines	£10	-	Cost of fine paid by driver
DELAY: Late return of car (without prior owner permission)	-	-	Time charged at twice hourly rate, rounded up
CONDITION REPORT CHARGE: In case of a claim or call out initiated with the Insurer or Breakdown Provider, a Member is liable for a Condition Report Charge of £250 if found to have been in breach of easyCar Club Terms and Conditions with respect to the reporting of the Vehicle's condition.	£250	-	-

Both peer consumers and peer providers can end up paying **cancellation fees** when cancelling a booking. Cancellations made more than 72 hours in advance are free of charge. For cancellations made less than 72 hours in advance different fees apply depending on the timing of the cancellation as summarized in Table 4<sup>28</sup>.

**Table 4: Cancellation fees**

Cancellations	More than 72hrs	24-72hrs	less than 24 hours	No show <sup>29</sup>
By the peer consumer	Free of charge	50% of the rental price (up to a maximum of £50)	100% rental	100% rental
By the peer provider	Free of charge	£10 /day (up to a maximum of £50)	£20/day (up to a maximum of £100)	£30 + £20/day (up to a maximum of £130)

<sup>27</sup> This is a sum up of the main extra charges applied by the platform, for a full list, please see the "SCHEDULE OF CHARGES" at the end of the T&C at: Information available at: <https://carclub.easyCar.com/home/termsandconditions>

<sup>28</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubrenter>, accessed on 09/12/2017

<sup>29</sup> Applies when a peer provider/consumer fails to respect the Pick-up Grace Period

Cancellations	More than 72hrs	24-72hrs	less than 24 hours	No show <sup>29</sup>
Additional administration fees on top of cancellation costs	-	£35	£35	£55 (£35+£20 to cover insurance costs)

Additional fees for delay (

Table 3) and cancellation fees for peers not showing up (Table 4) can be enforced subject to specific time limits summarized in Table 5<sup>30</sup>.

**Table 5: Time window for peers to avoid sanctions**

Rental Period duration	Pick-up Grace Period
Less than 4 hours	20 minutes
4 hours to 4 days	30 minutes
4 days +	1 hour

According to a spokesperson, EasyCar Club does not generate revenues from interest on security deposits, funds held in escrow, or commissions on insurance sales.<sup>31</sup>

EasyCar Club business model has common characteristics with the **second type of business models identified in Task 1 (active management of transactions)**. The platform actively facilitates transactions thanks to:

- Active matching of demand and supply through search functions/filters and instant messaging system
- User information checks (through email or social media)
- Pre-screening (verification of identity documents and criminal record check) of both peer providers and consumers
- Guidance for P2P interactions
- Management of peer review system and reputation system (ratings)
- Monitors peer reviews with the right to delete them

In addition, some platform features also clearly belong to the **third type of business models (platform governed transactions)** as they control the conditions under which the peer to peer transaction takes place, such as:

- Imposes rules and fees for cancellations
- Sets prices (optional 'market pricing')
- Manages payments and monitors success of transaction before releasing payment to peer provider
- Governs security deposits
- Manages charges for non-compliance with the platform's rules
- Manages complaints and refunds of P2P transactions
- Insurance for both peers included as part of the transaction fee

### 2.2.2 Payment

Payments are made to the platform at the time of booking and held by the platform until it has been established that the car has been returned in accordance with platform rules.

Payments can be made via credit or debit card<sup>32</sup>. The platform is currently evaluating the possibility of introducing PayPal as an additional means of payment<sup>33</sup>.

The security deposit is charged 18 hours before the start of the rental period and is returned within 72h after the end of the rental period<sup>34</sup>. In case the peer provider reports problems with the vehicle within 72h from the end of the rental period, the platform will

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<sup>30</sup> Information available at: <https://carclub.easyCar.com/home/termsandconditions>, accessed on 09/12/2017

<sup>31</sup> Interview with easyCar Club, 03/08/2016

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

contact the peer provider to investigate the details and hold the deposit while the investigation is ongoing. Any applicable additional fees and charges are deducted from the deposit by the platform.

Peer providers are paid within 14 working days from the end of the rental. The money is transferred by the platform to the peer provider's bank accounts.

