

“ Guide On
Interpreting
Vehicle
Leasing
Agreements ”

A **LAWWORKS** Pocket Series

***LawWorks** is a collaboration between the National Trades Union Congress and Pro Bono SG that aims to educate employees and workers on their legal rights. This booklet is part of a **LawWorks** Pocket Series intended to guide drivers and riders on key considerations when leasing their vehicles from rental companies.*

*Regular legal clinics and periodic legal primers will be conducted under **LawWorks**. For more information on legal awareness and assistance for employees, please contact the National Trades Union Congress at: LawWorks@ntuc.org.sg or Pro Bono SG at LawWorks@probono.sg*

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This booklet incorporates the relevant issues faced by drivers/riders as at August 2024.

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1. INTRODUCTION

This Guide is to form part of NTUC's LawWorks Pocket Series, and is in response to an uptick in the number of queries from private hire drivers, taxis and delivery drivers/riders on the following issues that may be applicable to these drivers/riders when leasing their vehicles respectively.



2. BASIC TERMS OF VEHICLE LEASING AGREEMENT

Before you lease a vehicle, it's important to carefully review your Vehicle Leasing Agreement (the **“Agreement”**). This document should include terms that both you and the rental company agree on. Be aware that some terms might favor the rental company, so it's crucial to watch out for anything that seems unfair.

You may be able to negotiate certain terms to make them fairer for you. However, if the rental company refuses to make changes, you'll need to weigh the risks and benefits of leasing from that company. Don't hesitate to walk away from unfavorable terms and look for a better deal elsewhere. This Guide will help you identify any unfair terms, so you can decide whether the risks are acceptable.

The Agreement typically includes the following basic information:

1) Duration of Rental

This section outlines the total rental period, including the start and end dates, often referred to as the **“Term.”** Make sure the rental period and the pick-up and return times are correct. Any mistakes could lead to unnecessary late return fees. Also,

check if the vehicle must be returned to the original location or if there are extra charges for returning it to a different location.

2) Rental Fees Structure

Most fees are set up as monthly payments. Ensure the amounts match what you agreed on and ask if GST is included. Make sure the payment schedule fits your budget to avoid any late or missed payments.

Generally, rental companies cannot unilaterally increase rental fees without your consent. However, do read the fine print of the Agreement because some rental companies may include a clause allowing them to adjust within a certain range over time at their discretion, especially for longer leases.

3) Late Payments

Keep an eye out for consequences of late payment and non-payment, particularly on penalties imposed such as interests on owed sums. Such sums may compound over time and come up to a significant amount.

4) Security Deposits

Some rental companies may require a security deposit to cover costs or expenses from breaches of the Agreement, or to use to cover the damage to the rental vehicle. In such circumstances, the security deposit may be utilised at any time due to non-payment of rental fees, or to make good the damage to the vehicle. You may then be required to top up the security deposit to the original amount. At the end of the lease, all or part of your deposit may be forfeited to cover any outstanding fees or damages.

It is therefore important to inspect the vehicle together with the rental company when returning it. This is to find out if there are any damages caused during your use of the vehicle and the consequent sums to be deducted from your security deposit.

Make sure to complete and sign any necessary paperwork, like checklists, to avoid disputes over your deposit. This is to ensure that you and the rental company are on the same page and no unwarranted deductions are made to your security deposit.

5) Termination

Look out for possible penalties imposed for early termination of the Agreement, particularly on whether your deposit may be forfeited or if any additional charge may be incurred. Early termination charges may include paying for the full outstanding sums owed under the Agreement for the outstanding period left on the Agreement.

In the event that you wish to terminate your Agreement due to a long-term illness or any other exceptional circumstance, consider negotiating with the company for an act of good will to provide waivers for the remaining duration of the Agreement or for the possibility of finding a replacement driver to continue your Agreement. Do note that there may be some administrative charges involved, such as, amending insurance coverage policies and some vehicle rental companies may require you to sign additional agreements (i.e. addendums). Do note that termination of the Agreement may become an issue where unforeseen

circumstances arise, such as illness, or suspension of your licence or your Platform account.

6) Rental Waiver

Check if the Agreement contains clauses setting out situations and events where the company would apply a waiver to reduce your liability or to reduce the monthly rent. Such clauses may include rental waivers for the following situations:

- during maintenance or when the vehicle is out of service due to an accident;
- if you have an illness or medical emergency;
- if the vehicle is stolen; or
- any other “off-days” that the rental company might offer.

7) Vehicle Maintenance

During the term of the Agreement, you are in control of the rental vehicle and the Agreement may stipulate for you to bear the responsibility to maintain and upkeep the vehicle. Before you pick up the vehicle, inspect it thoroughly for any existing physical or mechanical damage.

