



# **EReg Topic Group XIII - Vehicle Mileage Registration Final Report**

<b>Date</b>	<i>April 2014</i>
<b>Version No.</b>	<i>Draft 0.7</i>



## **FOREWORD**

Dear EReg Members,

It is a pleasure for me to present you the final report of the topic group XIII on vehicle mileage registration. It contains the results of the work which has been done during the three meetings held in Brussels, Amsterdam and Dublin under Belgian chair.

This report contains a lot of recommendations to the European Commission and the EReg members and I hope that our good work shall be taken into account. Hopefully, this will result in a European regulation to fight mileage fraud and all its consequences

Mileage fraud is a real societal problem which creates unfair competition, is dangerous for the road safety, causes financial losses and costs for the States and for the consumers and actors implicated by this fraud and is now recognized as a common practice all over the cross-border Europe.

I thank you very much for your active participation, your ideas and comments in this matter and I wish you a good reading.

Claudine Balesse  
Chair

## EXECUTIVE SUMMARY

Mileage fraud is a real societal problem in Europe. Because manipulating odometers is technically not very difficult, illegal profits are high and the risks of being caught is very low, mileage fraud has become very common fact in the used car business. The consequences of this are huge. First and foremost, European consumers are regularly being cheated out of significant sums of money. But they are not the only victims: honest car dealers suffer from unfair competition; insurance companies receive more claims; and the state obtains less money from taxes. More broadly, mileage fraud has road safety and environmental implications, as cars with inaccurate mileage readings could miss out on vital servicing and safety tests or pollute more than they should (see chapter 1) It's the reason why it was decided to establish a topic group on this matter and to propose recommendations to the European Commission and to the EReg members.

The Topic Group has met three times (June 13<sup>th</sup> 2012 , May 29<sup>th</sup> 2013 and December 13<sup>th</sup> 2013). It identified good practices in Belgium (Car-Pass system) and the Netherlands (NAP system) and recent initiatives taken on European level (roadworthiness and re-registration directive proposals, study by DG SANCO) (see chapter 2 and 4) .

The topic group identified the following items that need careful attention when working out solutions for mileage fraud (see chapter 3):

- One needs to avoid solutions that are costly or create excessive administrative burden for either consumers, the administration and the automotive industry. It is shown in this report that this is possible (see paragraph 3.1).
- When collecting mileage data linked to the VIN of a vehicle, data protection issues can arise in some countries, as was shown by the answers to the second questionnaire (see annex). Therefore strict conditions have to be imposed and clear purposes have to be defined when mileage data are collected (see paragraph 3.2).
- Commerce in used vehicles is an international business. It is therefore of the utmost importance that the mileage history of a vehicle is exchanged between member states. The Eucaris platform has been identified as the most appropriate tool to exchange mileage data.

To conclude this report, the Topic Group has formulated several recommendations to the European Commission and the EReg members (see chapter 5).

- The European Commission and EReg Member States should take all necessary measures to ensure the accuracy of the odometer reading between the date the vehicle is newly registered or imported in that member state and the date of export or final deregistration of the vehicle.
- The European Commission and EReg Member States should work out a legal framework to combat mileage fraud. Mileage fraud should be considered as a serious legal offense in every member state. EReg members should participate actively in the creation of a central database with mileage recordings in their countries and in exchanging the mileage history between countries when a vehicle is exported.
- The European Commission and EReg Member States should mandate that the full mileage history of the vehicle is part of the dataset Member States will have to make available to facilitate the re-registration of a vehicle in another Member State.

The Topic Group has identified the EUCARIS platform as the most appropriate tool to exchange mileage data. It also appeals to EReg Member States to increase public awareness.

## **TABLE OF CONTENTS**

<b>Foreword</b>	<b>2</b>
<b>Executive Summary</b>	<b>3</b>
<b>1. Introduction</b>	<b>5</b>
1.1 EReg	
1.2 Topic Group XIII – Vehicle Mileage Registration	5
1.2.1 Motivation	5
1.2.2 Goals	6
1.2.3 Methodology	6
1.2.4 Participants	7
<b>2. Current situation</b>	<b>8</b>
2.1 Belgium	8
2.2 The Netherlands	8
2.3 Other countries	8
2.4 International initiatives	9
2.4.1 Roadworthiness package	9
2.4.2 Re-registration directive	10
2.4.3 EUCARIS Treaty	11
2.4.4. Working Party 29 UNECE	11
2.4.5 Consumer Markets Scoreboard	12
2.4.6 CARS 2020	12
2.5 Manufacturers	12
<b>3. Identified issues</b>	<b>13</b>
3.1 Administrative burden and extra costs	13
3.2 Sufficient support from automotive stakeholders and consumers	15
3.3 Data protection	14
<b>4. Identified best practices</b>	<b>16</b>
4.1 Car-Pass system Belgium	16
4.2 NAP system The Netherlands	18
4.3 Pilot exchange between Belgium and The Netherlands	19
4.3.1 Export from Belgium to The Netherlands	19
4.3.2 Export from The Netherlands to Belgium	19
4.3.3 Conclusions	19
4.4 Slovakia	20
4.5 Hungary	20
<b>5. Recommendations to the European Commission</b>	<b>21</b>
5.1 Ensure accuracy of the odometer	21
5.2 Work out legal framework to combat mileage fraud	21
5.3 Make full mileage history part of the dataset for re-registration	21
5.4 Consider EUCARIS as tool for mileage exchange	22
5.5 Consumer information	22
5.6 General recommendations	22
<b>Annexes</b>	<b>23</b>
I Questionnaire Part 1 - General	23
II Questionnaire Part 2 – Privacy	35
III EUCARIS specifications	40

## **1. INTRODUCTION**

### **1.1 EReg**

EReg, the Association of European Vehicle and Driver Registration Authorities, is a European cooperation dealing with subjects concerning registration and documentation of vehicles and drivers.

The main objective of EReg is to bring together the European Registration Authorities to be able to:

1. Share knowledge, experience and good practices;
2. Identify, follow and influence European developments and regulations;
3. Take initiatives aimed at improving the performance of tasks by the members as European partners;
4. Establish exchange and cooperation arrangements with relevant other parties;
5. Promote effective and efficient data exchange.

EReg has a growing number of members every year. At the moment the Association has 26 members in Europe.

At the EReg Plenary Board Meeting & Annual Conference 2008 in Malta, the decision was made to start with eight EReg Topic Groups. The choice for these Topic Groups is the result of a selection (by the members) of a large number of possible topics that are part of the Work Plan 2007-2010 and Work Plan 2011-2013. Currently (2013), there are four active EReg Topic Groups and nine finished EReg Topic Groups. After the adoption of Work Plan 2014-2016, several new Topic Groups will be started.

### **1.2 Topic Group XIII – Vehicle Mileage Registration**

#### **1.2.1 Motivation**

Mileage fraud or car clocking, the practice of deliberately interfering with a vehicle's odometer so that a lower mileage is displayed, is a multibillion euro problem that affects drivers throughout Europe. Anyone wanting to increase the value of their car before selling can pick up a device to do this for only a few hundred Euros. Meanwhile, specialist companies openly tout their "correction" services on the internet: the search phrase "mileage correction services" turns up 370,000 hits on Google. Overall, the incentives for mileage fraud are plain. Manipulated odometers are difficult to detect on first sight, and so the probability of being caught is very low. At the same time, the potential benefits are huge: it is a cheap, easy, almost risk-free way for dishonest dealers to sharply boost their revenue.

The consequences of this are huge. First and foremost, European consumers are regularly being cheated out of significant sums of money. Not only do they overpay when buying a car, but they also face higher maintenance and repair costs. But motorists are not the only victims: honest car dealers suffer from unfair competition; insurance companies receive more claims; and the state obtains less money from taxes.

More broadly, mileage fraud has road safety and environmental implications, as cars with inaccurate mileage readings could miss out on vital servicing and safety tests or pollute more

than they should. Meanwhile, the reputational damage for the whole sector has long term effects. A 2012 market monitoring survey put second hand cars as the lowest performing market in a list of 21, noting that this is mostly down to “asymmetric information”. Greater transparency in the sector would presumably increase consumer confidence<sup>1</sup>.

In simple economic terms, the cost is tremendous. In Germany, at least 30% of all used cars sold have a manipulated mileage reading, according to Munich Police, with total costs estimated to be €5.4 billion a year<sup>2</sup>. In the UK, the government’s economic regulator estimated in 2010 that 5-12.5% of cars have a mileage discrepancy, putting the cost at up to €750 million per year<sup>3</sup>. Comparable figures were recorded in Belgium, before the government and industry took action to combat mileage fraud.

A study carried out by the Dutch organisation CRM used car management in 2010, based on conservative assumptions, found that in the Benelux, France and Germany, mileage fraud amounts to €1.4 - €2.8 billion annually, with 30-40% of all imported cars manipulated. Extrapolating that figure to the entire EU puts it at a staggering €5.6 – €9.6 billion per year<sup>4</sup>. It is particularly important to note that mileage fraud is much more frequent in international transactions, which shows that the EU internal market is not performing effectively.

The problem of mileage fraud has been acknowledged by the EU Commission. In recital 23 of the proposal for a new regulation on periodic roadworthiness tests for motor vehicles and their trailers it is stated: “*Odometer fraud is considered to affect between 5% and 12% of used cars sales, resulting in a very important cost to society of several billions Euros yearly and in an incorrect evaluation of a roadworthiness condition of a vehicle. (...)*”<sup>5</sup>

The European Parliament has also taken interest for the topic. In it’s report “CARS 2020: towards a strong, competitive and sustainable European car industry” it calls on the Commission “(...)*to require mileage recording at each test; considers that initiatives such as the "Car Pass" scheme in Belgium could be encouraged by a European Standard (...)*”.

Taking steps to reduce mileage fraud will therefore add transparency to the market, protect consumers, can stimulate the used car business and create a sound climate for investments and last but not least will improve road safety.

### 1.2.2 Goals

The Topic Group has been established in June 2012 to detect and fight the fraud related to the odometer mileage on used and imported cars. Odometer fraud is a real problem of society which has consequences for the road safety, for the consumers and also for the public finances. The purpose of this Topic Group is to produce recommendations to the European Commission and to all EReg Members to take all necessary measures to fight the odometer fraud.

---

<sup>1</sup> EU Commission (DG SANCO) – The consumer markets Scoreboard 8th edition (December 2012)

<sup>2</sup> Der Spiegel (16.3.2010) & Süddeutsche Zeitung (17.3.2010)

<sup>3</sup> Office of Fair Trading - The second-hand car market (March 2010)

<sup>4</sup> CRM Used Car Management - Impact study of mileage fraud with used cars (October 2010)

<sup>5</sup> COM (2012) 380 final (July 2012)

### 1.2.3 Methodology

To achieve the goals, the Topic Group has:

- Identified issues that have caused difficulty in achieving successful implementation in the respective countries;
- Identified best practices;
- Exchanged experiences of the implementation of the systems Car-Pass and NAP;
- Held two questionnaires (sent out to all EReg Members):
  - May 2012, general questionnaire to investigate the current and desired situation in the Member States (response from 20 countries)
  - May 2013, related to privacy problems (response from 11 countries);
- Held three meetings:
  - June 2012, Brussels (Belgium)
  - May 2013, Amsterdam (The Netherlands)
  - December 2013, Dublin (Ireland).

