

Underestimation of the costs of owning and running a car

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Introduction

Cars provide convenience, flexibility and access to work, education and services. However, owning and running a car can be expensive. While some costs, such as fuel and insurance, are highly visible, other costs, including maintenance, parking and tolls, may add up without drivers realising. As a result, motorists may not have an accurate picture of how much they spend on their car each year. This study examined how much motorists spend owning and running a car and whether they accurately estimate those costs.

Data and methods

The study surveyed a nationally representative online sample of 801 motorists. Participants were first asked to estimate how much they personally spent running their main car over the previous 12 months.

They were then asked to report their expenditure in a series of detailed cost categories, including fuel or charging, insurance, motor tax, maintenance,

parking, tolls and other expenses. These itemised expenditure reports were summed to generate a measure of annual ownership and running costs. Comparing initial estimates with the detailed cost reports tests how accurately motorists estimate their annual motoring costs. The analysis focused on annual ownership and running costs and excluded the purchase price of the vehicle and depreciation.

Results

Motorists substantially underestimated the cost of owning and running a car. The median estimate provided by motorists was €2,000 per year, while the median cost based on their itemised expenditure reports was €2,923. These itemised costs were therefore almost 50 per cent higher than motorists initially believed. Fuel was the largest single reported expense, with a median annual cost of €1,560.

More than seven in ten motorists (72 per cent) underestimated their annual motoring costs. Among those who underestimated, the median shortfall was just over €1,100 per year.

The study also found that drivers of petrol and diesel vehicles reported annual running costs that were twice as high as drivers of electric vehicles. However, the tendency to underestimate costs was similar across vehicle types as well as across different age and income groups.

Conclusions

The findings suggest that many motorists are not fully aware of how much they spend on their cars each year. Underestimation of motoring costs is widespread and typically exceeds €1,000 annually. The findings imply that motorists may underestimate the financial savings that could come from reducing car use, reducing the number of cars in the household or switching to other modes of transport where practical. Improving awareness of the full costs of motoring may therefore help people make more informed transport decisions.