(A) Joint Inspection

You are encouraged to conduct a joint inspection with the rental company. If there is any apparent defect noted during the inspection, please raise these matters to the rental company immediately and include them in the checklists. This helps protect you from being held responsible for existing damage later.

(B) Reporting New Issues

If you discover any new issues after you've taken the vehicle, inform the rental company immediately and request a joint inspection. Always take photos or videos from multiple angles of the rental vehicle during these inspections to keep a record of the vehicle's condition.

8) Insurance Coverage

Insurance is a crucial part of your Agreement that is often overlooked. Make sure you understand what types of coverage are included. As a start, there are many different types of insurance coverage and it would be important to look out for whether the insurance covers accidental damages and third-party liability, as well as the relevant deductibles or excess payments required if a claim is made. Excess clauses state the amount of money that you must pay for any accident that occurs, before the insurer will step in. Do take note that in the event of an accident, whether you are at fault or not, there may be a chance that you are required to pay a certain amount of excess first to the rental company.

9) Fuel Charges

Check if you need to return the rental vehicle with a full tank of gas. Also, see if the rental company offers any discounts or collaborations with any gas stations for refuelling.

10) Mileage Limits

Some rental companies may limit how far you can drive the vehicle. If you go over this limit, you might have to pay extra.

11) Additional Driver Fees

If you plan to let someone else drive the vehicle, check if there's an extra charge for that. Also, confirm that the rental company allows it and that insurance will cover the additional driver.

12) Automatic Renewal Clauses

Check if there is any automatic renewal clause in the Agreement. Such clauses are generally inserted in Agreements with longer terms of leases. These clauses automatically renew the Agreement for a further term.

If you do not want the lease to renew automatically, ask to have the clause removed. Alternatively, you should ask for the renewal term to be reduced.

Otherwise, make sure to notify the rental company if you want to end the lease at the end of the initial term.

13) Dispute Resolution Mechanisms and Avenues For Assistance

The Agreement might include a process for resolving disputes, such as mediation.

If the dispute cannot be resolved via mediation, you may consider going to court. For claim sums equivalent or less than S\$20,000.00, the Small Claims Tribunal would be the appropriate forum for you to file your claim and self-represent. This limit can be raised to S\$30,000.00 if both parties agree to it and file a Memorandum of Consent online. Remember, you have 2 years from the date on which the cause of action accrued, e.g. when the Agreement was breached, to file a claim.

Alternatively, you may reach out to NTUC U FSE for assistance. Please refer to page 23 of this Guide.

3. INSURANCE COVERAGE

Insurance coverage for rental vehicles often come in different tiers with options for additional protection. Having additional insurance coverage enhances protection against unexpected events such as accidents, damages and thefts, and can limit your financial liability if something goes wrong. It can also alleviate stress for when you initiate any claims process or defend a third-party claim.

Here are some types of insurance you might consider when renting a vehicle:-

1) Personal Accident Insurance

This policy would typically cover medical costs for the driver and passengers if there is an accident. However, if you already have existing personal or health insurance, you might not need this extra coverage.

2) Collision Damage Waiver

Accidentally collided into a fixture or another vehicle while driving? If the rental vehicle is damaged during the lease period, having this coverage could limit your financial liability to pay for damages to the rental vehicle.

3) Theft Protection

Even in areas with low crime, theft can happen. This coverage helps cover losses if the rental vehicle is stolen.

4) Supplemental Liability Protection

This policy provides additional coverage if damage is caused to another party's property, such as in a collision. The coverage extends beyond what the basic liability insurance covers and can include third-party accident-related expenses such as medical bills or property damage.

5) Coverage to Drive to Malaysia

If you plan to drive the rental vehicle to Malaysia, check with the rental company to see if it's allowed and if you need special coverage.

In the end, the amount of insurance coverage is dependent on your own risk tolerance level, financial considerations and personal driving experience. The add-ons are optional, so always check with the vehicle rental company or the insurance provider to fully understand what each policy covers.

4. WHAT TO DO IF YOU MEET WITH AN ACCIDENT

What to do at the accident site

■ Call for Help

If anyone is injured, call for medical assistance and the police.

■ Collect Information

Take down details of everyone involved, including vehicle license plate numbers, vehicle insurers' information, NRIC/FIN numbers, addresses and phone numbers.

■ Take Photos/Videos

Document the accident scene with photos or videos.

■ Call for a Tow Truck

Call your insurer's hotline for a tow truck if necessary.