### 1.2.4 Participants

Members of the Topic Group were:

<b>Chair</b>	
Belgium	Jean-Paul Gailly – Claudine Balesse
<b>EReg Secretariat</b>	
EReg	Idske Dijkstra - Eucaris – IT Manager and Secretary Renée van der Burg
<b>EReg Participants</b>	
Belgium	Claudine Balesse Delphine Hogenboom Olivier Marchal Michel Loccufier
Estonia	Rein Einer Karl Saks
Finland	Simo Karppinen Mikko Helminen
Hungary	Emese Vida Andrea Fekete Tímea Fodor
Ireland	Gerry O'Malley Enda Casey
Luxembourg	Armand Biberich Jean Lamesch
The Netherlands	Willem Rijnberg Jan Peter Notebomer
Poland	Krzysztof Wojciechowicz
Slovakia	Tomáš Ondrašina
<b>External Experts</b>	
Car-Pass, Belgium	Michel Peelman
NAP, The Netherlands	Dik Dekker Martin Huisman

## **2. CURRENT SITUATION**

### **2.1 Belgium**

In the 1990s, it was current practice in Belgium to tamper the odometer of used cars before resale. As soon as the mileage on the car was too high to guarantee a good resale price, the odometer was "clocked". There are obviously no official statistics, but based on cases recorded by the periodical technical inspection, it's possible to get an idea of the scope of the problem. At the beginning of the 2000s, the technical inspection recorded 60,000 cases a year where the odometer reading was lower than that recorded at inspection the previous year. That number doesn't include potential cases of fraud for used vehicles less than four years old that hadn't been to vehicle inspection, or for imported vehicles. It's therefore quite reasonable to estimate that about 100,000 used cars were sold with a tampered odometer every year before the Car-Pass system was introduced. This amounted to about 250 million euros at the time.

The Car-Pass non-profit organisation is in charge to register the mileage. It has been established by a law and a Royal Decree. The Car-Pass organisation registers all the kilometers coming from the technical inspection and enterprises in charge with trade, repair and so on.

### **2.2 The Netherlands**

In 1991 in Holland, car traders started the initiative Nationale AutoPas. After a couple of years the national associations concerning cars joined the board. The 5200 car dealers in Holland represented by BOVAG became all an obligatory member of NAP. 80 % of the professional trade was organized that way. Also the association of Car importers joined along and within the contract between dealers and importers, including their used car programs, NAP was obligatory. It was a big wish to develop law about odometer fraud. After a lot of lobbying and two law-cases won by NAP, the government asked NAP and RDW to develop a new system together to fight odometer fraud. The outcome is that NAP gives over the current database and the name NAP to RDW. RDW is handling the database and operational products from 1 januari 2014 on. NAP will continue to put effort in fighting odometer fraud from a private perspective in cooperation with RDW. RDW and NAP had come to a contract in which is written how parties are going to work together.

At the moment, registration of the mileage is mostly done at the Periodic Technical Inspection (PTI). The percentage of vehicles with a tampered odometer is around 5 percent.

After the implementation of the new law, with every transaction over €150,- in the working place the mileage is registered. Registration is obligatory for everyone who works on cars and has a RDW registration for it. This are 22.000 companys in the Netherlands. With the new law in place, the increase of registration moments and the cooperation between automotive branche (private) and national registration office RDW (public).

### **2.3 Other countries**

Following the replies to the questionnaires 1 and 2, all the countries represented in the Topic Group consider that the EUCARIS system can be used as tool for the European information exchange of mileage data.

Some countries prevent, prohibit and prosecute mileage fraud (BE, CH, DE, DK, FI, HU, IE, NL, SK).

Most of the countries have already a mileage registration obligation during the Periodical Technical Inspection (BE, CH, DE, DK, EE, HU, IE, IRL, IS, LU, LV, LT, UK).

Only two countries have a specific regulation regarding mileage registration (BE, NL). In other countries, mileage fraud has to be penalized via consumer protection legislation.

In general terms, we can conclude that all the countries are in favor of a specific European legislation to fight the mileage fraud.

Most of those countries think that there is a need of mileage registration:

- during the roadworthiness inspection;
- each time the car goes to the garage for repair and maintenance, so during the lifetime of the vehicle;
- on the invoice when the car is sold (guarantee for the buyer).

Most of the countries think that the kilometer and the VIN must be registered to fight the mileage fraud. The mileage registration should be VIN based.

Most of those do not consider the VIN as sensitive data.

However, most of the countries think that the data can only be kept in a secured data base by a public authority to avoid problems concerning individual privacy. This public authority is responsible for the registered data during the lifetime of the vehicle. Most of the countries give the right to the public organizations to consult the registered data.

## **2.4 International initiatives**

Commerce in used vehicles is an international business. Used vehicles are very often exported from one member state to another. In those cases traceability of the mileage history is much more difficult than for national sales. It comes as no surprise that the occurrence of mileage fraud is considerably more frequent in international transactions. Setting up a national system will not totally solve the problem in a country, as in many EU Member States, imported vehicles take important market shares of the used vehicle market. It is therefore of the utmost importance that the mileage history of a vehicle is exchanged between Member States.

### **2.4.1 Roadworthiness Package**

In July 2012 the European Commission presented her proposal for regulation of the European Parliament and of the Council on periodic roadworthiness tests for motor vehicles and their trailers repealing Directive 2009/40/EC. For the first time the problem of mileage fraud has been acknowledged by the European Commission, in particular because of its negative effects on road safety.

Recital 23 resumes the Commission's view in a nutshell: *“Odometer fraud is considered to affect between 5% and 12% of used cars sales, resulting in a very important cost to society of several billion Euros yearly and in an incorrect evaluation of a roadworthiness condition of a vehicle. With a view to combat odometer fraud, the recording of mileage in the roadworthiness certificate combined with the obligation to present the certificate of the*

*previous test would facilitate the detection of tampering or manipulation of the odometer. Odometer fraud should also be more systematically considered as an offence liable to a penalty.”*

The Commission wants that results of roadworthiness tests, including information on the vehicles mileage, is kept in national registers, to facilitate the identification of mileage fraud. This means that according to this proposal the odometer has systematically to be checked on its well functioning during the roadworthiness test and that the mileage has to be mentioned on the test certificate . The mileage will also have to be recorded in a central database and made available to the inspector of following tests.

The European Council of transport ministers endorsed those principles in December 2012. And also the European Parliament took a clear position in favor of anti-mileage fraud measures. The European Parliament insisted on the importance of an electronic vehicle information platform to exchange data related to roadworthiness testing and odometer readings between the Member States.

A political agreement between the Commission, the Council and the European Parliament has been reached in December 2013. The EP has adopted the roadworthiness package during its plenary session of the 11<sup>th</sup> of March 2014.

As soon as this regulation or directive will be in force, the mileage of every vehicle in the EU will be registered and stored in a central (national) data base at every roadworthiness inspection. For the purpose of the fight against mileage fraud further steps will be needed though. As the date of an upcoming roadworthiness inspection is known to any owner, this will allow fraudsters to manipulate the reading in advance. In fact, many instances, clocking occurs to relatively recent but high-mileage cars (such as vehicles previously owned by leasing or car rental companies), so well in advance of the first mandatory PTI inspection. Nevertheless, these data can form the core of a more elaborated data base with mileages obtained from various sources.

#### **2.4.2 Regulation on re-registration of vehicles**

In April 2012 the Commission launched a Proposal for a regulation of the European Parliament and of the Council simplifying the transfer of motor vehicles registered in another Member State within the Single Market. The general objective of this proposal is to improve the functioning of the single market through the elimination of administrative barriers related to the re-registration procedure of motor vehicles, which currently hinder the free movement of goods.

Article 7.1 of the document is written as follows: *“For the purposes of registering a vehicle registered in another Member State, vehicle registration authorities shall grant the vehicle registration authorities of the other Member States access to the data stored in the official vehicle registers on data items set out in Annex I.”* Item 50 of the data set in Annex I is the mileage (if available).

The importance of this regulation is that it forms the legal base for Member States to exchange the mileage history of a vehicle that it is re-registered in another member state. As was mentioned before, mileage fraud is very common in international trade. It is therefore crucial not to “loose” the mileage history when the vehicle is crossing the border.

### 2.4.3 EUCARIS Treaty and the EUCARIS system

EUCARIS, the *European Car and driving license Information System*, is an initiative that was taken by a number of European countries. It encompasses an infrastructure, an organisation, legislation and cooperation between Member States to support the international exchange of transport related data in a harmonized way between registration authorities and other entities like police.

The original aim in the early nineties was the exchange of information about vehicle and driving licences to combat fraud during the registration of vehicles and driving licences. Nowadays also other transport related data is exchanged. Basically EUCARIS' objective has changed from: "solving re-registration fraud by sharing information" to "providing a pan-European information exchange system in the field of mobility by and for the Participants".

The interest grouping was formalised in 2000 in the EUCARIS Treaty, to which 17 European countries are currently affiliated; eight countries have signed the treaty and nine countries have indicated that they want to join. Since the official use of EUCARIS for the Council Decisions 2008/615/JHA and 2008/616/JHA (Prüm) and the Cross Border Directive 2011/82/EC the EUCARIS exchange mechanism will be/is used by **all 28 Member States**.

As far as mileage information concerns the EUCARIS Treaty in the meantime has been amended in such a way that also mileage data is included in the dataset. Therefore the exchange is legally justified during the re-registration of a vehicle. In line with the EUCARIS Treaty a special EUCARIS service has been developed that can be used for the automatic exchange of mileage data between Member States (see annex III). The service is already included in the standard software package of EUCARIS and available for all EUCARIS connected parties.

Because the legal basis is already (foreseen ...) within the EUCARIS Treaty the EUCARIS Treaty affiliated countries can already use the EUCARIS mileage service for the exchange of mileage data (especially during the import/export of a vehicle). Belgium and the Netherlands currently are busy with the implementation of the service on a national level and are planning to start the exchange in 2014. For the moment, Belgium is busy to search a legal base on national level for this exchange.

### 2.4.4 Working Party 29 UNECE

For obvious reasons (maintenance scheme, basic information to the driver, warranty purposes,...) all motor vehicles are equipped with an odometer although there is no dedicated UN/ECE Regulation on odometers. UN/ECE R83 on emissions, refers several times to mileage and odometer (for Conformity of in-service vehicles). Therefore, vehicles that are not equipped with an odometer, will not be able to comply. So we could argue that the obligation to have an odometer is already implicitly foreseen by the WVTa.

Nevertheless Belgium has put the subject on the agenda of WP29 (GRSG) to investigate if a more straightforward formulation to make odometers mandatory, preferably in an existing regulation, could be of an added value.

