

Hertz rental company ordered to pay millions to customers falsely accused of auto theft

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The car rental company Hertz agreed in court on Monday to pay out \$168 million to customers it had falsely accused of theft over the course of the past several years. The settlement covers multiple lawsuits filed by 364 separate customers, many of whom were arrested and, in some cases, incarcerated for as long as six and a half months before their cases were resolved.

Most of the cases involved false police reports filed by the company claiming that customers had failed to return vehicles on their due date when in fact they had paid to extend their rental period and had documentation to prove it. In some cases, customers driving rented vehicles which had previously been reported stolen and then returned to the company were arrested based on the outstanding police report.

The *New York Times* reported that one of the plaintiffs in the lawsuit, a Gwinnett County, Georgia man, turned himself in to authorities in 2018 when he learned he had an outstanding theft warrant for a Hertz car that he had paid for and returned. After missing a subsequent court hearing, he was jailed for six and a half months before the case was resolved. In April of 2019 another Hertz customer in Broward County, Florida, spent 37 days in jail on theft charges that were later dismissed.

Many of the plaintiffs were poor workers who lacked the resources to post bond or hire private attorneys. In some cases, those arrested had been renting cars to make extra money driving for rideshare companies like Uber and Lyft. One customer spent nine nights in jail after police arrested her at gunpoint in front of her children before charges were dismissed. Another spent two weeks in jail, suffering multiple panic attacks and assaults by other inmates before her case was dismissed and she was released. Another victim in Colorado was arrested and then released for theft of a rental car in

Georgia, though he had never rented a car from the company and had never visited that state.

Hundreds of other Hertz customers reported similar experiences.

In many of the cases cited in news reports, Hertz customers provided or offered to provide documentation to prove they had paid for their rentals at the time of their arrests but were detained anyway. A Philadelphia area contractor cited in one report was arrested in June 2019 even though he provided bank statements showing he was up to date on his rental payments.

Court records show that over the past four years, Hertz filed roughly 8,000 police reports each year. Nearly 3,500 of those reports were for “theft by conversion,” or customers allegedly not returning vehicles they had rented.

Reports of Hertz customers being falsely charged with theft from the company reach back to at least 2008. A South Carolina Hertz customer who filed suit against the company in 2019 was provided with a database from the company showing that in the period between 2008 and 2016, over 300 similar complaints were filed by customers.

Though a full accounting of how this transpired has not yet emerged, it is apparent that the company was, at a minimum, criminally negligent in maintaining accurate records of its rentals, which led to many arrests, including after the initial lawsuits had been filed. The company also failed to withdraw police reports of stolen vehicles after discovering that the vehicles had been paid for or returned.

This week’s settlement comes after the company spent years denying wrongdoing. In comments made to the *Philadelphia Enquirer* on the case in 2020, a Hertz spokesman stated that the reports of theft were accurate

when filed and that “it’s up to law enforcement to decide what to do with the case.”

In March of 2020, Hertz, already billions of dollars in debt, fired 12,000 employees and furloughed another 4,000. In May of that year the company filed for bankruptcy protection when the outbreak of the Coronavirus pandemic and the implementation of travel restrictions slashed their revenues.

The company had sought to dismiss the various lawsuits brought by its customers through the bankruptcy proceedings. After a hearing in November of 2021, a spokesperson for the company gave a statement to CBS stating, “Unfortunately, in the legal matters being discussed, the attorneys have a track record of making baseless claims that blatantly misrepresent the facts, the vast majority of these cases involve renters who were many weeks or even months overdue returning vehicles and who stopped communicating with us well beyond the scheduled due date. Situations where vehicles are reported to the authorities are very rare and happen only after exhaustive attempts to reach the customer.”

Hertz was forced to contend with the lawsuit after the bankruptcy court judge refused to dismiss the case and ordered the company to unseal records of theft claims. After emerging from bankruptcy in June of 2021 the company continued to fight the charges in court. As further reports of Hertz customers being arrested on false charges continued to pile up in the following months, the company began to indicate that it would settle the lawsuits. In March of this year, Democratic Senators Elizabeth Warren and Richard Blumenthal began calling for congressional hearings on the matter.

In a statement posted on its website in the aftermath of the settlement a spokesperson for Hertz glibly evaluated the impact the payout will have on the company after destroying hundreds of lives, stating, “Hertz does not expect the resolution of these claims to have a material impact on its capital allocation plans for the balance of 2022 and 2023.”



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