What NOT to do at the accident site

■ Don't Move the Vehicles

Do not move the vehicles involved before taking photos / videos of the accident scene, as this may be seen as destroying evidence and could adversely affect your claim from your insurer and the other party.

■ Don't Leave the Scene

Do not flee from the accident site.

■ Don't Admit Fault

Avoid admitting liability as this might void your insurance coverage.

■ Don't Settle Privately

Do not offer to settle the matter privately as that may be in breach of your Agreement. Only the rental company has the right to accept any offer of private settlement.

What to do immediately after the accident

■ Report to Your Insurer

Notify your insurer within 24 hours, or by the next working day even if the other party agrees to settle the matter privately. Importantly, failure to timely report the accident to your insurer could lead to your claim being rejected.

■ Inform the Rental Company

Let the rental company know about the accident and any damage to the vehicle right away.

■ Inform the Platform Operator

If you meet with an accident during the job, report the accident and any other relevant information to the platform operator. This is because the platform operator would need to inform LTA regarding the accident.

■ File a Police Report

Lodge a police report within 24 hours.

■ See a Doctor

If you're injured or even if you're unsure, see a doctor and get a medical report or memo.

■ Preserve Video Footage

Extract and preserve the video footage from your in-car camera, as it could be important evidence later on.

■ Repair the Vehicle

Send the vehicle to the insurer's or rental company's approved workshop for repairs. Failure to do so may result in a breach of the Agreement. Do not send it to an unapproved third-party workshop for repairs.



5. CHECKLIST FOR DRIVERS AND RIDERS

Things to Check with the Rental Company	Done (✓)
<p>I have reviewed the Vehicle Leasing Agreement (“Agreement”) with the company.</p> <p>I am aware of the following:</p> <ul style="list-style-type: none"> ■ The term of the Agreement; ■ When I need to pay the rental fees; ■ The amount of the rental fees; and ■ What happens if I do not pay on time. 	

Regarding vehicle maintenance,
I am aware of the following:

- The rental company has walked me through a thorough inspection of the vehicle, and I have documented all existing damage or maintenance issues. The company has provided me with a written and signed acknowledgment of these issues.
- I understand that any new damages and/or technical issues to the vehicle from now on during my usage of the vehicle will be my responsibility.
- If there are new damages or technical issues, the rental company can either offset the cost from my deposit or request additional payment from me.
- I am aware of the authorised workshop where I need to take the vehicle for regular maintenance.

<p>Regarding termination, I have read the termination clauses and understand that:</p> <ul style="list-style-type: none"> ■ I must give the rental company notice if I want to terminate the Agreement. ■ There may be a penalty if I terminate early. 	
<p>Regarding the rental waivers, I am aware of the following:</p> <ul style="list-style-type: none"> ■ Benefits (if any) that are given to me are written in the Agreement. ■ I understand my privileges (if any) during downtime caused by regular maintenance. 	
<p>On accident-related matters, I am aware that I would need to find out on the following matters:</p> <ul style="list-style-type: none"> ■ Whether the Agreement provides the different types of scenarios where I need to pay excess fees; 	

<ul style="list-style-type: none">■ Whether the Agreement provides information or instructions on what to do if I meet with an accident;■ Whether a replacement vehicle will be provided whilst the vehicle is under repair; and■ Whether there is a need to continue paying rental fees where the vehicle is under repair.	
<p>Both parties have signed on the Agreement and I will receive a copy of the Agreement for my records.</p>	

6. GET HELP

- If you are an NTUC member, you may:
 - reach out to **NTUC U FSE** at fseu@ntuc.org.sg;
 - approach your respective Association for assistance;
 - i. for Freelance Delivery Workers, please e-mail the **National Delivery Champions Association** at ndca@ntuc.org.sg;
 - ii. for Private Hire Vehicle Drivers, please e-mail the **National Private Hire Vehicles Association** at nphva@ntuc.org.sg; and
 - iii. for Taxi Drivers, please e-mail the **National Taxi Association** at nta@ntuc.org.sg;
 - contact NTUC's hotline at 6213 8008; and/or
 - visit the NTUC portal at www.ntuc.org.sg.
- If you have a legal issue in connection to the Vehicle Leasing Agreement, you may approach our LawWorks Legal Clinic for basic legal advice. For more information, please e-mail lawworks@ntuc.org.sg. Do note that the volunteer lawyers

at the Legal Clinic can only provide basic legal guidance during a 20-minute session and will not take action for you, nor represent you during the consultation or in any future legal proceedings.

■ You may also:

- approach Pro Bono SG at 1 Havelock Square #B1-18 State Courts, Singapore 059724;
- call the general line at 6536 0650; and
- e-mail to: help@probono.sg.

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