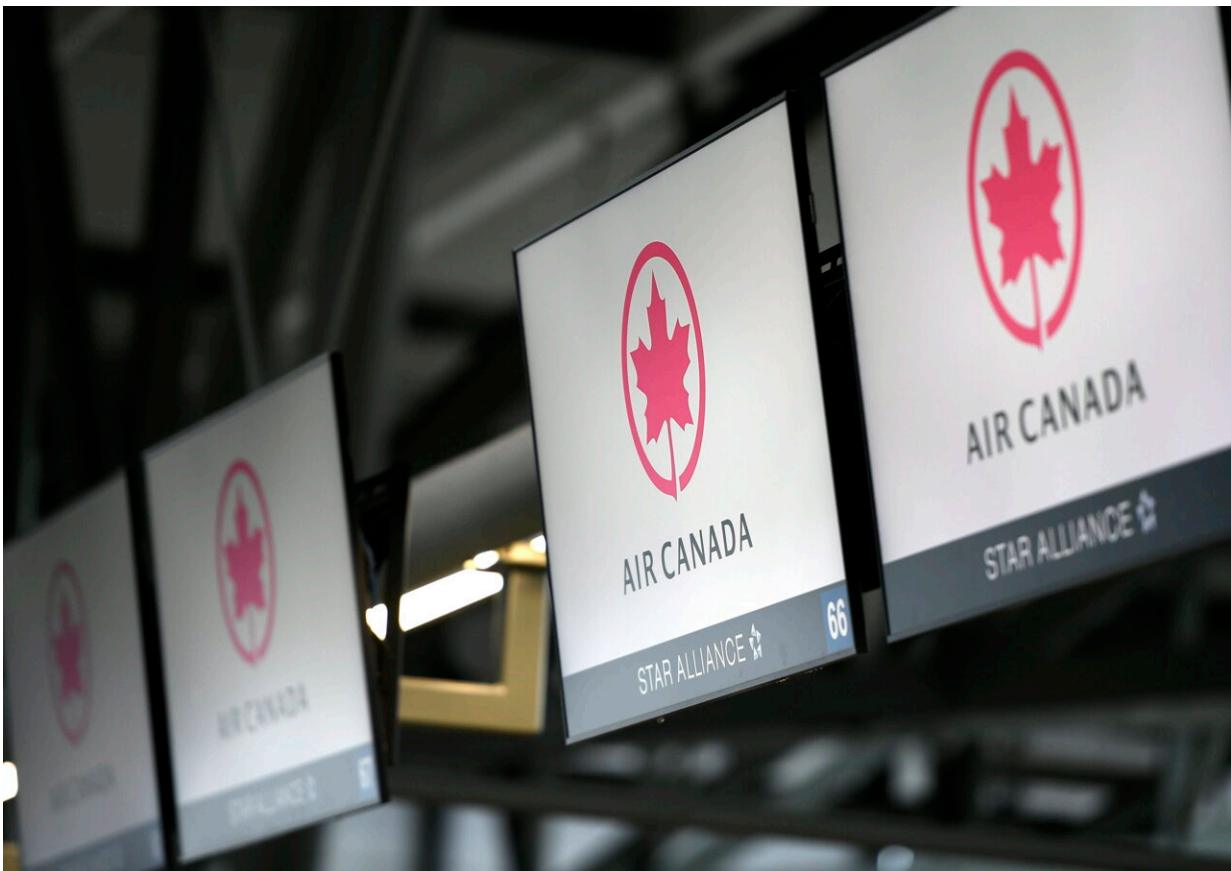


US seeks to fine Air Canada \$25.5 million over slow refunds

June 15 2021



This May 16, 2020 file photo shows Air Canada check screens at Ottawa International Airport in Ottawa, Ontario, Canada. The U.S. government is seeking to fine Air Canada more than \$25 million over what it says have been slow refunds for passengers whose flights were canceled since the pandemic started. The Transportation Department said Tuesday, June 15, 2021, it has received more than 6,000 consumer complaints about Air Canada since March of last year. Credit: Justin Tang/The Canadian Press via AP

The U.S. Transportation Department said Tuesday it is seeking to fine Air Canada about \$25.5 million for what it termed extreme delays in giving refunds to thousands of passengers whose flights across the U.S.-Canada border were canceled or rescheduled.

The department said that since March 2020 it has received complaints from more than 6,000 consumers who claimed Air Canada canceled or changed their flights and then took five to 13 months to provide a refund.

Air Canada vowed to challenge the proposed fine. The airline said the Transportation Department's enforcement notice about refunds amounted to guidance, not formal and enforceable regulations that go through a period of public notice and comment.

The airline said that it has refunded more than \$1.2 billion to eligible customers who bought refundable tickets and has been paying refunds to people, including Americans, with non-refundable tickets from \$1.4 billion in credit provided by the Canadian government.

The potential fine is the latest fallout from thousands of flights that airlines canceled during the early months of the coronavirus pandemic as air travel plunged. The Transportation Department said it is investigating handling of refunds at other airlines, including U.S. ones.

Federal regulations require airlines to provide refunds when passengers request them if the airline cancels or significantly changes the schedule of a flight. For cross-border flights, airlines are supposed to make credit card refunds within seven days, rising to 20 days for tickets bought with cash.

The Transportation Department said that it allowed more time for refunds last year because of the surge in canceled flights if the airline was making an effort to return the money. The department said, however, that Air Canada failed to make a good-faith effort to process refunds more quickly.

The agency said that it arrived at the size of the civil penalty by considering factors including the harm to consumers and also as a deterrent to delaying refunds in the future.

In many cases, passengers who canceled their reservations on North American airlines have received vouchers instead of cash. As a result, the airlines are sitting on billions of dollars worth of tickets, some of which will likely never be used. That did not appear to be the case with the Air Canada refunds.

The Transportation Department's complaint will go to an administrative law judge.

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