Payments and security deposits are managed as normal cash flow and during transactions the platform acts as an authorised payment collection agent<sup>35</sup>. In the T&Cs it is stated that "each Owner hereby appoints easyCar as the Owner's authorised payment collection agent solely for the purpose of accepting the Rental Fee and any other charges payable by the Renter in accordance with these Terms", and "The Renter shall pay the following charges in respect of the Booking and easyCar shall collect such payment on behalf of the Owner and Insurer, acting in the limited capacity of authorised payment collection agent of the Owner and Insurer".

According to a spokesperson for the platform, easyCar Club is registered with the Financial Conduct Authority (FCA) and it is an appointed representative of Admiral insurance, so they can directly sell insurance products on behalf of Admiral<sup>36</sup>.

To sum up, the platform manages and controls payments and security deposits; it monitors the performance of the transaction and deducts fees for non-compliance with platform rules from the security deposit before releasing it.

## 2.3 Consumer experiences

The consumer survey conducted as part of Task 2 did not include easyCar Club among the platforms covered and there are therefore no data to report in this section.

## 2.4 Transparency aspects

### 2.4.1 Information to platform users (clarity, easy accessibility)

The platform offers two FAQ: one targets peer providers, while the other targets peer consumers. Both FAQ and the T&C are easily accessible from the homepage of the website and they are divided into titled sub-sections.

Information on peer providers and consumers' responsibilities can be found in the T&C<sup>37</sup>. A summary of the main peer responsibilities can also be found in the respective FAQ<sup>38</sup>.

It is the peer provider's responsibility to<sup>39</sup>:

- Ensure that the vehicle's tyres are roadworthy.
- Ensure that the car is roadworthy, clean and that any personal items and valuables have been removed before each rental.
- Provide a Condition Report to the peer consumer at the start of the rental, which catalogues existing damage including scuffs, marks and scratches. For Remote Hiring, peer providers must leave a pre-populated copy of the Condition Report in the vehicle ahead of the rental.

It is the peer consumer's responsibility to<sup>40</sup>:

- Replace any fuel used during a rental.

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<sup>35</sup> Ibid.

<sup>36</sup> Interview with easyCar Club, 03/08/2016

<sup>37</sup> Information available at: <https://carclub.easycar.com/home/termsandconditions#5>, accessed on 09/12/2017

<sup>38</sup> Information available at: <https://carclub.easycar.com/home/faq/carclubrenter#4>;  
<https://carclub.easycar.com/home/faq/carclubowner#12>, accessed on 09/12/2017

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

- Deal with any puncture during a rental. In case of a puncture, the peer consumer should “contact Admiral Roadside Assistance and Recovery. If the tyre cannot be safely repaired, the Driver should contact the Owner before purchasing a like-for-like replacement. The cost of a replacement will be shared equally by the Driver and Owner.”
- Call the insurance (Admiral) in case of an accident.
- Pay fines or tickets incurred during the rental.

The peer consumer is also responsible for any damage that occurs during the rental. Some of the costs resulting from the damage might be covered by the insurance (for more details see section 2.6.3).

The FAQ also have a specific section related to problems that may arise during the rental, what to do in case of breakdown, what to do in case the peer consumer is late returning the vehicle, or if a tyre gets punctured during the rental<sup>41</sup>.

In the FAQ, the platform informs peer providers and peer consumers of the vetting process carried out on the other peer. The FAQ also informs peer providers that renting a car is a for-profit activity and therefore the rental income is taxable. The platform does not provide specific information about the taxable income, it only recommends taking professional tax advice to assess the tax due.

Peer providers can only list privately owned cars, but no specific information is provided on the legal status of peer providers.

Information about the insurance is available in an insurance policy document provided by Admiral<sup>42</sup>, the company providing the insurance service on easyCar Club (see section 2.6.3). The document includes detailed and clear information about the insurance policy and coverage. The document and the platform do not give information about the amount of the insurance premium paid or the criteria used for defining “high value cars” (see section 2.2.1).

As of November 2016, peer consumers only see the total price when booking a car, inclusive of peer provider share, transaction fee and insurance fee: no breakdown of the price paid by peer consumers is given.

Information on extra charges and cancellation fees (see section 2.2.1) is presented both in the T&C and in the FAQ section. To improve transparency this information is presented in tables.

However, no information is provided on how the “market pricing” system works.

