

Your Uber Receipt is About to Change

By Shneur Wolvovsky, J.D. Candidate 2018 | February 16, 2016

Last week, Uber [agreed](#) to settle an unlawful-business-practice lawsuit. The terms of the settlement require Uber to pay a total of \$28.5 million to some 25 million people. That is \$1.14 per person *before* attorney fees. Windfall. There are many reasons companies will settle suits, not the least of which is to avoid a protracted and expensive litigation process. Lyft, Uber's key U.S. rival, recently settled a similar suit. This is one in a [series](#) of cases surrounding this issue – if it can be called an issue at all.

This case is essentially about false advertising. Since October 2014, Uber has been charging a “Safe Ride” fee of \$1 on some of its rides. The complaint alleged that statements Uber made about its safety measures do not reflect reality. Therefore, Uber has been unjustly enriched by the \$1 fee. The key point of contention is Uber's statement about putting potential drivers through “industry-leading background checks.” The complaint alleged that the background-checking method used by Uber is not, in fact, “industry leading.” In reality, there are no perfect background checks. But, to put things in perspective, there is a non-trivial amount of licensed taxi drivers who [fail](#) Uber's background check. This suggests that there is at least some debate as to which background check is more effective. Furthermore, Uber [contends](#) that most of its safety features come in the form of in-app technology – the background check is just one of the features.

Do riders choose Uber because they think that Uber is safer than a traditional taxi? [Some](#) do. But there are many other reasons that one might choose Uber over a taxi. Uber offers a level of convenience that traditional taxi companies have not come close to matching. Furthermore, customers save [money](#) with Uber. Even if safety was the primary objective of customers using Uber, the data does not show that traditional taxis are safer. In fact, while taxi companies, and taxi-friendly organizations, relish any opportunity to bring an unsafe Uber experience to the front pages, data for crimes occurring in traditional cabs remains difficult to find. In cities such as New York and Boston, police departments do not collect data based on where a [crime](#) occurs. Get assaulted by an Uber driver, it is reported as an assault by an Uber driver; get assaulted by a taxi driver, one person was assaulted by another. No separate category for taxi driver. Obviously, only Uber drivers, and not taxi drivers, assault people.

The false advertising claim is little more than a witch hunt. But it was successful. Besides for the money, Uber agreed to change the name of the “Safe Ride” fee to a “Booking” fee. Isn't it nice when a wrong is righted?

The real test for Uber will be on the labor front. The key question there will be whether Uber drivers are employees or independent contractors. That, to me, is a legitimate question. In a state like California, for example, the determination is based on at least [eleven](#) distinct factors. It is by no means a slam dunk that Uber drivers will remain independent contractors. If they are found to be employees, Uber will have a potential financial disaster on its hands. While many have

highlighted [problems](#) with sharing economy companies (including the [labor](#) issue), the relentless hounding of Uber has the feeling of lamenting the advent of the internet. Uber is far from perfect, but the idea is just too good.