

## INTRODUCTION OF CARD READERS FOR LICENSED VEHICLES

REPORT OF: DEPUTY CHIEF EXECUTIVE  
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Wards Affected: All  
Key Decision: No  
Report To: Licensing Committee  
29 July 2024

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### Purpose of Report

- 1 To seek the Committee's views on the proposed amendment to the Hackney Carriage and Private Hire Licensing Policy to make accepting electronic payments mandatory for licensed vehicles. This change will be subject to an eight-week public consultation. If significant amendments are required following the public consultation, these will be reviewed by this Committee. The Policy will then be recommended to Council for adoption on 11 December 2024.

### Summary

- 2 The licensing service has received a significant number of complaints over the past year due to licensed drivers refusing to accept card payments, causing concerns for public safety. It is proposed to amend the Hackney Carriage and Private Hire Licensing Policy to make accepting electronic payments mandatory for licensed vehicles.

### Recommendations

- 3 **The Committee is recommended to endorse amendments to the Hackney Carriage and Private Hire Licensing Policy to make accepting electronic payments mandatory for licensed vehicles, before public consultation.**
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### Background

- 4 The current Taxi and Private Hire Policy was reviewed and commenced on 1 May 2021. The Policy is reviewed every 5 years unless a review is required due to legislative changes or emerging issues.
- 5 The purpose of the Policy is to set out the terms and conditions that will apply to those seeking licences, and those already licensed for the Hackney Carriage or private hire trade, to protect the public and help ensure they receive a good service. The policy brings together all the various strands of the Council's existing conditions and practices.
- 6 The Policy is produced pursuant to powers conferred by the Local Government (Miscellaneous Provisions) Act 1976 as amended, which places a duty on the Council to carry out its licensing functions in respect of hackney carriage and private hire vehicles.
- 8 Card payments accounted for more than half of all UK transactions for the first time in 2019. This figure has grown significantly since then, with the Covid pandemic

accelerating the move to a cashless society. Card payments account for over 70% of all transactions and contactless payments now account for over a quarter of all payments in the UK.

9. Requiring licensed vehicles to accept card payments would provide customers with a guarantee that they can use their card universally.
10. Despite how common card payments have become, there are still a few sectors where there is resistance to the change. One of these is the taxi industry. There are elements in the trade against mandating card payments because mandating card payments means that taxi drivers are forced to accept the costs involved in maintaining a card machine and transaction processing costs. Whilst these fees are significantly less than when card machines first entered the industry, it is still an additional cost.
11. Drivers are also concerned that there can be cash flow delays with card payments. Funds can sometimes take several days to clear. Only accepting cash payments means there is no problem with cash flow.
12. Drivers who regularly visit rural areas have concerns that they may not have network coverage. This would mean they physically couldn't take a card payment. Although there is telephone support, allowing payments to be made, if there is poor network coverage, there is no guarantee of this as an option.
13. Nevertheless, the underlying aim of the Council's taxi policy is the protection of the public and to ensure the public have reasonable access to hackney carriage and private hire services.
14. Recent complaints received raise significant concerns around public safety. There have been reported instances where lone females late at night have been unable to get a licensed vehicle as their only payment method is by card.
15. The majority of drivers have the facility to take card or electronic payments, however, if the journey is a local one, some drivers are stating that they don't accept card payments, despite having the equipment to do so.
16. We have received 21 complaints about drivers not accepting card payments in the last 12 months. A sample of the complaints received can be found at Appendix 1.
17. Complaints are investigated where possible, but the vehicles concerned are not always identified. It is considered that this is an issue that needs to be addressed as soon as possible rather than waiting for the formal review of the Policy which is due in May 2026.
18. The following amendment to the Policy is proposed at point 4.13 in the Policy. It is suggested that a two-month implementation period is set should the Council adopt the amendment to give drivers time to transition to the new Policy requirement:

By <date>, all licensed Hackney Carriages vehicles must have available at all times an electronic device that allows contactless or card payments to be made. The driver must ask the passenger if they require a receipt. If the passenger requires a receipt, the driver must provide one which accurately states the time and date of the journey, driver number and fare.