To sum up, information can be either found in the platform’s Terms and Conditions or in its FAQ section. Some information is only provided in the FAQ, such as what to do in case something goes wrong, whereas other information is only provided in the Terms and Conditions, such as provisions regarding the platform’s liability and the complete list of peer responsibilities. No price breakdown is provided so that peer consumers are not aware how much are they paying for insurance, to the platform or to the peer provider.

#### 2.4.2 Terms and conditions

easyCar Club T&Cs regulate the relation between the peers and the platform. The T&C also impose additional charges (see section 2.2.1) that regulate peer interactions in case of problems.

The T&C specify that “easyCar connects car owners with people who are seeking to hire those vehicles. We do this by providing an online platform that provides a way to

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<sup>41</sup> Information available at: <https://carclub.easycar.com/home/faq/carclubowner>, accessed on 09/12/2017

<sup>42</sup> Information available at: [https://carclub.easycar.com/erbpolicy/easyCar\\_adm\\_insurance\\_policy.pdf](https://carclub.easycar.com/erbpolicy/easyCar_adm_insurance_policy.pdf), accessed on 09/12/2017

organise bookings and payments (our "Services")", and that "the Owner must be the legal owner and registered keeper of the Vehicle. The Owner is responsible to ensure that there are no restrictions in any contracts between the Owner and a third party which prevent the use of the Vehicle for the purpose of Bookings".

easyCar Club excludes any liability for the rental agreement between the peer provider and the peer consumer, and states it has no control over, and is not responsible for, the actions or conduct of either the peer provider or the peer consumer.

A spokesperson for the platform highlighted that in case of disputes between peers, the platform acts as intermediary. To solve disputes, easyCar Club coordinates with the insurance company Admiral to ensure a uniform response<sup>43</sup>.

### 2.4.3 Data protection

The platform requires extensive personal data from both peers as a precondition for accessing its services, including its insurance. All peers are required to provide:

- Name
- Address
- Date of birth
- Email address
- Mobile number
- Driving licence
- Bank details (peer providers)/ credit card details (peer consumers)
- Car details (peer providers): registration number and value.

For UK licence holders only, the platform also prompts peer consumers to generate a free DVLA check code which the platform will use to check driving licence validity and endorsements.

Upon completion of a booking, peer providers gain access to the personal details of the peer consumer. The personal details are also shared with the insurer (Admiral) as well as other partners such as easyCar group companies (for business administration purposes)<sup>44</sup>, credit reference agencies (to help make credit reference decisions or, occasionally, for fraud prevention or tracing debtors).

easyCar may share the peers' personal information with providers of commercially available databases to assist in the validation of the information provided by the user during his or her membership<sup>45</sup>. EasyCar will share personal details with the police in response to reasonable requests (as determined by easyCar in its sole discretion) or if compelled by a court or other competent authority.

By registering as a member of easyCar Club, peers explicitly consent to having their information checked, including details of any relevant criminal offences or alleged criminal offences transferred to credit reference agencies, the Driver and Vehicle Licensing Authority (DVLA), debt collectors, insurance underwriters, and the British Vehicle Rental and Leasing Association (BVRLA).

The platform offers a specific section on Privacy Policy<sup>46</sup>. Apart from personal details the platform collects IP addresses, booking information and it uses cookies. However, in its Privacy and Cookie policy<sup>47</sup>, the platform does not specifically provide data use policy.

## 2.5 Trust building and verification of information

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<sup>43</sup> Interview with easyCar Club, 03/08/2016

<sup>44</sup> Information available at: <https://carclub.easyCar.com/home/termsandconditions>, accessed on 09/12/2017

<sup>45</sup> Ibid.

<sup>46</sup> Information available at: <https://carclub.easyCar.com/home/privacypolicy>, accessed on 09/12/2017

<sup>47</sup> Ibid.

### 2.5.1 Peer reviews and ratings

EasyCar Club offers a peer rating system which enables members (both providers and consumers) to build up their reputation on the platform. After using the service, the two peers can rate the other peer between 1 to 5 stars, and provide an additional comment. Rating is not compulsory and does not have a time limit, but the review is mandatory if a peer provider files a complaint against a peer consumer.

The platform monitors all comments, and only publishes them after review. The platform states that 99.9% of reviews remain original as provided by peers<sup>48</sup>. The platform bans all comments containing hateful and bad language.

