

The sharing economy can expose you to liability risks—here's how to protect yourself

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Credit: AI-generated image ([disclaimer](#))

Sharing platforms have become a regular part of our lives for travel and daily needs, especially for young people. In 2018, Airbnb reported that the [majority of its users](#) were millennials. And with the ongoing cost of living crisis, more people may turn to these platforms as ways to save on their travel, or to make extra money by sharing their property.

Companies such as Airbnb and Turo (a car-sharing platform) are often more affordable and flexible than traditional hotels or car hire services. But using them can also expose you to liability risks if something goes awry. It might be tempting to assume that you are given the same [rights as a consumer](#), but this is not the case.

When you hire a car through a traditional rental company, you enter a contract as a consumer and are protected under the UK's [Consumer Rights Act 2015](#). This guarantees you receive a safe and fit-for-purpose product or service, and certain rights to refunds.

But [on sharing platforms](#), you are directly contracting with another consumer to provide and consume goods and services between yourselves. The sharing company simply provides an [online platform](#) to facilitate your contract. Its obligations to you are [limited to providing that service](#)—making its website available and processing your data (according to its [privacy policy](#) and GDPR rules).

Your rights and obligations on these platforms are therefore not covered by consumer protection regulations. Neither party is covered by the Consumer Rights Act, which only applies to business-to-consumer contracts.

This means that if you suffer an injury while using someone else's property or driving their car, the platform company is not legally obliged to compensate you. Your contract is with the other user (who is renting you their home or car), and it is they who have the [legal obligation](#) to compensate you for your injury or loss.

Likewise, if you list your property on a sharing platform, you expose yourself to personal liability towards anyone who is injured while using your property. The same goes for damage to property. As a guest you are personally liable for damage you cause to your host's property, and as a

host you can only claim against your guests for damage they cause, not the sharing platform.

Taking risks

Large platforms such as Airbnb do offer [dispute resolution centers](#), which coordinate such claims. This can reduce the stress and hassle of having to go through court yourself. But even so, the chances of getting full recovery for your loss is uncertain, particularly if the loss is large.

It is also unlikely that standard insurance can help. Most personal insurance policies do not permit you to use insured property for commercial purposes, and will invalidate your policy if you are caught doing so without permission from your insurer. The same goes for assuming that you are insured for using another person's property.

For vehicles, it is [illegal in the UK](#) to drive without the driver having third-party insurance. Most likely the other party will not have commercial vehicle insurance in place to cover your driving, so you run the risk of driving illegally.

Turo requires that hosts maintain a valid insurance policy over the vehicle [at all times](#) in accordance with UK law. Guest drivers are not required to carry their own insurance—instead, they choose one of Turo's protection plans. These plans cover vehicle damage and third-party liability claims, with policies from a company that is authorized and regulated by the Financial Conduct Authority, Turo told The Conversation.

Most major platforms will mandate third-party liability insurance. But pay attention to the excess amount, which may be much higher than your personal vehicle insurance, and can have an additional fee for processing claims.

For homes, you may be breaching either a term of your mortgage or your lease if you sublet on Airbnb. In the recent UK case of [Bermondsey Exchange Freeholders Ltd v Ninos Koumetto](#), a court ruled that the tenant Airbnb host had breached the terms of his lease by subletting it.

Many platforms offer some sort of protection through their platforms, such as Airbnb's [AirCover](#) for hosts and guests. But these are not the same as insurance policies, and don't always [cover everything](#). Airbnb's [host damage protection](#) only covers those losses not covered by another party, such as your home insurer or the [liable guest](#). This means contacting your insurer and potentially causing it to invalidate your insurance policy if you have been sharing without the insurer's consent.

In a statement, Turo told The Conversation: "Turo has made trust and safety the bedrock of our [platform](#) and our protections have consistently worked as designed." Airbnb chose not to comment for publication.

Protecting yourself

Currently, sharing platforms are largely unaddressed by law and there is little regulators can do about their practices. But if you understand the risks you are taking, you can protect yourself from unpleasant surprises.

1. Be familiar with your policies

If your insurance specifically disallows [commercial activities](#), get in touch with your insurer to clarify, or switch to another insurer with sharing-friendly policies. This is particularly important if you regularly use sharing platforms, as you risk both personal liability towards your guest and losing your cover for your property.

2. Think about purchasing additional insurance

Look for a [policy](#) that covers you specifically for these activities. This will protect you if you are injured and the other party cannot compensate you. If you cause damage to someone else's property, you can rely on [insurance](#) instead of being personally liable.

3. Read the terms and conditions

While trawling through pages of legal jargon might be unappealing, it is important to know where you stand with these companies. This could be as quick as reading through the FAQs on their websites, or looking out for disclaimer and waiver clauses before you click "accept". Platforms such as Airbnb offer region-specific [advice](#) on the laws and regulations for using their services.

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