



Airline Passenger Rights: The Federal Role in Aviation Consumer Protection

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Summary

The 1978 deregulation of the airline industry in the United States eliminated federal control over many airline business practices, including pricing and domestic route selection. However, the federal government continues to legislate and enforce certain consumer protections for airline passengers. Congress largely determines the degree to which the rights of airline passengers are codified in law or developed through regulatory rulemaking.

The House Committee on Transportation and Infrastructure and the Senate Committee on Commerce, Science, and Transportation are the primary congressional committees of jurisdiction over airline passenger rights. Congress can authorize or require the U.S. Department of Transportation (DOT) to enact rules on certain issues, and it can enact requirements for airlines through direct legislation. In specific cases, DOT may take enforcement actions against air carriers that violate consumer protection rules.

Most of DOT's consumer rules are based on 49 U.S.C. Section 41712, which directs it to "protect consumers from unfair or deceptive practices." Some are based on DOT's authority to require air carriers in interstate transportation to provide "safe and adequate service" (49 U.S.C. §41702). The interpretation of the phrase "unfair and deceptive trade" can significantly affect the scope of DOT's enforcement authority.

In December 2009, DOT issued a comprehensive final rule, "Enhancing Airline Passenger Protections," that expanded regulatory protections to aviation consumers. The rule established procedures related to extended ground delays involving aircraft with passengers aboard, required air carriers to address chronically delayed flights, and mandated more information disclosure to consumers. In April 2011, DOT completed a further rulemaking that strengthened the rights of air travelers in the event of oversales, flight cancellations, and delays. The rule also required consumer access to accurate and adequate information when selecting flights, and improvements in agency responsiveness to customer complaints. A key provision of the 2011 rules, requiring airlines to prominently disclose to the consumer the total cost of a flight, including all government and airline taxes and fees, was recently upheld in the federal courts.

The FAA Modernization and Reform Act of 2012 (P.L. 112-95), signed into law by the President on February 14, 2012, included a number of provisions regarding the rights of airline passengers and created a firmer statutory basis for the rules adopted by DOT in 2009 and 2011. Nonetheless, a number of consumer-related subjects, including disclosure of code sharing arrangements on domestic flights, compensation of passengers "bumped" from oversold flights, and disclosure of ancillary fees, remain controversial.

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Introduction

The deregulation of the airline industry in the United States in 1978 eliminated most governmental control over most business practices of airlines. However, the federal government continues to regulate certain practices for the protection of the airlines' customers, in addition to its long-standing role in overseeing air safety.

Congressional interest in the rights of airline passengers became intense between 2007 and 2009, when a series of delays stranded passengers aboard airplanes at U.S. airports for 10 hours or longer. In the first six months of 2009, for example, there were reportedly 586 tarmac delays of more than three hours, including some instances in which passengers lacked access to food or drink or in which aircraft lavatories ceased to function.¹ Since then, Congress has strengthened passengers' rights under federal law, and many Members of Congress have continued to follow aviation consumer issues closely.

This report examines aviation consumer protections in the post-deregulation era. It explains the roles of Congress and the U.S. Department of Transportation (DOT) in protecting airline consumers, and discusses some major passenger rights issues and related laws and regulations.

Three Levels of Airline Passenger Protection

The rights of domestic airline passengers are set forth at three different levels: in federal laws, in regulations, and in the airlines' own policies. Congress, under its constitutional power to "regulate Commerce with foreign Nations, and among the several States,"² has authority over airline passengers' rights. State and local governments are generally preempted by law from regulating "price, route, or service of an air carrier."³

The Role of Congress

By and large, the rights of airline passengers are defined by Congress. Congress determines the extent to which airline consumer rights are codified in law, authorizes federal agencies to enforce those rights, and directs or authorizes federal agencies to define and enforce passenger rights that are not specifically enumerated in legislation. The House Committee on Transportation and Infrastructure and the Senate Committee on Commerce, Science, and Transportation are the primary congressional committees of jurisdiction, and exercise routine oversight over DOT, the principal department responsible for executing and enforcing airline passenger rights laws. In many cases, Members of Congress become aware of passenger rights issues by receiving complaints from constituents, and congressional office staff members are often called upon to

¹ Nancy Trejos, *USA Today*, "Days of long tarmac delays may be over, new numbers suggest," August 9, 2012.

² U.S. Constitution, Article I, Section 8.