The platform will investigate ratings or comments that may be unjustified. In case of issues arising from inappropriate use of the review system, peers can email the platform at [memberservices@easyCar.com](mailto:memberservices@easyCar.com) to request a follow up with the peer concerned. A spokesperson for the platform stated that most of the time their involvement is limited to asking the peer writing the comment to modify it in response to a complaint.

To sum up, easyCar Club's review and rating system is actively monitored and managed by the platform. The Terms and Conditions provide information about the rules for monitoring and reporting reviews and ratings. This is a characteristic of "active management" platforms.

### 2.5.2 Verification of peer information by platform

The platform performs a pre-screen of all peers that want to become members, to ensure that identity and other data submitted are correct and reliable.

To complete the subscription, the platform asks for personal data confirming that peers respect platform requirements.

The platform verifies the following information:

- IDs;
- Residence;
- Fraud related criminal record;
- Driving licence;
- Driving history; and
- Car registration number (peer providers' only).

The authenticity and accuracy of data is verified through a series of databases (such as Equifax), MOT (to check vehicles) and government open data. The verification is performed both by the platform and the insurer. At the moment, it takes 24 hours for the vetting of a new profile<sup>49</sup> after submitting all the relevant information.

If the company's databases do not recognize the name and residence, peers will be asked to upload a utility bill as proof of residence before completion of the pre-screen phase<sup>50</sup>. After the pre-screen phase, the platform does a video-call (via skype/facetime/google hangout) to confirm that the peer is the person shown on the driving licence photo. Only after the confirmation call, can the peer fully access the platform service.

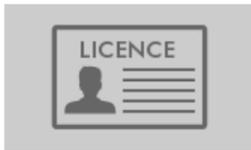
### **Figure 7: Uploading Driving Licence and Utility Bills**

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<sup>48</sup> Interview with easyCar Club, 03/08/2016

<sup>49</sup> Interview with easyCar Club, 03/08/2016

<sup>50</sup> Ibid.



### Driving Licence

Please upload a copy of your licence card (front side only).

( Maximum file size: 4mb )

#### Image Location

BROWSE >



### Utility Bill

Please upload a copy of a utility bill dated within the last 3 months and clearly showing your name, address and the date of issue. It could be a bank statement, water, gas, electricity, telephone or council tax bill. PDF statements sent to you electronically are acceptable.

( Maximum file size: 4mb )

#### Image Location

BROWSE >

**Figure 8: Peer provider profile dashboard: sign up progress**

According to EasyCar Club around 10-15% of requests are rejected by the platform and – among those accepted by the platform - another 10-15% are rejected by Admiral<sup>51</sup>.

## 2.6 Complaints, redress and insurance

### 2.6.1 Complaints handling mechanisms

In case something goes wrong, easyCar Club encourages peers to try to resolve disputes between themselves. In case additional support is needed, peers can look at the FAQ or contact the platform via:

<sup>51</sup> Interview with easyCar Club, 03/08/2016

- Email: [memberservices@easyCar.com](mailto:memberservices@easyCar.com)
- Chat and a phone line (0203 135 0755). Both channels are available from Monday to Friday from 8:30am to 6:30pm and on weekends from 9.00am to 1.00pm.

Any accident, damage, breakdown or theft must be communicated to the platform or the insurer within 48 hours<sup>52</sup>.

In case of car breakdown, the peer consumer can directly contact the insurance company (Admiral) for assistance (0333 220 2073), quoting the car registration number provided on the booking of the car.

Peer providers who want to report a complaint after a rental, have to leave a review about the peer consumer explaining the issue encountered and tick a specific button to activate the complaints handling mechanism.

In case the peer provider reports problems with the vehicle within 72 hours of the end of the rental period, the platform will investigate the details and hold the deposit until the investigation has concluded. Any applicable additional fees and charges are deducted from the security deposit or "excess".

Complaints management is based on detailed rules set out in the T&C. Some complaints may be forwarded to the insurance company if necessary.

### 2.6.2 Access to redress

Peer consumers are free to cancel their membership at any time. However, if a peer provider's membership is withdrawn or terminated, the peer provider agrees to reimburse easyCar Club upon request for costs up to a maximum of £250. These costs include the cost of any initial inspection, the Key Safe, and reasonable administration charges. Information regarding these costs is only available in the T&C. The platform states that in practice no costs have ever been charged to peer members<sup>53</sup>.