#### **2.4.5 Consumer Markets Scoreboard**

In December 2012 the European Commission (DG SANCO) published the results of the 8<sup>th</sup> edition of Consumer Markets Scoreboard. This is an annual market monitoring survey which measures consumer experiences and perceived conditions in 21 goods and 30 services markets accounting for around 60 % of the household expenditure. Consumer conditions in each market are assessed on the basis of six main criteria: comparability, trust, problems and complaints, satisfaction, choice and switching. The ranking of 51 consumer markets at EU level is based on the ‘Market Performance Indicator’ (MPI).

The results largely confirmed the findings of the previous two editions of the Consumer Markets Scoreboard. The market for second-hand cars coming last place in the ranking for goods markets for the third year in a row. It has the lowest score for trust of all surveyed markets, which according to the report, *“may in part be explained by the problems of asymmetric information typical for this market”*. No doubt mileage fraud will be one of the main causes for this lack of trust.

Alarmed by this repeating bad performances, DG SANCO has launched an in depth study to review the regulatory environment of the second-hand car markets in all Member States, assess dealers’ practices and identify the main problems reported and complaints made by consumers.

We can reasonably assume that this study will identify mileage fraud as one of the main causes for the lack of trust by consumers. According to EReg and its members this should convince the European Commission to take additional initiatives to combat mileage fraud (see recommendations at the end of this report).

#### **2.4.6. CARS 2020**

The European Parliament adopted on 10 December 2013 a resolution on CARS 2020: towards a strong, competitive and sustainable European car industry. (2013/2062 (INI))

The EP endorses the Commission’s new strategy of launching a new European industrial policy, in particular for a sustainable automotive industry, placed at the heart of Europe’s economy, and makes 69 recommendations to that purpose. In recommendation 58 the EP *“Calls on the Commission to take measures, in cooperation with the Member States, to ensure a high level of consumer protection, transparency and safety in the second-hand car market, and to work towards a gradual phasing-out of polluting and less safe vehicles; commends the Commission’s recommendation in the roadworthiness testing regulation to require mileage recording at each test; considers that initiatives such as the ‘Car Pass’ scheme in Belgium could be encouraged by a European Standard; notes that re-registration procedures for vehicle transfers must also discourage cross-border mileage fraud”*.

### **2.5. Manufacturers**

Today nearly all motor vehicles are equipped with digital odometers, that have replaced the mechanical types. Unfortunately, this has not prevented fraudsters to continue to lower the

mileage displayed on the dashboard in an illegal way. Practice has shown that the mileage data can be accessed and modified via the OBD interface of the vehicle.

Manufacturers try to make fraud more difficult by recording the mileage in different electronic units in the vehicle and in some cases the mileage is recorded in the drivers key. But given the amount of illegal profits that are involved, the tools and technologies used by fraudsters tend to evolve at the same pace. One can draw analogies with anti-theft systems. Although they are becoming increasingly sophisticated, cars continue to be stolen. Therefore relying solely on technical measures by the manufactures, will probably never lead to a satisfying solution of the problem.

### **3. IDENTIFIED ISSUES**

Experience and the responses to questionnaire 1 have shown that, for a successful implementation of the mileage registration, issues have to be taken into account and well addressed. These are listed and briefly described below.

#### **3.1 Administrative burden and extra costs**

In times of economic crisis and budget restrictions, one certainly does not want to deal with mileage fraud by introducing measures that bring additional administrative burden either for the companies in the automotive business, or for the public administration and the citizens. This will lead inevitably to higher costs for all stakeholders involved, including consumers.

It is a widespread misunderstanding that a system to register mileage would create a significant extra administrative burden for professional dealers and repair shops, in requiring them to record the mileage of each car that passes through their workshop and enter this into a central registration system. The biggest effort in this process lies in recording the mileage displayed on the odometer. In general, this has to be done manually, although in some cases the mileage can be retrieved with a key reader. However, recording mileages has been common practice in the automotive business for some time already. Maintenance and warranty schemes depend on a car's mileage, while leasing and insurance companies likewise take into account the mileage of a car when deciding on when it needs to be repaired, etc. So the only additional requirement is entering this information in a central database.

It is fair to say that companies active in the automotive business must meet very high technological standards. They depend on effective and reliable IT systems to have access to the technical manuals of the manufacturers, order spare parts, get approval for repairs from insurance and leasing companies, to apply for warranty by the manufacturer, undertake a diagnosis of the electronics of the car, and so on. The mileage and the VIN number of the car needs to be exported from the IT system of the dealer or the garage to the central database. Once a common standard has been decided upon, a single and limited modification to the IT system of the dealer and the garages (a so called Dealer Management System) must be put in place to enable the data exchange. The cost of this is negligible - it should not exceed 200 euro per company.

To make an estimation of the extra administrative cost we refer to the Belgian case. In Belgium the Car-Pass system is entrusted to a non-profit organisation supported by the

automobile sector. It is administered by a small team and received no public funding - running solely on the revenue gained from the sale of Car-Pass certificates.

Anyone selling a used car to the end consumer is required under Belgian law to obtain a Car-Pass certificate, at a cost of only EUR 6.90. This is not necessary for business-to-business sales, so car rental or leasing companies are not required to purchase Car-Passes when they sell their vehicles to dealers or back to manufacturers, for example. Compared with the high costs of mileage fraud, Car-Pass operates with a relatively small budget. Its operational costs per year are 3.000.000 euro.

In Belgium over 90% of the approximately 13.500.000 mileages recorded annually are communicated by automatic file transfer. Less than 10% of mileage readings are gathered by fax or via the Car-Pass online application. Car-Pass estimates that in those cases every mileage reading takes a maximum of 30 seconds to process. That means for 1,35 million mileage readings, approximately 11.600 man hours are needed. At an hourly rate of 25,00 euro, the additional costs of manually processing mileage readings for the purpose of the Car-Pass system are 282.000 euro. We have noticed that the number of companies that do not communicate by electronic file transfer is decreasing year upon year.

Sometimes errors that have been transmitted to the central database need to be corrected. If we suppose that 1% of data needs to be rectified, and that this process takes 5 minutes every time, we find an extra cost of 282.000,- euro. The total cost for the transmission of 13,5 million mileages is therefore 564.000,- euro or 4 eurocents per mileage reading.

To make a cost-benefit analysis, we must remember that fraud has dropped dramatically in Belgium, from approximately 60.000 cases before the introduction of the Car-Pass system, to 1,247 cases in 2012. A study commissioned by Car-Pass in 2010<sup>6</sup> revealed that mileage fraud costs society an average of approximately 2.000 euro per case (using very conservative assumptions). This means that the Belgian system has prevented at the very least around EUR 100m in potential costs due to fraud. This gives an overall cost/benefit ratio for the Car-Pass system in Belgium of 0.028.

When we apply this ratio to a country such as Germany, the Car-Pass system could save German consumers up to 705 million euro (based – still – on the very conservative assumptions of the above-mentioned study; there are significantly higher estimates of the incidence of mileage fraud in Germany). This saving could be realized by spending 15,7 million euro per year to operate an equivalent system to Car-Pass. Moreover, the system could be entirely self-financing, with the cost for individual users being very moderate.

The table below shows the calculation of the cost/benefit ratio for the Benelux countries, France and Germany. More details can be found in the study mentioned above. It is available on the Car-Pass website.

---

<sup>6</sup> CRM Used Car Management : “Impact study of mileage fraud with used cars & Adaptability of the Car-Pass model in other EU-countries” (October 2010)

Cost	België	Netherlands	France	Germany	Luxembourg
Registered car park	5.736.384	8.518.000	36.380.000	43.847.415	354.314
Ratio registrations/vehicle	2,36	2,36	2,36	2,36	2,36
Total mileage registrations/year	13.537.866	20.102.480	85.856.800	103.479.899	836.181
Automated through	90%	90%	90%	90%	90%
Total automated registrations	12.184.080	18.092.232	77.271.120	93.131.909	752.563
Through use of fax	10%	10%	10%	10%	10%
Manual registrations	1.353.787	2.010.248	8.585.680	10.347.990	83.618
Time per registration (sec)	30	30	30	30	30
Hourly cost rate administrative	€25	€25	€25	€25	€25
Subtotal cost manual registrations	€282.039	€418.802	€1.788.683	€2.155.831	€17.420
Rectifying errors (estimated)	€282.039	€418.802	€1.788.683	€2.155.831	€17.420
Total cost manual registrations	€564.078	€837.603	€3.577.367	€4.311.662	€34.841
Number used car dealers	11.407	14.402	37.150	56.800	582
Alteration cost, euro 200/DMS	€2.281.400	€2.880.400	€7.430.000	€11.360.000	€116.400
Total cost	€2.845.478	€3.718.003	€11.007.367	€15.671.662	€151.241
<b>Benefits</b>					
Low scenario	100.290.363	192.762.315	471.401.428	705.412.639	11.776.290
High scenario	171.915.536	384.381.416	1.042.268.943	1.337.644.273	15.038.205
Low scenario cost/benefit ratio	0,028	0,019	0,023	0,022	0,013
High scenario cost/benefit ratio	0,017	0,010	0,011	0,012	0,010

### 3.2 Sufficient support from automotive stakeholders and consumers

As consumers and honest used car selling companies are both victims of mileage fraud it is very important to involve them in the developing process of anti fraud measures. The Belgian Car-Pass system and the Dutch Nationale Autopass rely heavily on mileage data from automotive companies such as dealer, repair shops, independent garages, etc. It is clear that those stakeholder have to be involved and convinced to assure their collaboration. This issue is closely related to the previous one. Experience in Belgium and the Netherlands has shown that when the additional administrative burden is limited to a minimum, there was a broad support from the automotive industry.

### 3.3 Data protection

Mileage data can be potentially very sensitive from a data protection perspective. If they can be linked to an individual person, these data could be misused for commercial purposes, by e.g., insurance companies, leasing companies and automotive companies. Therefore the number of stored data fields need to be limited to those that are absolutely necessary for anti mileage fraud purposes. The use of these data has to be well defined to prevent misuses.

Survey of the privacy questionnaire (see in annex).

## **4. IDENTIFIED BEST PRACTICES**

### **4.1 Car-Pass system Belgium**

There are many consequences to such extensive fraud. Consumers are clearly the first victims. Not only do they pay too much for the car, they are also later faced with higher maintenance and repair costs than they would have paid with the real mileage. It is very difficult to follow the manufacturer's required maintenance schedule when the real vehicle mileage isn't known. Odometer fraud has therefore also a negative impact on road safety.

These dishonest practices create unfair competition and disrupt the used vehicle market so profoundly that it's difficult for a dealer working honestly to maintain their business in this environment. Fraud also impacts the image consumers have of used vehicles and, because they are mistrustful, they are more likely to buy new than used.

This situation elicited a reaction from the automotive sector (Federauto, Febiac and Goca), automobile clubs (Touring, VAB) and the Belgian federal government (FPS Economy and FPS Mobility and Transport). The parties met to find a convincing and effective solution that wouldn't generate too many administrative costs or additional expenses for the automotive sector.

