



Avis and Budget reach settlement in alleged misrepresentation of fees and discounts

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On June 2, 2016, the Competition Bureau reached a consent agreement with Aviscar Inc. and Budgetcar Inc. / Budgetauto Inc., over allegations of false or misleading advertising for prices and discounts on car rentals and associated products. A Bureau investigation concluded that certain prices and discounts initially advertised were not attainable because consumers were charged additional mandatory fees that were only disclosed later when making a reservation. Pursuant to the consent agreement, the parties will pay a \$3 million administrative monetary penalty, as well as \$250,000 towards the Bureau's investigative costs. The parties have also agreed to implement a compliance program.

Background

In March 2015, the Bureau filed an application against the Aviscar Inc. and Budgetcar Inc. / Budgetauto Inc., alleging that the parties had made false or misleading representations to the public to promote the use of their rental cars and associated products, and that the parties had supplied their rental cars and associated products at a higher price than was advertised to consumer. The representations were made across a broad range of media including print, website, mobile applications, television commercials and electronic messages.

The Bureau argued that the initial price offered in the advertisements created a false general impression about discounts that were allegedly available to consumers for rental cars, which did not take into account mandatory fees that increased the ultimate price of the rental. Such mandatory fees were allegedly disclosed only once a consumer had chosen to make a reservation. As such, the Bureau's view was that rental cars were not available at the prices initially advertised to consumers. The Bureau concluded that these mandatory fees could increase the cost of a rental by 5% to 20% above the initial advertised price. Furthermore, the disclosure associated with these mandatory fees allegedly misled consumers to believe that they were taxes and surcharges levied by government and authorized agencies when in fact they were fees emanating from the parties themselves. To address the Bureau's concerns, the parties voluntarily redesigned their Canadian websites in July 2015 to ensure consumers are made aware of any mandatory fees when they are first shown the advertised price.

The consent agreement serves as an important reminder to businesses that the general impression of an advertisement is just as important as the fine print, and that mandatory fees that are not clearly disclosed to consumers at the initial stage of advertising a price, including in electronic messages and online price building tools, could result in misleading advertising.

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