

REPUBLIC OF THE PHILIPPINES
Department of Transportation

LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD
East Avenue, Diliman, Quezon City

MEMORANDUM CIRCULAR
NUMBER 2020- 028

**SUBJECT: IMPOSITION OF PASSENGER CANCELLATION FEES FOR
TRANSPORT NETWORK VEHICLE SERVICES**

WHEREAS, the imposition of passenger cancellation fees for Transport Network Vehicle Services (TNVS) falls within the regulatory powers of the Board in order to ensure responsible and fair use of ridesharing services, while maintaining the efficiency and quality of such transport service;

WHEREAS, it was determined that cancellation by passengers of matched bookings have significantly risen over the last year. Supporting data demonstrate that excessive passenger cancellations happen within 4 to 5 minutes on average from the time that a booking is accepted, thus amounting to 10 to 12% of driver pick up time being lost and wasted. One of the most common driver frustrations is spending significant amount of time and fuel to pick up passengers who only end up either cancelling late on the drivers while the drivers are already on their way or passengers not showing up at all upon arrival of the driver at the pickup location;

WHEREAS, the cancellation fee to be charged as set out herein, was determined based on fuel expense, vehicle maintenance and depreciation, and opportunity cost. Such reasonable cancellation fee offers a means to compensate the driver for the time and petrol consumed after a passenger cancels the requested ride and is likewise a way to correct the behavior of passengers who cancel when the driver has spent effort trying to reach them, and passengers who book a ride but do not show up at the pickup location;

WHEREFORE, premises considered and after thorough deliberation by the Board with the TNCs, TNVS and riding public, it is decided that cancellation fees shall be charged in accordance with the following guidelines to safeguard fair and responsible use of ridesharing services, and with a view to ensuring a smoother experience for both passengers and drivers.

- A. A cancellation fee of Fifty Pesos (PHP 50.00) (the "Cancellation Fee") shall be charged by TNCs under any of the following conditions:
- (1) The passenger cancels after five (5) minutes from the time that a booking has been confirmed (i.e. a driver has been assigned to the passenger); or
 - (2) The passenger does not show up at the pickup location within five (5) minutes from the driver's arrival.
- B. Passengers may validly cancel without incurring any Cancellation Fees under any of the following circumstances:

- (1) If passenger cancels within a grace period of five (5) minutes from the time that a booking has been confirmed (i.e. a driver has been assigned to the passenger);
- (2) If the driver takes fifteen (15) minutes longer than the first estimated time of arrival as indicated in the mobile app (for example, if the passenger gets a driver who, according to the app, is 5 minutes away, but the passenger has waited more than 20 minutes for the driver to arrive); or
- (3) If the driver indicates that he has arrived when he or she has not.

C. TNCs shall set technical parameters that will ensure the following:

- (1) the Cancellation Fee charged to the passenger is automatically credited to the e-wallet of the relevant driver who was cancelled on;
- (2) the e-receipt issued to a passenger charged with a Cancellation Fee clearly indicates a breakdown of the fare including such Cancellation Fee;
- (3) that a reporting mechanism is in place for drivers to report and charge passengers who wrongly cancel but refuse to pay the Cancellation Fee (applicable to cash-based transactions);
- (4) that a reporting mechanism is established that will inform the passengers that a cancellation fee was charged against them;
- (5) that a proper reporting and refund mechanism is in place for passengers who are wrongly charged with Cancellation Fees; and
- (6) that both the driver and the passenger are aware of the actual time that has elapsed at the time of the cancellation.

D. The TNCs may impose a ten (10%) percent service charge on the amount collected as cancellation fees.

All other issuances inconsistent herewith are deemed modified or superseded accordingly.

This Memorandum Circular shall take effect immediately following its publication in at least one newspaper of general circulation. Let three (3) copies hereof be filed with the UP Law Center pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.

SO ORDERED

122 JUL 2020 June 2020, Quezon City, Philippines.

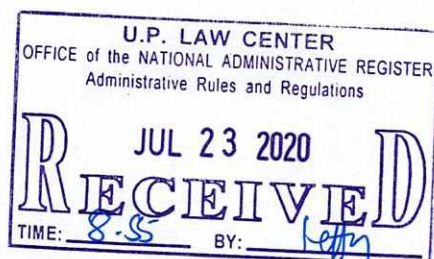


ENGR. RONALDO F. CORPUS
Board Member



ATTY. MARTIN B. DELGRA III
Chairman



P/Maj. GEN. ANTONIO N. GARDIOLA JR. (Ret.)
Board Member



Attested By:


COL. RENWICK K. RUTAQUIO (Ret.)
OIC-Executive Director



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22 July 2020, Quezon City, Philippines.

ATTY. MARTIN B. DELGRA III
Chairman



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Board Member

P/Maj. GEN. ANTONIO N. GARDIOLA JR. (Ret.)
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