

From the San Francisco Business Times:

<http://www.bizjournals.com/sanfrancisco/news/2017/02/10/former-uber-driver-alleges-fraud-false-advertising.html>

## Exclusive: Uber driver's class action lawsuit alleges fraud, false advertising in company's leasing program

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A former driver for [Uber Technologies Inc.](#) has filed a [class-action complaint](#) against the company and its XChange leasing program, alleging fraud and false advertising.

In 2015, the San Francisco-based rideshare company launched its XChange car leasing program in order to match prospective drivers with vehicles leases that would be paid for from their earnings as Uber drivers. Since then, the program has come under fire from regulators for lending practices that leave drivers paying much more than expected.

The complaint from lead plaintiff John Kikano centers on the allegation that his Uber XChange lease – made through Pennsylvania company BAMA Leasing – failed to adequately disclose mileage caps for his vehicle and are instead advertised and marketed as having “no mileage caps.”

Uber declined to comment on the legal action.

The case was filed in California’s Central District Court and is assigned to the U.S. District Court [Judge Christina A. Snyder](#).

According to the complaint, the existence of these mileage caps – which in Kikano’s case charged \$0.15 per mile for each mile driven over 2,500 per month – led him to pay exceedingly higher rates for his vehicle lease than were previously indicated.

While his lease terms estimated he would pay roughly \$600 a month for his vehicle, the mileage caps tacked on as much as \$400 in additional charges that were deducted from his pay as a driver.

“It becomes a vicious circle,” [Anthony Nunes](#), an attorney with Hamner Law Offices, representing the plaintiff, told the Business Times. “Drivers were put in the position of driving more to pay for their leases, which in turn led to higher lease payments.”

In many cases, according to Nunes, drivers ended up having their cars repossessed because the fees make it impractical for them to keep working. The plaintiffs are seeking restitution for the additional



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A former driver has filed a civil complaint against the ride-share company alleging fraud in its leasing program.

charges and damages resulting from the alleged fraudulent practices.

The complaint is the first civil action to be filed after the Federal Trade Commission charged Uber with misleading its prospective drivers with exaggerated earning projections and claims about its "Vehicle Solutions Program," which includes Uber Xchange.

The FTC alleged that the company failed to "control or monitor the terms and conditions of the auto financing agreements through its program" leading to drivers paying worse rates than other similar customers. Additionally, the FTC alleged that Uber claimed its drivers could receive leases with unlimited mileage through its program when in fact, the leases came with mileage limits.

Instead of disputing the charges, the ride-share company agreed to pay \$20 million to settle the allegations, which was used to provide refunds to affected drivers. The FTC order also bars Uber from making false, misleading, or unsubstantiated representations about drivers' income; programs offering or advertising vehicles or vehicle financing or leasing; and the terms and conditions of any vehicle financing or leasing.

"Many consumers sign up to drive for Uber, but they shouldn't be taken for a ride about their earnings potential or the cost of financing a car through Uber," said Jessica Rich, director of the FTC's Bureau of Consumer Protection, said in a statement. "This settlement will put millions of dollars back in Uber drivers' pockets."

Nunes added that his firm is looking into other "predatory lending" practices that negatively affected drivers, namely the institution of capitalized cost reductions in some lease terms that led to people paying much more for their vehicles than their stated value.

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