Their efforts led to the Law of 11 June 2004 – the law to fight vehicle odometer fraud. It is based on the following principles:

- A prohibition against altering a vehicle's odometer mileage and against tampering with, or impeding, the correct recording of mileage subject to one year of prison and a fine up to €3,000
- Creation of a central database with the mileage of all vehicles registered in Belgium
- The requirement for automotive sector professionals to provide the mileage, chassis n° and date to the database whenever work is done on a vehicle (maintenance, repair or installation of parts)
- Sellers must provide buyers with a certificate showing the mileage up to the time of sale of the used vehicle (so called Car-Pass). Buyers can use non-compliance with this requirement to request cancellation of the sale
- The obligation to show the mileage and chassis n° on invoices.

The law came into effect at the end of 2006. The Car-Pass non-profit was certified by royal decree to manage the database and issue mileage certificates. It was founded by Febiac, Federauto and GOCA. VAB and Touring also became members and two federal government observers are on the board. Car-Pass certificates are issued at vehicle inspection stations at the time of compulsory vehicle inspection before change of ownership takes place. The non-profit doesn't receive subsidies and is fully funded by CAR-PASS sales at the price set by royal decree.

A few figures about Car-Pass:

- The database currently contains 128 million mileage records (early 2013)
- The non-profit receives over one million new mileage records a month
- Over 8,000 professionals send data every month

- CAR-PASS issued 758,323 certificates in 2012

- Staff members: 8

More information can be found in the annual reports available on the Car-Pass website (<http://www.car-pass.be/>).

The Car-Pass model has been a real success. The number of new cases of tampered odometers has fallen dramatically since the Car-Pass system was introduced. Only 1,247 cases of (very probable) fraud were recorded in 2012. This figure is less than 0.20% of the domestic market (not counting imports).

Several factors account for this success:

- A simple legal framework with clear and effective sanctions (cancellation of the sale if the Car-Pass isn't provided to the buyer) which is the result of successful dialogue between all of those involved from the public and private sectors.
- The underlying goal of Car-Pass is to create more transparency for buyers. Potential fraud is clearly apparent with the certificate. As a result, the person committing fraud will not receive the sale amount they expected.
- The automotive sector was in favour of cleaning up the used vehicle market from the start which is why the system immediately received its wide-spread support. The legislator set up a strict legal framework in which operation of the database was entrusted to a private non-profit created by the sector. This also contributed to better acceptance by the sector.
- The system is based on a common practice in the sector which consists in recording a vehicle's mileage whenever it is brought in for service. Introduction of the Car-Pass system therefore resulted in only a few additional expenses for companies. All that was required was centralisation of existing local data. This wasn't particularly difficult to implement using computers and the internet.

The Car-Pass system does not, however, allow any control over the mileage of imported used vehicles, which is often significantly tampered with. About 50,000 cars are imported to Belgium every year. A study done in 2008 to determine the extent of the problem with used cars imported to Belgium found that between 10% and 20% of odometers had been tampered with.

In addition, between two and three hundred thousand Belgian cars are exported every year. Quite a few of those vehicles reach their destination country with a mileage reading lower than when they left Belgium. CAR-PASS was involved in the 2008 inquiry carried out by the French DGCCRF (Direction générale de la concurrence, de la consommation et de la répression des fraudes). Out of 1,126 vehicles exported from Belgium to France, mileage was reduced on 487 odometers (43.3%), to an average of 91,000 km.

This is the reason why Car-Pass is seeking, with the support of the Belgian government, for a European solution of the problem of mileage fraud.

## 4.2 NAP system The Netherlands

With the same reasons as in Belgium, the unfair competition and consumer damage elicited in 1991 to a reaction from the automotive sector (BOVAG, RAI and VNA), automobile clubs (ANWB). At first the Dutch federal government was present but formally not a party in the NAP association. This has changed since 2006. In assignment of the Dutch government NAP and RDW has worked out a new and better system than the current one. NAP and RDW found a convincing and effective solution that wouldn't generate too many administrative costs or additional expenses for the automotive sector.

The effort led to the Law of 1 January 2014 – the law to fight vehicle odometer fraud. It is based on the following principles:

- A prohibition against altering a vehicle's odometer mileage and against tampering with, or impeding, the correct recording of mileage
- Creation of a central database with the mileage of all vehicles registered in the Netherlands
- The requirement for automotive sector professionals to provide the mileage, licence plate n° and date to the database whenever work is done on a vehicle (maintenance, repair or installation of parts)
- Professional sellers can provide buyers with a certificate showing the mileage up to the time of sale of the used vehicle (so called Nationale Auto Pas).
- The obligation to show the mileage and on invoices.
- The NAP logo provided to all Car Sellers for free on internet websites
- The possibility for professionals to see the mileage of their own car
- Completely online organized service

The RDW is a governmental body and is issued to manage the database and issue mileage certificates. The RDW has signed up two contracts with the NAP association. The database and the name NAP is turned over to RDW. Furthermore arrangements are made how public and private are working together, contributing to diminish odometer fraud. There are four working groups and a common board. The working groups are; “international and evaluation”, “operations”, “communication” and “law”.

The Nationale AutoPas certificates are online available for professional car dealers, if only, they own the car. Furthermore there is a web label. This web label only gives an answer as is the car ‘correct’ or “not correct”. This web label is for the use of every citizen when the car is sold. There are agreements with all big car websites who support the web label. All services are free, the RDW costs are paid by an extra fee on the price of changing ownership of a car.

A few figures about the Dutch system

- The database currently contains 111 million mileage records (early 2013)
- Over 22,000 professionals send data every month
- Nationale AutoPas generated 845.000 certificates in 2012
- Staff members: 5

The Nationale AutoPas model has been a success maximized with the restriction of not having a law in place and without help of the governmental registration office. In the new

situation RDW and NAP expect to build further in diminishing odometer fraud to a minimum. The current 5% should be less than 1% in three years.

Several factors are in the Dutch point of view key for succes:

- A legal framework with clear and effective sanctions
- The National cooperation between public and private parties to create a wide understanding of the problem and the chosen solutions.
- The understanding that registration is not the sole solution. Communication with the goal of maken consumers aware of odometer fraud and the consequences is almost the most important aspect in fighting odometer fraud.
- The international cooperation and working together to stop the import and export fraud in the near future. Mostly the Netherlands is hurting European consumers who think they buy a reliable Dutch car. Odometer fraud with cars exported from Holland to another country is unfortunately common.

This last bullet is the reason why NAP and RDW are seeking for a European solution of the problem of mileage fraud.

### **4.3 Pilot exchange between Belgium and The Netherlands**

The purpose of the trial was to investigate mileage fraud with used cars in cross border trade between Belgium and The Netherlands by matching vehicle data from both the mileage databases (Car-Pass Belgium and NAP The Netherlands).

#### **4.3.1 Export from Belgium to The Netherlands**

In 2012, RDW (The Netherlands) provided a file with 9.409 Vehicle Identification Numbers. A correct match was found in 8.418 cases. For 782 (9,3%) vehicles the mileage was lower in the Netherlands than in Belgium (when considering an error margin of 5.000 km). 27,5% of cars with a mileage higher than 150.000 km before export were frauded. The average decrease of the mileage in case of fraud is 69.789 km. The average mileage of manipulated cars before export is 167.022 km. The average mileage of non manipulated cars before export is 76.105 km.

#### **4.3.2 Export from The Netherlands to Belgium**

In September and October 2012, DIV (Belgium) provided a file with 839 Vehicle Identification Numbers. A correct match was found in 765 cases. For 102 (13,3%) vehicles the mileage was lower in the Netherlands than in Belgium (when considering an error margin of 5.000 km). The average decrease of the mileage in case of fraud is 125.139 km. The average mileage of manipulated cars before export is 268.885 km. The average mileage of other cars before export is 158.218 km. The most popular brands for fraud are Volkswagen, Mercedes, Audi, BMW and Ford.

#### **4.3.3 Conclusions**

The profile of the cars is not the same. On average cars exported from Belgium to the Netherlands have a significant lower mileage (85.000 vs 173.000). The most probable cause is that the cars coming from Belgium are younger and have a higher value. This makes these cars more attractive for fraudsters. The Netherlands has a larger market for used cars and



Belgium has a lower market for new cars. The trade is usually not direct (often there is an intermediate).

The trial proves that there is an urgent need to exchange mileage history data between member states.

Belgium and The Netherlands have started a Working Group to link both their databases via EUCARIS. The intention is to have the connection up and running in 2014.

#### **4.4 Slovakia**

The technical service to check the vehicle originality was authorized by the Ministry of Transport, Construction and Regional Development of the Slovak Republic for the data integration of the mileage records. This technical service has created the central database with all mileage records from the technical and emission checks (PTI) and from the checks of vehicle originality. The first mileage records were recorded in 2007. About two and a half million new mileage records are received every year. The central database currently contains 15 million mileage records. The information system of the technical service authorized to check of vehicle originality is systemically linked with the Vehicle Registration. The data structure of the mileage records is ready for the integration to the EUCARIS system.

#### **4.5 Hungary**

?

## **5. RECOMMENDATIONS TO THE EUROPEAN COMMISSION**

### **5.1 Ensure accuracy of the odometer**

The European Commission and EReg Member States should take all necessary measures to ensure the accuracy of the odometer reading between the date the vehicle is newly registered or imported in that member state and the date of export or final deregistration of the vehicle.

1. Member States need to set up a 'mileage registration data base' in which the odometer readings of the vehicles registered in that Member State are stored.
2. The registration in the database needs to be related to the VIN number of the vehicle.
3. Input of the data should come from the various actors of the automobile sector, such as official dealers, repairers or roadworthiness testing centers for whom recording mileages is a common practice.
4. The data should be made accessible for buyers of used cars while taking into account data protection legislation.
5. Check of the odometer (if available) should be part of the roadworthiness testing. A malfunctioning odometer should be classified as a major deficiency. Inspectors should have access to the mileage of the previous inspection or to the mileage registration database to check the functioning of the odometer (as foreseen in Roadworthiness directive). Following the replies to the questionnaire 1, a majority of countries already register the mileage during the Periodical Technical Inspection.

### **5.2 Work out legal framework to fight mileage fraud**

The European Commission and EReg Member States should work out a legal framework to combat mileage fraud.

1. Manipulating an odometer to reduce or to misrepresent the distance record of a vehicle, shall be made punishable by effective, proportionate, dissuasive and non-discriminatory penalties (as foreseen in the Roadworthiness directive).
2. The seller of a used vehicle shall have to mention the correct mileage of the car to the buyer on the invoice or the selling document. If he fails to do so, or if the mileage is incorrect, the buyer can demand the cancellation of the sale and to be refunded.
3. As soon as the Member State has set up a mileage registration database, the buyer needs to be able to verify if the mileage of the vehicle as mentioned by the seller is correct, by consulting the database. Buyers from another MS should be able to consult the vehicle mileage history by addressing them to their national registration authority.

### **5.3 Make full mileage history part of the dataset for re-registration**

The European Commission and EReg Member States should mandate that the full mileage history of the vehicle is part of the dataset made available to facilitate the re-registration of a vehicle in another Member State.

1. Member states will insert the mileage history of an imported used car as provided by the Member State of origin, in their national mileage registration database.

2. Buyers of imported used cars needs to be able to verify if the mileage of the vehicle as mentioned by the seller is correct, by consulting the mileage history provided by the Member State of origin as specified in point 5.3.1.