A peer consumer may cancel a booking request without charge or penalty at any time before the peer provider confirms the Booking Request by withdrawing the request. If the peer provider does not respond within 15 hours, the request is automatically cancelled.

Once a booking request has been confirmed by a peer provider, the cancellation provisions will apply to both peers. Under the cancellation provision both peers can withdraw without penalties until 72 hours before the start of the rental period. In case of peer provider withdrawal, peer consumers are fully reimbursed. If a peer cancels the booking less than 72 hours before the rental period, cancellation fees apply as indicated in section 2.2.1.

If the peer consumer finds the car to be messy or different from what was described at the time of the booking request, the platform should be contacted immediately by using the "Leave Feedback" option on the dashboard and/or calling Member Services on 0203 135 0755<sup>54</sup>. There is no explicit reimbursement policy available on the platform.

In case of disputes between peers, the platform acts as an intermediary. In solving disputes, the platform coordinates with the insurance company so as to provide a uniform response<sup>55</sup>.

Refunds are issued at the discretion of the platform, and no specific policy is available on the platform.

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<sup>52</sup> Information available at: [https://carclub.easyCar.com/erbpolicy/easyCar\\_adm\\_insurance\\_policy.pdf](https://carclub.easyCar.com/erbpolicy/easyCar_adm_insurance_policy.pdf), accessed on 09/12/2017

<sup>53</sup> Interview with easyCar Club, 03/08/2016

<sup>54</sup> Information available at: <https://carclub.easyCar.com/home/faq/carclubowner#7>, accessed on 09/12/2017

<sup>55</sup> Interview with easyCar Club, 03/08/2016

### 2.6.3 Access to Insurance

When booking a car, peer consumers automatically purchase obligatory insurance from Admiral and they make a security deposit to the platform. Insurance premium costs are presented in section 2.2.1.

Admiral motor insurance covers the peer provider's car for the time of the rental. The insurance covers<sup>56</sup>:

- Loss or Damage to the insured vehicle
- Fire and theft
- Liability to other people
- Windscreen damage
- Breakdown cover

The insurance will cover against loss or damage if the insured vehicle is damaged as a result of an accident, or as a result of fire, lightning, theft or attempted theft (less the security deposit paid by the peer consumer).

CD player, radio, satellite navigation equipment or any other audio/visual equipment are also covered as long as they are permanently fitted in the insured vehicle. For loss or damage to this equipment, the insurance will pay up to 15% of the insured vehicle's market value, up to a maximum of £1,250.

Admiral will decide how to settle the claim and will either:

- Pay to repair the insured vehicle, or
- Pay a cash sum to replace the damaged car or item

The insurance also includes third party liability in case someone is killed or injured or a third party's property is damaged. Third party property damage losses are limited to £20,000,000 per occurrence per policy. The most Admiral will pay in costs for any one property damage claim or series of property damage claims arising out of any one event is £5,000,000.

The insurance also covers repairs or replacement of broken glass in the insured vehicle's windscreen, windows or sunroof. In this case, the peer consumer is responsible for £100 (£75 for replacement, £25 for repairs), that will be taken from the security deposit.

The breakdown cover gives unlimited roadside assistance and nationwide recovery. In case of car breakdown, the peer consumer can directly contact Admiral for assistance by phone, quoting the car registration number provided on the booking of the car.

## 2.7 Cross-border dimension

There is no cross-border dimension to easyCar Club's service. As of November 2016, easyCar Club offers the service in the UK only and peer consumers are not allowed to take rented cars outside of the UK.

To access the service peer consumer must be resident in the UK and hold a valid driving licence from the UK, EU/EEA, USA or one of the following countries: Andorra, Australia, Barbados, BVI, Canada, Falkland Islands, Faroe Islands, Gibraltar, Hong Kong, Japan, Monaco, New Zealand, Republic of Korea, Singapore, South Africa, Switzerland and Zimbabwe.

