

OFT ISSUES WARNING TO MINICAB FIRMS REGARDING PRICE FIXING

The OFT has launched a campaign to ensure minicab operators across the UK understand competition rules.

The OFT is concerned there may be a particular lack of awareness among private hire vehicle operators of the stringent civil and criminal laws against price fixing, following a number of reports of minicab operators entering into agreements with their competitors to set prices.

In several cases competitors appear to have agreed prices in their local area on a per mile or minimum journey cost basis. The most recent report involved firms in Lancashire but the OFT has received information alleging similar practices elsewhere in the UK.

Minicabs are pre-booked, with customers able to choose a service by shopping around. The market is different to taxi services where the first available vehicle is hailed off the street and fares are usually set under separate licensing rules.

Minicab operators are being warned that individuals may face criminal liability for price-fixing, including fines and even the possibility of imprisonment. In addition businesses could be fined up to 10 per cent of their total turnover.

During the campaign the OFT is working with trade associations, the Licensed Private Hire Car Association (LPHCA), the Private Hire Board and

the National Private Hire Association to spread awareness of the rules. The OFT has also written to Local Authority Trading Standards Services and taxi licensing officers informing them of these issues.

Simon Williams, Head of the OFT's Cartel and Criminal Enforcement Group, said:

'We are aware of reports that minicab companies in some areas may be unaware of the importance of independent price setting. Minicab operators are free to change their prices but must understand that the law forbids any collusion with competitors when deciding price levels.'

Steve Wright MBE, Chairman of the Licensed Private Hire Car Association said:

'Licensed Private Hire Operators including minicabs and chauffeurs should be aware of the fact that fixing fares with competitors is unlawful under competition law. The LPHCA welcomes the Office of Fair Trading's campaign. We will be publishing further guidance for members to promote full compliance.'

NOTES

1. The campaign is being supported by trade bodies, the Licensed Private Hire Car Association, the National Private Hire Association and the Private Hire Board which are committed to working with the OFT to promote free and fair competition in the minicab industry. The campaign is also being supported by the National Association of Licensing and Enforcement Officers, the Public Carriage Office and the Institute of Licensing.
2. The OFT's campaign is directed at private hire vehicles or minicabs, as opposed to taxis. Private hire vehicles have no more than eight passenger seats and must be booked in advance by customers through an operator. They may not 'ply for hire' in the street. This is in contrast to taxis which are public transport vehicles, also with no

more than eight passenger seats, but which are licensed to ‘ply for hire’, that is stand at ranks or be hailed in the street by members of the public. The fares for taxis and minicabs are licensed by local authorities (district/borough councils, unitary authorities or The Public Carriage Office in London) but are subject to different regimes. In particular, the fares for taxis, but not minicabs, are in most cases set by the local authority as part of its licensing functions. Minicab firms set their own fares.

3. Under the Competition Act 1998 any business found to have participated in an unlawful price-fixing agreement may be fined up to 10 per cent of its total turnover. In addition, the Enterprise Act 2002 makes it a criminal offence for an individual dishonestly to take part in a price-fixing agreement or other form of cartel conduct between competing businesses. Anyone convicted of the offence could receive a maximum of five years imprisonment and/or an unlimited fine.
4. Anyone who has information about cartels is asked to call the cartels hotline on 0800 085 1664 or email cartelshotline@oft.gsi.gov.uk.
5. The OFT also operates a leniency programme for businesses and individuals who wish to confess to cartel conduct. For further information please see the “Confess your cartel to the OFT” page on the OFT website.

MEDIA enquiries: 020 7211+

Corinne Gladstone **8899**
Jonathan Marciano **8898**
Out of hours: mobile: 07774 134814
<http://www.oft.gov.uk>

Kasia Reardon **8901**
Nnenna Oleforo **8993**
fax messages: 020 7211 8961

PUBLIC enquiries: 0845 7224499 enquiries@oft.gov.uk

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OFT, PO Box 366, Hayes UB3 1XB 0800 389 3158 oft@ecgroup.uk.com