#### **5.4 Consider EUCARIS as tool for mileage exchange**

The EUCARIS system should be the preferred tool to exchange mileage data between Member States. This is in harmony with the proposal concerning the registration of vehicles previously registered in another Member State.

#### **5.5 Consumer information**

EReg Member States should organize information campaigns to build up awareness amongst buyers and sellers of vehicles concerning the problem of mileage fraud.

#### **5.6 General remark**

The European Commission and EReg Member States should take care not to impose measures that are bureaucratic or costly neither for consumers and other stakeholders. Experiences in different Member States show that this system can be introduced with a minimum administrative burden and this is described in this document.

The Topic Group would welcome comments and/or recommendations from those countries that did not attend the event.

## ANNEXES

### I Questionnaire 1 – Vehicle Mileage Registration

#### 1. Could you fill in the next figures for the years 2010 and 2011 for your country?

2010	B E	D K	E E	F I	G E	H U	I S	I R	I M	L T	L U	P L	R O	S K	S E	N L	U K
Annual registrations of new cars (M1)	549.326	160.000	10.294	111.989	2.916.260	50.000	5.054	84.907	1.789	7.467	50.937	223.901	92.073	64.744	280.000	487.992	2.030.846
Annual registrations of used cars (M1)	669.639	400.000	28.838	896.650	6.431.846	257.000	354	611.560	2.547	153.786	42.180	2.455.995	467.486	230.218	30.000	1.835.411	63.604
Annual imports of used cars (M1)	47.109	35.000	27.838	30.147	-	32.686	354	39.103	3.898	-	13.737	728.483	210.411	61.920	23.000	99.834	35.380

2011	B E	D K	E E	F I	G E	H U	I S	I R	I M	L T	L U	P L	R O	S K	S E	N L	U K
Annual registrations of new cars (M1)	574.505	160.000	17.058	126.123	3.173.634	63.000	3.095	86.932	1.470	12.294	51.219	275.340	78.891	68.861	290.000	548.930	1.941.253
Annual registrations of used cars (M1)	737.746	400.000	27.354	942.433	6.809.498	263.000	234	637.425	2.682	204.309	45.031	2.639.310	396.542	236.457	32.000	1.842.393	63.604
Annual imports of used cars (M1)	45.381	35.000	27.354	27.745	-	50.498	234	41.149	3.795	-	15.015	660.766	92.799	61.911	25.000	90.890	35.380

#### 2. How many companies (approximately) are trading used cars in your country?

**Belgium:** FEDERAUTO

**Denmark:** According to the national Danish statistical bureau approx. 1.500-1.800 companies are registered with the industry code “Retail sales of vehicles”

**Estonia:** There are about 350 to 400 companies trading with used cars in Estonia.

**Finland:** We have no exact information on the matter but several hundred companies.

**Germany:** In 2009 699.211 companies were working in the sector “trade, maintenance and repairing of vehicles”.

**Iceland:** Approximately 50 companies.

**Ireland:** Approximately 3,350 companies (motor dealers) are trading used cars in Ireland.

**Isle of Man:** 85.

**Lithuania:** According to information received from the Lithuanian Department of Statistics there are 2315 such companies registered in Lithuania, however currently active are just 1514 of them. These figures probably may look rather big, but one should keep in mind that for many years Lithuania is one of the biggest transition points of second hand vehicles from western European states and the USA to eastern states of the former USSR even to such distant countries as Kazakhstan and Uzbekistan.

**Luxembourg:** +/- 300.

**Poland:** Approximately: Authorized dealers – about 1.000, dealers used cars – about 15.000

**Sweden:** 500.

**The Netherlands:** 22.000.

**3. Can you give us a list of the 5 countries from where most cars are imported in your country?**

	B E	D K	E E	F I	G E	H U	I S	I R	I M	L T	L U	P L	R O	S K	S E	N L
<b>Germany</b>	X	X	X	X		X	X	X		X	X	X	X	X	X	X
<b>Netherlands</b>	X		X							X		X	X			
<b>France</b>	X	X			X	X		X		X	X	X	X	X		X
<b>Luxembourg</b>	X															
<b>Italy</b>	X		X	X		X				X	X	X	X	X	X	
<b>Spain</b>		X			X											
<b>Korea</b>		X					X									
<b>Japan</b>		X					X	X								
<b>Belgium</b>			X							X	X	X		X		X
<b>Finland</b>			X													
<b>Sweden</b>				X												
<b>Estonia</b>				X												
<b>United States</b>				X	X										X	X
<b>United Kingdom</b>					X		X	X	X						X	X
<b>Czech Republic</b>					X		X							X		
<b>Austria</b>						X							X			
<b>Slovakia</b>						X										
<b>Northern Ireland</b>								X	X							
<b>Eire</b>									X							
<b>Portugal</b>										X						
<b>Jersey</b>									X							
<b>Denmark</b>															X	

**4. Are you aware of illegal practices that tend to disturb the used car business in your country and induce unfair competition? Could you describe them briefly?**

**Denmark:** The primary illegal practice would be evasion of registration tax (The registration tax is based on the value of the vehicle and can be as high as 180%)

**Estonia:** In Estonia, the three most common illegal practices are mileage, ownership and maintenance history fraud.

**Mileage fraud** is most common, where vehicle odometer has been tampered so to make the impression the vehicles has driven less kilometers.

**Ownership fraud** concerns vehicles which are sold by companies in Estonia, but legally do not take the responsibility of the vehicles. The most common way is that the companies do not claim themselves as the owners of the vehicles they sell. The purchase and sale agreement is usually made up so that the company is only broker or there is no mention of the company at all. If there are problems with the vehicle the companies do not take any legal responsibility. Also there are maintenance history frauds where the maintenance history books are bought posteriorly or been modified later.

**Germany:** In the field of used car business the manipulation of odometers increases. Moreover, the import of current leasing cars and registration of these cars in Germany before the theft report of these cars in the source country (mostly Italy) is a big problem.

**Hungary:** In Hungary used car business takes the major part of the car trade. It is very difficult to check and to prove the manipulation of the odometer. That is why when selling used cars it is a common a practice to turn back the odometer. The Hungarian government recognized the danger of the odometer fraud and tries to stop this illegal method.

**Iceland:** We are not aware of any illegal practices in the used car business in Iceland at this time. If we discover any such things we will of course notify the appropriate parties, the police for example, so they can be dealt with accordingly.

**Ireland:** The Department is aware that mileage fraud is common in the used car business and results in financial loss to the consumer, induces unfair competition and distorts the used car business. It is also potentially dangerous from a safety perspective as the vehicle may not have correct servicing at recommended interval levels, breakdowns are more likely, costly to repair etc.

**Isle of Man:** Avoidance of taxes by importing through Eire could be a problem.

**Lithuania:** Odometer fraud;

Trade in badly damaged vehicles using *unfair repair* facility practices;

Trade in stolen vehicles.

**Luxembourg:** Currently we can only have a suspicion on that since from time to time, we are asked to reregister cars formerly exported which have than a lower mileage than before exportation. Note that we register the odometer mileage at PTI.

**Poland:** According to information obtained from the National Police Headquarters presumably, are cases of illegal practices that tend to disturb the used car business (odometer fraud). But in Poland there are no data source that would be allowed to determine the scale of the problem of odometer fraud. Also, nowadays the detection of such illegal dealings e.g. during traffic control is very difficult. For these purposes helpful will be “Roadworthiness Certificate” containing information about odometer reading at time of the roadworthiness test vehicle.

**Slovakia:** Legalisation of stolen vehicles – based on false registration documents, or abused stolen ones. Alteration of vehicle age – deliberately incorrectly entered the date of first registration of a vehicle; mileage fraud;

**Sweden:** No.

**The Netherlands:** In the Netherlands consumers as well private companies and public services are aware of the illegal practices of odometer fraud. Via Internet it is very easy to contact a supplier for this kind of fraud.

**United Kingdom:** DVLA do not enforce odometer issues – This would be a trading standards issue.

## 5. Do you believe odometer fraud is a serious problem in your country? If yes, why ?

**Belgium:** Yes.

**Denmark:** Odometer fraud is a problem, but we don't know how serious

**Estonia:** Yes, because the amount of vehicles with tampered odometers is quite high, causing unfair competition and deceiving customers.

**Finland:** We have no specific information at the moment but we assume odometer fraud affects the used car market in Finland. There are many unorganized trading companies and private importers. Finland does not have enough specialized investigators for dealing with odometer frauds.

**Germany:** Odometer fraud is a problem. It is estimated that each third used car, which is sold in Germany, has a manipulated odometer. This means about 2 Million cars a year are affected. The average damage per car is about 3000,- €, so 6 Billion Euro damage in total. But these figures are only estimations, there exists no detailed statistics.

**Hungary:** Yes. According to the Point 4) most of the odometers in used cars are manipulated. It is difficult or can not recognize at all, what was the real data of the odometer before the manipulation. It is a serious problem, the buyers believe the odometer and do not change the used parts of the car, although there are parts which have to change from time to time (for example oil filter according to the km/mileage data).

It is cause serious technical problems and it is easily leads to accidents on the road.

**Iceland:** No, we don't believe so.

**Ireland:** The Department believes that odometer fraud continues to be a serious problem in Ireland as the technology required to tamper with the odometer reading is cheap and easily accessible. In addition, mileage data is only being captured on a voluntary basis which makes enforcement difficult and which in effect reduces the deterrent for a non-scrupulous seller to alter the odometer reading.

**Isle of Man:** We are not aware that this is a serious problem only occasional problem.

**Lithuania:** Yes, we do believe because attempts to maximize profit using this kind of illegal means are detrimental to consumers and the society in general.

**Luxembourg:** Yes, see under 4). We are also aware that in our neighbor countries Germany and Belgium, investigations have been made and they found a lot of frauds. As can be seen under 3) a lot of used cars are imported from these countries.

**Slovakia:** Yes, it can be considered a serious ethical problem in reference to a new car owner.

**Sweden:** There is some fraud but it is not a serious problem.

**The Netherlands:** In the Netherlands odometer fraud is a serious problem and will cost consumers about € 150 million euro's and for the public service and insurance companies a loss of some hundreds million euro's a year.

**United Kingdom:** It is accepted that there could be a risk with the current legislation in the UK in relation to potential fraud. However it is not possible to ban the mileage shown in a vehicle from being altered because there may be a legitimate reason for this – for example if the odometer was faulty. However, the misrepresentation of vehicle mileage to a potential purchaser is an offence and can be enforced by trading standards under consumer protection legislation.

## **6. Do you have any idea on the amount of vehicles in your country on which the odometer has been tampered with ?**

**Denmark:** Unfortunately not.

**Estonia:** It is quite difficult to estimate the figure because the amount of imported cars is high, but a study conducted by Road Administration (based on national data) shows that the odometer reading of over ten years old vehicles practically stops increasing. Based on the study there are a lot of vehicles with tampered odometers.

**Finland:** The amount of such vehicles is unknown but there are several cases at the court every year. The amount is thought to be high but it is difficult to estimate.

**Germany:** See no. 5 : About 2 Million used cars.

**Iceland:** We are confident that the odometer has not been tampered with in the vast majority of all vehicles registered in Iceland.

