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Uber, Lamenting Cost of 'Bad Reputation,' Loses London License

By PRASHANT S. RAO and MIKE ISAAC

LONDON — Uber's history of scandals and disregard for local rules finally caught up with it on Friday, when London declined to renew the ride-hailing company's license to operate in the city, its largest European market.

Transport for London, the agency that oversees the city's subways, buses and taxicabs, declared that Uber was not sufficiently "fit and proper." The designation carries significant weight in Britain.

The decision, which Uber plans to appeal, raises the possibility that other cities could be emboldened to crack down on the com-

pany. Over the past few years, Uber has been temporarily forced out of a few major markets, like Delhi in India and Austin, Tex. Uber also voluntarily left China after selling its business there to a rival, Didi Chuxing. But it had never been told to leave a market as important as London.

Losing the license to operate in London presents a major chal-

lenge for Uber's new chief executive, Dara Khosrowshahi, who replaced its founder, Travis Kalanick, in August. The company has faced an array of controversies over the past year or so, including charges of insufficient background checks on drivers, the use of software to evade the gaze of the authorities, and complaints of

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Uber Loses London License as Its Chief Laments 'a High Cost to a Bad Reputation'

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an aggressive, unrestrained workplace culture.

In an email to Uber employees obtained by The New York Times, Mr. Khosrowshahi said that he thought the London decision was unfair, but that "the truth is that there is a high cost to a bad reputation." He added that "it's critical that we act with integrity in everything we do, and learn how to be a better partner to every city we operate in."

A ban on operating in one of its largest markets would certainly hit Uber's bottom line. The company said it had 40,000 drivers and 3.5 million customers in London who used its app at least once every three months.

Mr. Khosrowshahi, in a Twitter post on Friday afternoon, acknowledged that Uber was "far from perfect" and urged city regulators to work out a solution with the company.

Less than a year ago, a British

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tribunal ruled that Uber could no longer treat its drivers as self-employed contractors and would have to meet tougher labor standards, including offering holiday pay and pensions.

"Fit and proper" is a benchmark that Britain applies across different industries and its charitable organizations to ensure that people or organizations meet the requirements of their industry or specialty.

"Uber's approach and conduct demonstrate a lack of corporate responsibility in relation to a number of issues which have potential public safety and security implications," Transport for London said in a statement.

Tests typically assess factors like an individual or company's honesty, transparency and competence, though there is no formal exam. In Uber's case, Transport for London said it had examined issues of how the company dealt with serious criminal offenses, how it conducted background checks on drivers and its justification for a software program called Greyball, which "could be used to block regulatory bodies from gaining full access to the app."

In May, Transport for London extended Uber's license by four months as it considered whether

the company met that threshold.

"Providing an innovative service is not an excuse for it being unsafe," London's mayor, Sadiq Khan, wrote in The Guardian soon after the ruling was announced. "The regulatory environment is critical in protecting Londoners' safety, maintaining workplace standards for drivers and sustaining a vibrant taxi and private hire market with space for a range of providers to flourish."

Uber's London license will now expire on Sept. 30. But it can continue to operate in the city during the appeal process in Britain's courts.

Tom Elvidge, Uber's general manager in London, said the agency and Mr. Khan had "caved in to a small number of people who want to restrict consumer choice." Uber conducted background checks using the methods used for black-cab drivers, he said.

"Our pioneering technology has gone further to enhance safety with every trip tracked and recorded by GPS," Mr. Elvidge said, adding that the company had "a dedicated team who work closely with the Metropolitan Police."

He also said Greyball had not been used to block scrutiny by regulators or the police in London.

The move by regulators in Lon-

don "picks up the political mood of the times," said Tony Travers, a professor at the London School of Economics. "London, like New York and Paris, is full of urban progressives who, even if they use Uber, feel guilty when they read things about it that they don't like."

On Thursday, a Dutch appeals court upheld a ban of an Uber service in the Netherlands, saying the company's low-cost UberPop ride-hailing offering had been operated illegally. The French authorities took a similar case to the Court of Justice of the European Union, and last year Uber and two executives were convicted and fined the equivalent of nearly \$500,000 in France in relation to UberPop.

In New York, Mayor Bill de Blasio has criticized Uber's rapid expansion for making congestion worse on city streets. But in 2015, his administration backed down from a fight with Uber by abruptly dropping a plan for a cap on the number of Uber vehicles operating within the city.

Until now, London had been one of Uber's most notable success stories outside the United States. It debuted in the city in 2012, just before the Summer Olympics, initially with a luxury service. It add-

ed UberX, which competes more directly with the city's storied black taxis, a year later. The company now operates in more than 40 cities and towns across Britain.

Its arrival here, however, created a clash almost immediately with the black cabs, which trace their roots to 1634.

Black-cab drivers, who earn licenses by memorizing some 25,000 streets and 100,000 landmarks for an exacting test known as The Knowledge, complain that Uber drivers are under-regulated. Many fear that the rivalry will put them out of business: Uber fares are about 30 percent lower than those of black cabs.

The conflict also involves tensions over ethnicity and class. Most black-cab drivers are white native-born Britons, while many Uber drivers are immigrants.

Uber has said it receives hundreds of complaints a month from its drivers about remarks from black-cab drivers. Among the insults hurled are "Uber slave!" and "Go back to your country!"

Many black-cab drivers have now signed up with competing apps like Gett and MyTaxi, which like Uber allow passengers to hail rides via their smartphones. Londoners can also choose from a wide variety of private-hire serv-

ices, known as minicabs.

Black-cab drivers, and the unions representing them, cheered Friday's ruling. Jeffrey Marcus, who has been driving a London taxi for 42 years, described it as "long overdue."

"We've got a brilliant taxi service here," Mr. Marcus, 67, said. "You pay a little more for a licensed taxi, but you get the service."

The reaction online to the Transport for London ruling, however, was generally negative. Hours after the decision was announced, a Change.org petition that was started and heavily promoted by Uber within its app and via emails to customers had over 200,000 signatures.

Ahmad Shoab, an Uber driver, said the service was being unfairly targeted.

"I know there have been some problems with drivers, but most of us are good and reliable and play by the rules," he said. "It is not fair to punish everyone because of the mistakes of one or two people."

Mr. Shoab switched to Uber from a minicab company in Croydon, in South London, after he saw how much work friends were getting from the ride-hailing service.

"London needs Uber," he said, "it's cheap and easy."

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