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<sup>56</sup> Information available at: [https://carclub.easycar.com/erbpolicy/easyCar\\_adm\\_insurance\\_policy.pdf](https://carclub.easycar.com/erbpolicy/easyCar_adm_insurance_policy.pdf), accessed on 09/12/2017

## 3 Conclusions

### 3.1 Main findings

#### 3.1.1 Contribution to the business model typology

EasyCar Club shares several characteristics with the second type of business model identified in the Final Report (**active management**) as it:

- Actively matches demand and supply through search functions/filters and instant messaging system;
- Runs user information checks (through email or social media);
- Pre-screens (verification of identity documents and criminal record check) both peer providers and consumers;
- Provides guidance for P2P interactions;
- Manages peer review system and reputation system (ratings); and
- Monitors peer reviews with the right to delete them.

In addition, many of the platform's characteristics belong to the third type of business model identified in the Final report (platform governed peer transactions). For instance, the platform:

- Imposes rules and fees for cancellations;
- Sets prices (optional 'market pricing');
- Manages payments and monitors success of transaction before releasing payment to peer provider;
- Governs security deposits;
- Manages charges for non-compliance with the platform's rules;
- Manages complaints and refunds of P2P transactions; and
- Provides insurance for both peers included as part of the transaction fee.

#### 3.1.2 Transparency of the platform, including information provided to peers

The platform offers a wide range of information about its rules and possible extra charges. Most of this information can be found in both FAQ and T&C. As highlighted in section 2.4.1 there are a few differences – though no contradictions – between the two. To facilitate reading, both documents are divided into sub-sections. However, the fact that the information is divided between different pages of the website (notably between T&Cs and FAQ) can undermine transparency and clarity.

The platform is transparent about peer responsibilities, additional costs, insurance coverage, pre-screen process, what to do in case something goes wrong and the for-profit nature of the transaction. The platform is not transparent about the price breakdown, the cost of insurance or the applicable taxes peer providers are responsible for.

#### 3.1.3 Trust building and verification of information

easyCar Club relies on its user pre-screen process regulating access to platform services as a guarantee of a minimum standard of service. In addition, there is a simple, voluntary peer review and rating system to facilitate trust between peer users. About 20-30% of peer applicants are not admitted to the platform.

#### 3.1.4 Access to complaints, redress and insurance

EasyCar Club offers a customer service, accessible via email, chat and phone (Mon-Fri: 8:30am-6:30pm, Weekends: 9.00am-1.00pm).

Complaint management is based on detailed rules set out in the T&C. Complaints related to these rules are enforced through a series of extra charges and cancellation fees. All other types of complains are dealt with directly by the platform and no formal complains handling procedure exists. In case of disputes between peers, the platform acts as an intermediary. To solve disputes, the platform coordinates with the insurance company in order to give a uniform response<sup>57</sup>.

Admiral insurance provides vehicles and third-party liability coverage (for details see section 2.6.3) and it plays an important role in the value proposition of the platform.

### 3.1.5 Cross-border issues

easyCar Club does not facilitate cross-border activities. It is prohibited to bring rented cars outside the UK.

## 3.2 Good practices

It must be noted that easyCar Club performs extensive pre-screening. The level of vetting has been found to be higher than in any other platform examined in this study. The pre-screening process allows easyCar Club to be clear about excluding professionals and businesses.

The compliant system is linked with the peer review system. This means that every complain report is made public to future potential peer consumers.

The obligatory insurance offers a high level of protection to peers, and consequently helps to build higher levels of trust in the community. easyCar Club also has clear rules on compensating peer providers for delays or damages to cars.

## 3.3 Elements of concern

In some areas, the platform fails to give transparent information, such as on the market pricing mechanism and the breakdown of the total price including cost of insurance, share earned by peer providers and share paid to the platform. The platform is also unclear on the private or commercial status of the peer provider.

Even if all peers must agree with the T&C before joining the platform, using the service requires compliance with a long and complicated set of rules, which may result in high costs for peers if not followed accordingly.

There is a discrepancy between the control that the platform has over transactions and the exclusion of any liability related to the P2P transaction. The platform not only imposes strict vetting procedures, but also holds a security deposit which it can release at its own discretion if there is a dispute between the peers.

## 3.4 Future developments

The platform is focusing on expanding its service in the UK by reaching more peer providers and peer consumers, and by introducing new categories of service such as van hire.

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<sup>57</sup> Interview with easyCar Club, 03/08/2016