

Lyft Settles Class Action Lawsuit for \$12.25 Million



Summary: Transportation app, Lyft, has settled a worker misclassification class action lawsuit for \$12.25 million.

Lyft settled a class action lawsuit this week for \$12.25 million dollars. Its result has brought hope to the sharing industry, which has been under attack recently for alleged worker misclassification.

The New York Times reports that for two years the ride sharing company has been caught in a legal battle over whether or not it misclassifies its workers as independent contractors when they are actually employees. On Tuesday, San Francisco-based Lyft settled its California lawsuit by agreeing to amend its terms of service and pay the drivers listed in the class action. Lyft also agreed to pay arbitration fees and other costs of the claim.

While Lyft may have settled, it also won a bigger victory. The company can continue to classify its workers as contractors, thus saving itself of costs such as insurance and payroll taxes.

“We are pleased to have resolved this matter on terms that preserve the flexibility of drivers to control when, where and for how long they drive on the platform and enable consumers to continue benefiting from safe, affordable transportation,” Kristin Sverchek, Lyft’s general counsel, said.

The Lyft drivers are represented by lawyer [Shannon Liss-Riordan](#), who has a history of winning worker battles against giant corporations such as FedEx and Starbucks. In a statement, she said that the settlement would provide benefits and reimbursements for Lyft drivers. For instance, because of the suit, Lyft will no longer be able to terminate drivers without cause.

Liss-Riordan is representing a [similar lawsuit against Lyft rival, Uber](#). With Lyft’s settlement as precedent, there is a good chance that Uber can continue to treat its drivers as contractors, thus saving its business model.

Source: [New York Times](#)