**Ireland:** It is not possible to know how many cars have their odometer reading altered in Ireland. However we do have figures for investigations on this practice carried out by the appropriate enforcement agency. These investigations are carried out following complaints from consumers or as part of a compliance campaign: 72 (2011), 69 (2010), 84 (2009).

**Isle of Man:** No.

**Lithuania:** No, we do not.

**Luxembourg:** No.

**Poland:** No.

**Romania:** No.

**Slovakia:** Currently we do not register mileage from odometers. Considering that odometers of vehicles older than 4 years are being tampered, it can be stated, that each second vehicle is manipulated.

**Sweden:** No we don't have such statistics.

**The Netherlands:** About 5%.

**United Kingdom:** No – As outlined above this would be identified by Trading Standards.

#### **7. Is there in your country a solution or legislation to prohibit or to prevent odometer fraud?**

**Belgium:** Yes, we have a law, a Royal Decree and also a non profit making organization which is agreed to register all the kilometers coming from the technical control and enterprises in charge with trade and repair and so on. A study will be executed soon in order to check if odometer reading registration by other stakeholders than PTI organizations is possible? (similar to the CarPass system in Belgium).

**Denmark:** Odometer tampering is considered to be fraud since the buyer of a car is led to believe that the car has a lower mileage and thus have a higher value. Fraud as such is illegal and prohibited in several laws and regulations, e.g. in the context of the Danish “Købelov” (Sales of Goods Act / Consumer protection Act).

The Danish registration tax is calculated on the basis of the value of the car, and the mileage can affect the value. If the odometer has been tampered with and this affects the value of the car, the resulting registration tax will be incorrect. Thus odometer fraud may in some cases also be considered to be tax evasion, which of course also is illegal according to the Danish tax legislation.

**Estonia:** There is no legislation prohibiting the odometer fraud and there have been no discussions of making the odometer fraud a crime. According to Estonian law, it is possible to convict only the person who is responsible of the fraud, but it is almost impossible to find out who is actually responsible of the odometer fraud (i.e. who de facto did it).

To prevent the odometer fraud, it is compulsory for the inspector of the periodical technical inspection to register the odometer reading of a vehicle. The legal base of this process is periodical technical inspection regulation which state the list of items to be registered and inspected at the periodical technical inspection. The inspector of the periodical technical inspection register the odometer reading of a vehicle in database (administered by Road Administration) and the information is available for the public (at request).

**Finland:** There is no specific legislation concerning odometer tampering. Odometer tampering is criminalized as fraud when a person tampers an odometer *and* then sells the vehicle but there is no clear solution to preventing the fraud.

**Germany:** Odometer fraud can be prosecuted based on § 263 “Fraud” Strafgesetzbuch StGB (Criminal Code) and/or § 22b “Fraudulent use of odometers” Straßenverkehrsgesetz StVG (Road Traffic Act):

§ 22b StVG penalizes the falsification of odometer recordings or the making/possession of computer programs in order to alter odometers.

§ 263 StGB penalizes the willful deception of other persons in order to obtain a financial gain.

**Hungary:** Yes, in 2012 concerning to the km data there was a modification in Hungarian law. From 1<sup>st</sup> January 2012 the km data of the car became the part of the Hungarian road traffic registry. We have not got information about the effect of the (km data) obligation yet.

**Iceland:** At every periodic roadworthiness test, which vehicles must undergo in accordance with Icelandic traffic law no. 50/1987 and regulation no. 8/2009, every vehicle’s odometer is checked and the mileage registered. The legal base for this registration is article 15 of regulation no. 8/2009. That regulation implements directive 2009/40/EC on roadworthiness tests for motor vehicles and their trailers.

This mileage registration allows us to see if there is any suspicion regarding odometer fraud, for example when the mileage of a vehicle is suddenly lower than at the roadworthiness test the previous year. The fact that this is so easily recognizable makes it riskier for anyone to tamper with an odometer.

When a seller of a vehicle has tampered with the odometer, he can be held responsible for any loss or damage that the buyer suffers from it. The legal base for this is the Icelandic law no. 50/2000, which apply when used vehicles are sold. The mileage registration can make it easier to proof such fraud.

**Ireland:** The issue of odometer fraud relates to competition law the Consumer Protection Act 2007 makes it an offence to engage in misleading commercial practices, which would include the provision of false information in relation to a “products usage or prior history” to the extent that the information would be likely to cause the average consumer to make a transactional decision that the average consumer would not otherwise make.

From a protection of the economic interests of consumers’ point of view, odometer fraud is considered to be a misleading commercial practice within the meaning of Part 3 of the aforementioned Act and those who engage in this practice commit an offence under this Act. The National Consumer Agency, which is a statutory body established by the Irish Government to defend consumer interests, enforces the provisions of the Consumer Protection Act, including the misleading commercial practices provisions.

The Agency, if it has reason to believe that a trader is involved in a prohibited act or practice, such as odometer fraud, can seek and obtain a formal written undertaking that the trader will comply with the requirements of the Act, usually a commitment to cease the offending practice and to compensate affected consumers. If the trader won’t provide an Undertaking or reneges on the terms, the Agency can apply to Courts for a prohibition order or take a prosecution. Data from the Department of Transport’s National Vehicle and Driver File (NVDF) data is supplied to the Agency to assist with its investigations in this matter.

**Isle of Man:** No.

**Lithuania:** To the best of our knowledge there are no ideas to prepare legal acts specifically targeted to prohibit or to prevent the odometer fraud. More general provisions of Lithuanian legal acts against any kind of fraud or protecting consumers’ rights can be applied for this purpose.

Mileage registration system, currently it is being introduced (see item 9).

**Luxembourg:** A study will be executed soon in order to check if odometer reading registration by other stakeholders than PTI organizations is possible? (similar to the CarPass system in Belgium).

**Poland:** Currently in procedure roadworthiness test vehicle does not have obligation inspection of odometer to check it was obviously manipulated (fraud). But this visual inspection will be introduced into Polish national law in accordance with the implementation Commission Directive 2010/48/EU adapting to technical progress Directive 2009/40/EC of the European Parliament and of the Council on roadworthiness tests for motor vehicles and their trailers. Draft national legislation introduced the list of the main criteria to be used when determining whether the condition of the vehicle is acceptable, one of this criteria is: obviously manipulated (fraud) odometer.

**Romania:** No.

**Sweden:** No, we don't think we have serious problem of odometer.

**The Netherlands:** In this moment there is registration of mileages by a privat company called NAP. Further there will be a legal base hopely in 2013. Then the public company RDW will registrate mileages. In the Netherlands there is now a huge project(calles OKR) for solving the problem of odometer fraud. Privat en public companies are working to gether to solve the problem. An huge problem now is to come to good legislation.

**United Kingdom:** Mileage is already captured during the annual roadworthiness test after 3 years. However, to help motorists spot 'clocked' vehicles the UK Government is changing the MOT certificate so it shows mileage information for the last three years. This will give vehicle buyers the power to make the best decisions while deterring those who attempt to defraud law-abiding motorists."

#### **8. Do you believe that a mileage registration obligation could solve the problem of odometer fraud? Please explain briefly why (not).**

**Belgium:** Yes. See question 7.

**Denmark:** Yes and it is obvious better than no registration.

**Estonia:** The mileage registration would not solve all the problems, but it would considerably reduce it. Most of the odometer frauds are done by the vehicle seller and if the mileage is registered, there would not be possible to conduct the fraud. For those few cases where the odometer fraud is done by the vehicle owner, the possibility to reduce the odometer reading before mileage registration, still remains.

**Finland:** It could solve the problem at least partly. Effectiveness depends on how often the mileage registration is done, and if the data can be exchanged between member states.

New passenger cars are already three years old when they have their first PTI: if the mileage registration is done only in PTI, the car will most likely have been through at least one owner change before the mileage is first registered. Because the car is still relatively new, profit potential for fraudulent used vehicle dealers is high.

Because of this, problem is not solved entirely by registering the mileage in every PTI. On the other hand, for other vehicles and older passenger cars, it would be an effective way to solve the problem.

**Germany:** In general said, it could help (but see comments to no. 9). The question is when should the mileage be registered (see no. 9) and where should it be stored:

At the vehicle registration – currently not done in Germany?

Every two years at the technical examination (PTI) – this is already reality in Germany.

At a work service in a garage – this is also already done in Germany.

It is also a task of the buyer of a used car to check all the paper work concerning a car (the reports for technical examination, the invoices of repair garages, former selling contracts, the condition of the car/interior, etc.). If the seller can't present those documents, it is a doubtful car and the interested buyer should think twice about buying this car – he has to use his common sense.

**Hungary:** Yes, but it is necessary to check these data from time to time and having (legally in administrative and/or criminal way) consequences of the obligation.

**Iceland:** We certainly think it helps/would help. At least such obligation does help in Iceland, as we state in answers to questions 7 and 9.

**Ireland:** The Department considers that the most effective approach towards curbing odometer fraud is for prospective purchasers of used vehicles to have as much information as possible about a vehicles mileage so that if they have any suspicions in relation to the odometer being tampered with, they can make informed choices in relation to purchase and if necessary bring the matter to the attention of the appropriate enforcement agency for investigation. The Department would support any mileage registration obligations which would enable an accurate database of odometer readings for all motor vehicles. In Ireland, data in relation to mileage is regarded as personal data and consequently it is critical that registration obligations are underpinned by legislation with data protection safeguards.

**Isle of Man:** It may reduce the amount of fraud.

**Lithuania:** From our point of view it is possible just partially.

Let's suppose that the mileage registration is fulfilled during the periodical technical inspections and vehicle registration/re-registration procedures. For instance, during the most common period between PTI which in Lithuania is 2 years, the most part of vehicles drive 20–50 thousand kilometers, while some – a lot more, sometimes far beyond the one hundred thousand. Thus, the question is whether it is possible in practice to undoubtedly prove the mileage fraud during the next PTI and/or re-registration in case the odometer fraud has taken place during this period. Currently we are doubtful of that.

**Luxembourg:** Yes, see example of Belgium

**Poland:** Probably a mileage registration obligation could limit the problem of manipulated odometer. This could contribute to safety of vehicle purchase (used cars) and conclusion of motor third party liability insurance.

**Romania:** It should be taking into account the costs of implementation at the national level

**Slovakia:** At the time being there is no legislation that would prevent such frauds. In connection with the national vehicle register project the issue was conferred the deliverer of CoC, technical and emission control where mileage was agreed to be monitored not only at each individual vehicle imported to SK, but also in the scope of each technical inspection. Solution is expected in 2014.

**Sweden:** We do not have an obligation to have a working odometer. In conjunction with the annual inspection the inspection company read the odometer and records the task in the vehicle register.

**The Netherlands:** Not only registration can solve the problem. Also necessary is a good law and enforcement.

**United Kingdom:** This could be an option, however verification of data would be difficult particularly during the first three years where roadworthiness testing was not mandatory.