By <date>, all licensed Private Hire vehicles must ensure at all times they can provide a means for passengers to pay for fares by card or as a contactless payment. This can be, but is not limited to, electronic card payment devices or operator websites and apps.

All payment devices must:

- a) comply with the requirements of the current UK banking industry standards as stipulated by the Financial Conduct Authority (FCA).
- b) be checked regularly and maintained to operational standards, including repairs after any damage. Any damage preventing the device from functioning must be repaired within 7 days. If the device cannot be repaired, it must be replaced in 7 days. Failure to do so will lead to the vehicle licence being suspended, until a functional device is able to be in use.
- c) meet all requirements and standards as stipulated by the card scheme companies in terms of connections to a host such as GPRS, 3G, 4G, Bluetooth or other connection methods to complete payment transactions.
- d) provide the functionality to protect the confidentiality of critical data (in particular PINs) whilst the card transaction is being processed.
- e) payments through apps are permitted, if a passenger has access to the app via their own phone or device. Drivers must not enter card details into their own phone or device to process a payment.

Licence holders are reminded they are legally obliged to comply with the requirements of data protection legislation in respect of all transaction processes, data management and storage. This includes the UK General Data Protection Regulations (GDPR), the Data Protection Act 2018 and any subsequent data protection legislation. You can find out more about your obligations from the Information Commissioner's Office (ICO). This is relevant when handling personal information such as names, addresses, email addresses and telephone numbers. All such processing must comply with the requirements of data protection legislation. Breaches of data protection legislation may impact on the ability to hold a licence with the Council.

- 19 It is also be proposed to amend the current penalty points scheme for driver failure to comply with the new conditions:
  - Failure to comply with section 4.13 of the Policy - Requirement to have a card reader: 3-6 penalty points.
- 20 The following condition is proposed to be added to Hackney Vehicle conditions:
  - All licensed Hackney Carriage vehicles must have available at all times an electronic device that allows contactless or card payments to be made. A receipt which accurately states the time and date of the journey, driver number and fare, must be provided if requested by a passenger.

21 The following condition is proposed to be added to Private Hire Vehicle conditions:

All licensed Private Hire vehicles must ensure at all times they can provide a means for passengers to pay for fares by card or as a contactless payment. This can be, but is not limited to, electronic card payment devices or operator websites and apps.

22 A 2-month implementation period will be set.

Where it states <date> in the above proposed policy amendments, this will be 2 months after adoption of the Policy. Vehicle licence holders will have until this date to have operational card machines.

23 These changes will ensure members of the public are always able to pay for their journeys, making travel by taxi more accessible, improving public safety.

### **Next Steps**

24 The Council is required to consult on the draft policy for a 6-12 week period. This Council usually consults for 6 weeks, but due to the summer period will consult on this amendment for 8 weeks. Following agreement by this Committee it is proposed that the consultation will start on 5 August and run for 8 weeks.

25 If significant amendments are required following the public consultation, these will be reviewed by this Committee. The Policy will then be recommended to Council for adoption on 11 December 2024.

### **Policy Context**

26 The Licensing Policy is produced pursuant to powers conferred by the Local Government (Miscellaneous Provisions) Act 1976 as amended, which places a duty on the Council to carry out its licensing functions in respect of hackney carriage and private hire vehicles.

27 Conditions can be added to Hackney Vehicle Licences and Private Hire Vehicle Licences under the provisions of Section 47 of the Local Government (Miscellaneous Provisions) Act 1976 in respect of hackney vehicles:

*(1) A district council may attach to the grant of a licence of a hackney carriage under the Act of 1847 such conditions as the district council may consider reasonably necessary.*

Section 48 refers to the same provisions in respect of private hire vehicles:

*(2) A district council may attach to the grant of a licence under this section such conditions as they may consider reasonably necessary including, without prejudice to the generality of the foregoing provisions of this subsection, conditions requiring or prohibiting the display of signs on or from the vehicle to which the licence relates*

### **Financial Implications**

28 There are no financial implications for the Council from the introduction of mandatory card payment facilities in licensed vehicles. There would however be a potential financial implication to the licensed trade with the introduction of mandatory card payment facilities in respect of device and transaction fees.

