

Ms. Julie Hawes
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

8 May 2007

Dear Ms Hawes,

**Airports Quinquennial Review
Heathrow Taxi Operations**

As from May 1st 2007, London taxi drivers have to pay BAA Heathrow an increased charge of £4.48 each time they use the Heathrow Taxi System. The increased charge includes a new levy of £0.20 (20p) to be invested in a BAA controlled Technological Investment fund. According to BAA, the purpose of the driver-owned fund is to increase and encourage investment in credit card services and mobile payment terminals (MPTs). Payment of the new levy is currently a condition of entry to the Taxi System and drivers who refuse to pay the levy are physically prevented by BAA from exercising their statutory right to operate at Heathrow.

A credit card processing company known as JourneyPay Ltd. is to receive approximately £3,300 per month as a percentage share of BAA's £0.20 levy. JourneyPay supplies credit card processing services and describes itself as a technology partner to Lloyds TSB Cardnet. The monthly subsidy paid to JourneyPay is to assist the company to supply MPTs and related services to taxi drivers based at Heathrow.

JourneyPay claims in press reports to have already supplied 1,000 MPTs to the Heathrow taxi industry. Although JourneyPay may have organised the supply of this large number MPTs, there is little evidence to show the precise number of JourneyPay products in use at Heathrow. There has never been sufficient unmet demand for credit card services among Heathrow taxi drivers as would account for JourneyPay's claim that drivers have absorbed 1,000 new MPTs. The likelihood is that JourneyPay is quoting figures drawn from credit card markets not associated with or dependent on the Heathrow taxi industry.

The £0.20 investment levy has been forced on to Heathrow taxi drivers and BAA has made no attempt whatsoever to explain the source of its legal authority to create a Technological Investment fund. Heathrow taxi drivers already have a wide choice of credit card processing services and MPTs made available free of charge by several reputable credit card processing businesses. These

enterprises all thrive as an established part of the Heathrow taxi community and the provision of their services and high-tech products is not dependent on subsidies from BAA's so-called Technological Investment fund.

JourneyPay's Chief Executive Officer has been engineered into position by BAA, as a taxi trade negotiator even though he has no mandate whatsoever from taxi drivers to conduct business on their behalf. It can be seen from a written contract to which JourneyPay is a party, that the company is to benefit from terms and conditions which purport *inter alia* to guarantee the company :-

- monthly contributions to its business overheads.
- an exclusive right to provide credit card services to Heathrow taxi drivers.
- protection from charge-backs and financial malpractice by having losses made good from the driver-owned funds collected and controlled by BAA.

As a related matter, taxi drivers are being advised in a document prepared by representatives of JourneyPay to expect BAA to introduce a levy on passenger fares when terminal 5 opens, as a means to reduce BAA's under-recovery from the Taxi System. BAA's claim of under-recovery is a regular annual event which has never been backed by an independent audit of BAA's costs of meeting its statutory obligation to provide the Heathrow Taxi system.

I believe BAA is acting in contravention of the Competition Act, by creating business operating conditions for JourneyPay Ltd. which are not enjoyed by other credit card processing companies offering the same services and high-tech equipment, thereby placing established service providers at a competitive disadvantage.

In the face of this complaint to the Competition Commission, BAA will say that all decisions taken by BAA affecting the business activities of JourneyPay were taken with the full approval of a significant number of taxi trade representatives. This is completely untrue. All decisions favourable to JourneyPay were made at private meetings attended only by BAA and representatives of JourneyPay. Two of the BAA managers who played a leading role in arranging business rights for JourneyPay Ltd. at Heathrow Airport are no longer employed by BAA plc or its subsidiaries

Yours sincerely

A London taxi driver