## 9. Does your country already have a mileage registration obligation?

**Belgium:** Yes.

**Estonia:** See question 7.

**Finland:** Not at the moment, but it is coming with PTI directive 2010/48/EU.

**Ireland:** Mileage data in Ireland is captured on a voluntary basis. There are a number of State databases that contain such information, including:

the mileage of a vehicle as declared when an imported vehicle is first registered,

mileage information provided by businesses to the Department of Transport through the online change of ownership notification system,

the car testing database that collects mileage data when a vehicle is being tested.

**Isle of Man:** No.

**Lithuania:** Yes, it does.

**Luxembourg:** Yes.

**Poland:** Currently in our country, according to the national legislation, in procedure roadworthiness test vehicle does not have a mileage registration obligation, there aren't obstacles to implement this. In accordance with the Commission Directive 2010/48/EU adapting to technical progress Directive 2009/40/EC of the European Parliament and of the Council on roadworthiness tests for motor vehicles and their trailers, a mileage registration obligation will be implement the provisions of national law.

**Slovakia:** Mileage registration carried out at technical inspections and CoC control. Simultaneously we are preparing a system, which will allows citizens to prove their mileage via approachable information kiosks.

**Sweden:** Yes, see question 8.

**United Kingdom:** No, however mileage is captured at MOT (roadworthiness test)

### **If yes, what is the legal base?**

**Belgium:** It is regulated in the Belgian law.

**Denmark:** See question 7.

**Finland:** Aforementioned directive, national legislation concerning registration (not yet in force).

**Germany:** Mileage is recorded in connection with a general inspection (PTI) or an emissions inspection of a vehicle. It is exclusively registered in the database and in the inspection report of that specific technical inspection organization. There is no matching of the data being done between different competing technical inspection organizations. That means that if a customer chooses to have his vehicle checked by another technical inspection organization that new organization has no access to previously registered mileage data.

§ 47a chapter 3 Straßenverkehrs-Zulassungs-Ordnung StVZO (Road Traffic Licensing Regulations) as well as no. 3.1.5, no. 3.2.5 Anlage VIII StVZO (Annexe VIII Road Traffic Licensing Regulations) and no. 2.1.3 Richtlinie für die Durchführung der Untersuchung der Abgase von Kfz nach Nr. 4.8.2 der Anlage VIIIa und für die Durchführung von AU nach § 47a AU-Richtlinie (emmission guidelines) state the obligation of the technical inspectors to record mileage.

Mileage is not stored in our central or local vehicle registers or in any other federal register. There is no legal basis to add mileage information to any of these registers.

**Hungary:** It is regulated in Hungarian law (*Act LXXXIV of 1999 on registry of road traffic* (hereinafter referred to as: *Rrt.*) and in other lower regulations executing this Act (Decrees of the Government).

**Iceland:** As stated in the answer to question 7, the legal base is article 15 of Icelandic regulation no. 8/2009. The legal base for that regulation is the Icelandic traffic law no. 50/1987.

**Lithuania:** - Currently the mileage is registered by technical inspection stations during compulsory periodical technical inspection procedures on the legal grounds of respective orders of the Minister of Transport and Communications and Director of the State Road Transport Inspectorate under the Ministry of Transport and Communications.

- According to the draft of a new reading of Regulations of the Road Vehicle Register of the Republic of Lithuania the Register shall process, inter alia, the vehicle mileage data. It is planned that the Regulations to be approved by a resolution of Lithuanian Government within next few months and shall come into force since January 1, 2013.

**Luxembourg:** PTI legislation

**Sweden:** The constitution that determines which data should be in the vehicle register

**The Netherlands:** Registration by the private company NAP. For this moment there is no legislation. There is an obligation for registration for NAP-members. RDW and NAP will give a presentation about the actual situation and the future situation in the Netherlands.

**If yes, which parties have to register the mileage: registration authorities, technical inspection, car dealers, leasing companies, ...?**

Technical inspection: BE, FI, GE, IS, LT, LU, SE

Car dealer: BE

Repairing companies: BE

Registration authorities: HU

**If yes, which organization verifies the application of the mileage registration legislation?**

The technical inspection: GE, LU, SE

Registration authorities: EE, FI, IS, LT

**If no, are there any obstacles to implement a mileage registration obligation? Which?**

**Denmark:** The mileage registration is done typically by the Vehicle Inspection and is settled in the legislation for the Vehicle Inspection authorities and in the Danish law of registration tax, see question 7.

**Germany:** See above no. 9a.

Currently mileage information is not kept in our central or local vehicle register. If mileage should be included a legal amendment would be necessary. One should bear in mind that such changes had to be done in accordance with our data privacy laws which have high standards. Additionally the German population is traditionally rather skeptical of data exchanges and therefore the acceptance level for international mileage exchange might be rather low which might slow down our legislative procedures.

**Hungary:** The Hungarian Registry of road traffic contains the mileage/km data in order of the date of the register without reference to the discrepancy of the registered data.

**Ireland:** Odometer data is regarded as personal information on the NVDF and data protection issues arise in relation to making it available to the various companies that provide services to prospective purchasers of vehicles and in respect of international exchange. The Irish Office of the Data Protection Commissioner considers that mileage records though anonymous 'per se' may be deemed to be personal data if they can be linked back to an individual. Having regard to this definition of personal data, the Office considers that the release of mileage data represents the provision of personal data to a third party which requires a legitimate basis.

**Isle of Man:** Verification would be required during periodic testing.

**Lithuania:** No, we do not see any essential obstacles.

**Romania:** No.

**Slovakia:** No, see aforementioned solutions.

**The Netherlands:** The biggest problem in the Netherlands is to come to a good law and to organize enforcement. To organize registration will not be the biggest problem. The private and public systems are almost ready for that.

**10. What is your opinion on an exchange of mileage registration data between member states? How should this exchange best be organized?**

**Belgium:** Mileage should be part of the information exchanged via EUCARIS. A pilot case exchange is foreseen between The Netherlands and Belgium.

**Denmark:** Exchange of mileage registration data could, in our opinion, be a good idea. Exchange of data should be done electronically - preferably by means of an already established IT solution.

**Estonia:** Estonia would be in favor of exchanging mileage registration data between member states. The exchange of data could be done through EUCARIS.

**Finland:** Information exchange is vital for an effective, EU-wide system. Otherwise cars with tampered mileage could simply be exported to another country where the fraud would probably never be detected.

Commissions draft of a council and parliament regulation for re-registration of used vehicles includes provisions for exchanging data between member states, when a vehicle is registered in another member state. It would be best to use the same data transfer system for mileage registration data exchange. The EUCARIS-system would be a good option.

**Germany:** From KBA point of view in general an exchange of mileage registration data between member states could be helpful in the fight against cross-border odometer fraud. But the obstacles mentioned under no. 9d) have to be kept in mind. Especially the costs for and the benefits of such a solution must be in balance. However our Federal Criminal Police Office might be in a better position to evaluate the benefits of such an exchange.

If such an exchange would be established it makes sense to implement it by using existing exchange mechanisms and facilities. The EUCARIS system is equipped to provide such new functionalities.

**Hungary:** In Hungary the mileage/km data is represented as a technical data of the vehicle in the Registry of road traffic. If the other states also having in their registry the same data, it can be exchanged as a technical data.

**Iceland:** As is stated above, such data is and will always be readily available in Iceland. We are therefore open to participate in an exchange of mileage registration data.

**Ireland:** The Department supports the exchange of mileage data provided the data is captured consistently across Member States. The EUCARIS platform should also be used for any such exchange. As referred to earlier, any registration obligations should be underpinned by legislation with data protection safeguards.

**Isle of Man:** If mileage was to be recorded as part of the vehicle registration or testing particulars the information could be exchanged through EUCARIS. The information should also be included in the PTI certificate.

**Lithuania:** We are of the opinion that electronic means should be used for exchange. Moreover, being the EUCARIS participant since 2002 we have no doubt that this information system is a suitable tool for the purpose in question.

**Luxembourg:** This will be part of the study mentioned under 7). If the outcome is positive, mileage should be part of the information exchanged via EUCARIS.

**Poland:** According to the Ministry of Interior, the international exchange of data should be organized by using already existing in the EU ICT solutions (e.g. EUCARIS or solution analogous to RESPER). It is also in particular the experience related to the implementation of these solutions.

**Romania:** In our opinion, this exchange could be organized between authorities in charge with technical inspections.

**Slovakia:** Mileage exchange would contribute to prevention. It is important to look for technical solutions of odometer data providing pursuant to Directive 1999/37/EC and its amendments, where mileage would be a part of data provided via the EUCARIS system.

**Sweden:** Yes it can be good.

**The Netherlands:** The best way to combat odometer fraud for exported and imported (used) vehicles between member states is to make use of the EUCARIS network.

The mileage registration could simply be added to the existing way of data exchange for notifications re-registration imported or exported vehicles.

**United Kingdom:** Initial thoughts are that there is no reason why this couldn't happen ; initial suggestions would be that this would best be achieved via an electronic link such as EUCARIS with a link to VOSA – However, VOSA would be best placed to advise on the feasibility and whether there were any data protection issues surrounding the sharing of such information.

It is possible that mileage registration is influenced by the applicable national privacy regulations. The reasons are that mileage registration may include data which is considered as personal data under the national privacy regulations.

### 1. Which data must be registered to fight mileage fraud?

**Belgium:** VIN, mileage, first registration date in Belgium and abroad, mark and type.

**Finland:** The data concerning the vehicle, e.g. identification number, milometer reading (also if reading is shown on miles). In order to find out the possible fraud, the reading checked in the earlier periodic inspection should be in the register.

**Great Britain:** VIN, VRM, Date, Odometer reading, odometer value (KM/miles), recording country. It should be registered during all PTI, routine maintenance and keeper changes.

**Hungary:** Who (from which source – eg. Contract, PTI centre etc.) where (which country) and when stated the exact odometer data.

**Ireland:** Registration Number, Odometer Reading and Reading reference date(s).

**Isle of Man:** The owner/keeper and vehicle registration particulars and the mileage.

**Iceland:** In Iceland, we register the mileage status of each vehicle when the vehicles are inspected. The data is entered into the national vehicle database. That has had very good results.

**Latvia:** Mileage on the odometer.

**Luxembourg:** VIN and mileage.

**The Netherlands:** Registering the mileage as many times as possible during the life cycle of a vehicle, during (non-) periodic maintenance and other activities regarding the vehicle. Make it possible for the consumer to know whether the mileage registration of a vehicle is correct.

**Slovakia:** Vehicle Identification Number (VIN), Vehicle Maker, Vehicle Commercial Name, Recording Country, Recording Organisation, Recording Date and Time, Current Mileage (odometer), Current Mileage Unity (km/miles), Vehicle First Registration Date.

### 2. Is the data under question 1. considered as personal data under the applicable national privacy regulations?

**Belgium:** The VIN can help to identify a person indirectly.

**Finland:** Mileage by itself is not a personal data under the applicable national privacy regulations, it is inspection information, but it can be considered as personal data in certain circumstance. Such circumstances can be the situation where mileage can lead to indirect identification. Based on the applicable national privacy regulations any information on a private individual and any information on his/her personal characteristics or personal circumstances, where these are identifiable as concerning him/her or the members of his/her family or household can be specified as a personal data.

**Great Britain:** Current advice from the GB data commissioner (<http://www.ico.org.uk>) is that VRM must be handles as personal data.