**Risk Management Implications**

29 In accordance with the Council’s Risk Management Strategy, consideration has been given to the potential risks associated with the recommendations set out in this report.

**Equality and customer service implications**

30 The Policy is intended to protect the public, including those who are vulnerable owing to their age or disability, and through our consultation with a range of stakeholders, including the police, we seek to ensure we have got the balance right in this respect. Measures which improve safety and standards in the taxi and private hire trades will improve access to the service for customers from all groups.

**Sustainability Implications**

31 The Taxi and Private Hire Policy and process will assist economic growth, from the UN sustainability Goals, set out below.



**Supporting Papers**

Appendix 1 – Sample complaints about the lack of card readers

**Sample complaints about the lack of card readers.**

- a) *xxxxxxx called to complain about taxi driver. She was waiting at Haywards Heath station on 14/11/2023, at around 2.30/2.45pm, and he refused to take her as she had no cash and drove off while she was talking to him. She needed a taxi for the school run as the buses were playing up, and when he drove off, she had to go to the back of the line and was nearly late for pick up. It isn't the first time he has refused to take a card, and there are also a few others that are the same.*
- b) *Mrs xxxxxxxx has contacted us to complain about a number of drivers refusing card payments and insisting on cash at HH station.*
- c) *Ms xxxx rang to complain about two taxi drivers who refused to take her as she could not pay cash at 5:30pm on Tues 3/10 from Haywards Heath Station. First driver was xxxxxxxxxxx - who when she asked for a taxi and indicated she wanted to pay by card said, 'I'm not taking you'. She then went to the next driver on the rank xxxxxx xxxxxxxx - who asked her, 'you going to pay cash?' and when she said she wanted to pay by card just said, 'No! - and if you don't like it you can ring the council.'*
- d) *Went to get a taxi home from Haywards Heath Railway Station late last night and three taxis said that they would only accept cash as payment for the fare. He does not think this is right and would like to discuss.*
- e) *Ms xxxxx contacted us to complain about a taxi driver - Licence number xxx - refusing to take card payments at Haywards Heath Station - she took a taxi on Tuesday night and was refused, she says 'for it to be just cash when all taxis take card these days is unprofessional and stressful for the customer.'*
- f) *Ms xxxxxxx has complained about taxis outside the station only taking cash: 'This is happening all the time now and leaves women, like me, waiting longer in the dark because your registered drivers are breaking the law and working for cash in hand to avoid tax. Please confirm that you are investigating and that drivers who do this, even once, will lose their licences.'*
- g) *I'd like to complain about the rules in place for Hackney Taxis, particularly those that operate from the Taxi Rank at the Train Station in Haywards Heath. Several times now I have had the misfortune to be told by Taxi drivers that they do not and are not required to take card payments to pay for their services. I, and several others I am sure, often do not carry cash and haven't since the pandemic. Whilst I could use the cash machine in the station and pay the excessive £1.99 charge that cash machine charges I should be able to use my bank cards to pay for a Taxi fare. In the circumstances the Taxi drivers concerned have offered to drive me to a different cash machine that doesn't charge but of course this increases the Taxi fare payable as there is not one on my route to my home. I have complained to the Taxi drivers directly however they will not change their approach to accepting card payments unless it becomes a condition of their licence. Taking card payments is already a condition of licence in several other UK locations including, for example, London. It is also a safety issue as whilst I am an able man and can walk the 20 minutes to my home I would be extremely concerned for single ladies or elderly people faced with the same challenge especially later in the evening. If the reasons for not enforcing this condition is the cost which would be incurred by the taxi operator then they should be able to increase their fares to cover the cost. This would be a better solution than them not taking card payments at all. Please can you review your licence conditions and make it mandatory for all Taxis to take card payments as soon as possible.*