**Hungary:** No.

**Ireland:** The Data Protection Commissioner (DPC) has previously expressed the view that odometer readings linked to vehicle registration numbers were likely to constitute personal data, with the result that any collection and disclosure of odometer readings would either need to have a legislative justification or would need to comply with the Data Protection Acts. The DPC has recently expressed an opinion that odometer readings after the point of sale are not personal data.

**Isle of Man:** Only the owner/keeper particulars are considered to be personal data.

**Iceland:** No. But there has been quite a lot of discussions about that. The Data Protection Authority in Iceland does not look at mileage status of a vehicle as a private matter, thus it does not fall under privacy laws and regulations. However, this conclusion has not been widely accepted and could change in the near future.

**Latvia:** No.

**Luxembourg:** Only if they are combined with other data.

**The Netherlands:** The data is not considered as personal. The current mileage and the history of the mileage registration are stored as authentic data in the vehicle register. The data is labeled as fraud sensitive.

**Slovakia:** No.

**3. If the data under question 1 are considered to be personal data, what are the conditions that need to be fulfilled to store them in a central database?**

	<b>B</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>I</b>	<b>I</b>	<b>L</b>	<b>L</b>	<b>N</b>	<b>S</b>
	<b>E</b>	<b>I</b>	<b>B</b>	<b>U</b>	<b>E</b>	<b>M</b>	<b>S</b>	<b>V</b>	<b>U</b>	<b>L</b>	<b>K</b>
<b>A new and specific legislation is needed?</b>	Y	Y	-	-	-	-	-	-	-	-	-
<b>Needs approval by national authority for data protection?</b>	Y	-	Y	-	-	-	-	-	-	-	-
<b>The data can only be kept by a public authority?</b>	-	-	-	-	-	Y	-	-	-	-	-
<b>Holder of the vehicles needs to give his approval or can oppose (opt in/opt out)?</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Holder of the vehicles will have to be given the right to consult/correct his data?</b>	Y	Y	-	-	-	Y	-	-	-	-	-

**Other**

**Belgium:** In Belgium, we have already a regulation concerning kilometer fraud. The Belgium Privacy Commission gave its advice.

**Great Britain:** MOT: For Light Goods Vehicles, Mini buses, Motorcycles, quardicycles, cars, motorcycle and mopeds the odometer reading together with location, date, time and recorder are have been recorded since 2005 on the MOT Computerisation Database. This data is available via an online enquiry function and the last five mileages are printed on to the receipt style certificate issued to the customer.

PTI: For Heavy Goods Vehicles, and Public Service Vehicles the mileage has been recorded on the test card but is not transferred to any central database.

**Ireland:** Odometer readings from the National Car Test (roadworthiness) and from motor dealers in the context of online change of vehicle ownership notices are currently held on a central vehicle register (National Vehicle and Driver File - NVDF. Odometer readings recorded at commercial vehicle testing will also be held on this database from later this year Odometer data could be released to nominated parties under new proposed regulations (secondary legislation) governing access to NVDF data. However, there are certain legal matters that requires further consideration.

The business community has also expressed an interest in obtaining odometer readings to provide as part of a car history enquiries and upon payment of a fee.. Release of the data through this channel is a possibility in the future provided vehicle owners are advised of the prospective disclosures and uses of the data thus ensuring compliance with the Data

Protection Acts. The issue of the disclosure of historical data in this manner would require further engagement with and approval of the Data Protection Commissioner. Specific enabling legislation would also be required if the disclosure to these operators.

Ireland also intends to print odometer readings (where available) on the roadworthiness certificates provided at the National Car Test and the Commercial Vehicle Test and to print the current reading on the disc that is required to be displayed on the windscreen. Changes to legislation are required to accommodate this. Consideration will also be given to printing odometer readings on vehicle registration documents issued under Council Directive 1999/37/EC.

**Luxembourg:** In the database of Luxembourg P.T.I. results and the relevant kilometer data are stored since 1995.

**The Netherlands:** The Dutch law and regulation on the providing of vehicle mileage information prescribes which party is allowed access to the information and which party is allowed to provide the information.

**Slovakia:** It is not considered as personal data.

#### **4. In your opinion, who must be responsible for the initial data registration or who is already responsible for this registration?**

**Belgium:** In Belgium, the data is kept by the non profit organisation Car-Pass which collect data received from the technical vehicle inspection, car repairers and the registration authority. This is all laid down in the legislation.

**Finland:** In Finland Inspection stations has a right and an obligation to register data to the vehicle register, which is owned by the Finnish Transport Safety Agency.

**Hungary:** The national vehicle register is responsible to store and maintain the data. The sources are the contracts of ownership and holdership change and PTI.

**Ireland:** The vehicle inspectors undertaking roadworthiness testing of vehicles and motor dealers are already responsible for recording the odometer reading

**Isle of Man:** The National Registration Authority.

**Iceland:** The competent authority, The Road Traffic Directorate in this case.

**Latvia:** Registration or PTI officer.

**Luxembourg:** The registration authority of the relevant country.

**The Netherlands:** The new law, which will take effect on 1-1-2014, states that the Dutch Vehicle and Driving License Registration Authority (RDW) is responsible for the registration and providing of mileage data and the supervision of the mileage registration.

**Slovakia:** The authorised persons (e.g. PTI officer) should be responsible for the initial data registration.

#### **5.1 Who or which organisations must be responsible for the registered data, after it is initially registered?**

**Belgium:** The non-profit organization Car-Pass according to a Royal Decree.

**Finland:** In Finland the Finnish Transport Safety Agency (register authority).

**Great Britain:** The Vehicle and Operator Services Agency are responsible for the collection of data during the MOT and PTI process. Driver Vehicle Licensing Agency are responsible for data collected during vehicle registration and vehicle ownership transfer. Other third parties collect data e.g. tyre manufacturers agents, vehicle servicing and repair agents.

**Hungary:** The authority which maintains the national vehicle register. The data should become to one of the other technical vehicle data.

**Ireland:** The body responsible for maintaining the national vehicle register should be responsible for the data.

**Isle of Man:** The National Registration Authority.

**Iceland:** The competent authority, the Road Traffic Directorate.

**Latvia:** Registration Authority.

**Luxembourg:** The registration authority of the relevant country.

**The Netherlands:** Various organisations are responsible for the mileage registration. The RDW supervises the mileage registration and sanctions organisations when they fail to correctly register the mileage.

**Slovakia:** Technical services authorised to check of vehicle originality, to technical and emission check (PTI) are responsible for the registered data, after it is initially registered.

## 5.2 Where is the data registered/stored?

**Belgium:** As mentioned above and foreseen in the legislation, the non-profit organization Car-Pass.

**Finland:** In the vehicle register, which is owned by the Finnish Transport Safety Agency.

**Great Britain:** See 5.1.

**Hungary:** In the national vehicle register.

**Ireland:** On the National Vehicle Register (NVDF).

**Isle of Man:** In a secured database.

**Iceland:** The National Vehicle Database.

**Latvia:** In the Register of Vehicles and Drivers.

**Luxembourg:** In the Central Vehicle Register.

**The Netherlands:** As of 1-1-2014 the NAP-database, which currently contains the mileage registration, will be integrated into the register of the RDW. The RDW will then also be responsible for the new registrations.

**Slovakia:** The data are registered/stored in the information systems of the technical services authorised to check of vehicle originality, to technical and emission check (PTI). There are systemically linked with the vehicle registration.

The technical service authorised to check of vehicle originality was authorised by the Ministry of Transport, Construction and Regional Development of the Slovak Republic for the data integration to the MILEAGE project.

All mileage records from the technical and emission checks (PTI) are located in the information system of the technical service authorised to check of vehicle originality.

## 6. How long should the data be registered/stored and what is the storage life ?

**Belgium:** During the lifetime of the vehicle.

**Finland:** Data should be stored in the register as long it is necessary for the purpose it is kept for. Mileage by itself is not a personal data and that is why removal times that is in the Finnish Vehicle and Driver Data Register Act do not apply.

**Great Britain:** MOT: The data is stored for life.

**Hungary:** As long as any other vehicle data. In HUN it depends of the category of the vehicle.

**Ireland:** For the duration of the lifetime of the vehicle to it relates.

**Isle of Man:** It has to be the entire active registration period because the higher the mileage, the greater the risk of mileage fraud.

**Iceland:** In Iceland the data is never deleted.

**Latvia:** Unlimited period, electronic storage in the Register.

**Luxembourg:** The life of the vehicle.

**The Netherlands:** When a vehicle no longer exists or is exported the information will be stored for nine years, in accordance with law and regulation.

**Slovakia:** The data should be registered/stored permanently.

## 7. Who can consult the registered data? How?

**Belgium:** The technical vehicle inspection which delivers the Car-Pass document. This is done by the non profit organization Car-Pass.

**Finland:** The basic principle is that everyone has the right to have an information that is not classified as a sensitive information. The Finnish Vehicle and Driver Data Register Act defines the specific requirements for disclosure of the information.

Everyone has the right to have individually submitted public information, otherwise submitted information required authorization in the Act. When submitting the data individually from the register it is not needed to clarify the intended use of the data, otherwise it is mandatory.

The data can be submitted via a technical user connection or by other electronic means, individually submitted data can be submit also some other way.

**Great Britain:** MOT: Via an on line data query which requires users to enter vehicle specific information (VRM and either the MOT Test Number or Vehicle Registration Certificate) to gain access. ()

To VOSA or DVLA via a Freedom of Information Request

PTI: To VOSA via a Freedom of Information Request

**Hungary:** Almost everyone, as it is not considered as personal data. The procedure is quite simple, however it takes a while as it is not provided electronically yet. The data can be applied for at any registration authorities or us.

**Ireland:** See response to Q.3 above. When consultation is permissible this will be through electronic means (web services). Consideration will be given to the possibility of the national register directly servicing public enquiries.

There should ideally also be a cross-border exchange exchange arrangement covering this data in relation to exported/imported vehicles and an established system such as EUCARIS could potentially assist in this regard.

**Isle of Man:** Law enforcement agencies and the Public on payment of a enquiry fee.

There is also a verification problem, i.e. relying on uncorroborated information supplied by the owner/keeper.

**Iceland:** The Road Traffic Directorate sells a report for each vehicle, upon request. So in fact everyone can access the information that buys such a report.

**Latvia:** Registration officer.

**Luxembourg:** The actual legislation allows the data to be consulted by the owner of the vehicle during the period that he is the official owner of the car.

In the future this legislation must be modified to allow Certificates of the mileage, kilometers to be issued not only to actual owners but also to other interested people (potential purchaser; professional dealers etc.). As long as these data contain very little or no personal data this should be feasible.

Preferably this should be managed by a official governmental organization

**The Netherlands:** Various organisations may consult the data. This is established by law. (see also question 3).

**Slovakia:** Coordinators of the information system of the vehicle registration and the information systems of the technical services authorised to check of vehicle originality, to technical and emission check (PTI) can consult the registered data (via e-mail).



## **III EUCARIS specifications**

### **Specification Web Client:**



**Specification Web Client**

### **Specification XML:**



**Specification XML**