³ 49 U.S.C. §41713(b) (1). Consumers may sue airlines for damages or breach of contract in a state or local court, but state or local consumer protection laws generally do not apply to air carriers. In one recent case, a federal court dismissed a lawsuit filed in a New York state court by passengers who claimed to have been stranded for more than seven hours aboard JetBlue flights on October 29, 2011, under "inhumane and intolerable" conditions. The court ruled that all the claims were preempted by federal law. *Joseph v. JetBlue*, No. 5:11-CV-1387 (N.D.N.Y.), April 5, 2012.

advise constituents about their rights as air passengers, to provide guidance on filing complaints with DOT, and to communicate with DOT about constituent concerns.

The controversy surrounding tarmac delays illustrates the ways in which Congress exercises its oversight authority. Between 2007 and 2009, a number of incidents occurred in which passengers were held aboard planes that had either departed airport gates but were not allowed to take off or had landed but were not allowed to disembark passengers. These incidents were extensively reported in the news media, and congressional offices received numerous complaints from constituents who had been aboard planes that were unable to provide passengers with drinking water or on which lavatories stopped functioning. Congressional hearings ensued in 2009.⁴ In the wake of this attention, DOT issued rules on tarmac delays in 2010. Language on this subject, providing a firmer statutory footing for the federal rules that had already entered into effect, was incorporated into the FAA Modernization and Reform Act of 2012 (P.L. 112-95).

Some Members of Congress also have expressed concern about issues related to flight schedules, aircraft capacity, and frequency of service. Although these matters are no longer subject to federal regulation, they are often raised in the context of business dealings between air carriers that do require federal approval, such as mergers and code sharing arrangements. For example, the proposed merger between American Airlines and US Airways led to objections that the merger would reduce competition and limit consumer choices. These concerns were expressed by some Members of Congress and witnesses during congressional hearings in February and March 2013, before completion of the merger in May.⁵

The Role of the U.S. Department of Transportation (DOT)

DOT Regulatory Authority

DOT is responsible for executing and enforcing airline consumer rights laws established by Congress. It may also develop regulations based on more general statutory authority, giving it broad powers to prescribe regulations, standards, and procedures related to air travel.⁶ More specifically, DOT has authority “under 49 U.S.C. Section 41712, in concert with 49 U.S.C. Sections 40101(a)(4), 40101(a)(9), and 41702 to protect consumers from unfair or deceptive practices and to ensure safe and adequate service in air transportation.”⁷ DOT’s authority in this

⁴ CQ Congressional Testimony, Airline Delays and Consumer Issues; Committee: House Transportation and Infrastructure; Subcommittee: Aviation, May 20, 2009; Bill McGee, *USA Today*, “Passenger rights debate on glide path to Congress,” September 30, 2009.

⁵ House Committee on the Judiciary, Subcommittee on Regulatory Reform, Commercial, and Antitrust Law, hearing on “Competition and Bankruptcy in the Airline Industry: The Proposed Merger of American Airlines and US Airways,” February 26, 2013, http://judiciary.house.gov/hearings/113th/hear_02262013_2.html; Senate Judiciary Committee, Subcommittee on Antitrust, Competition Policy, and Consumer Rights, hearing on “The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers,” March 19, 2013, <http://www.judiciary.senate.gov/hearings/hearing.cfm?id=6f599899d600989e3e380a731d0d247c>.

⁶ 49 U.S.C. 40113.

⁷ Department of Transportation, “Enhancing Airline Passenger Protections,” 74 *Federal Register* 68982-69004, December 30, 2009. DOT may also issue passenger protection rules governing international flights to and from the United States, depending on practicality and within the bounds of international agreements and treaties. Liability issues, such as compensation for lost baggage and passenger injury on international flights, are generally covered by international agreements ratified by the United States, notably the Montreal Convention of 1999, rather than by U.S. laws or regulations. Itineraries between certain countries may be subject to the older Warsaw Convention. DOT (continued...)

area is exercised by the Office of the Secretary, not by the Federal Aviation Administration (FAA), which is responsible for aviation safety.

DOT's statutory authority is generally used as the basis for rulemaking. Occasionally, it is also used in direct enforcement actions. Most of DOT's consumer rules are based on the "unfair or deceptive practices" provision, with a few based on the "ensure safe and adequate service" provision. The definition and interpretation of the phrase "unfair or deceptive practices" can significantly affect the scope of DOT's rulemaking and enforcement authorities.

Separately, DOT enforces regulations to ensure that individuals with disabilities have nondiscriminatory access to the air transportation system, and that airlines do not subject passengers to unlawful discrimination on the basis of race, gender, religion, or national origin during the course of their air transportation.⁸

The DOT Aviation Consumer Protection Division's booklet *Fly-Rights: A Consumer Guide to Air Travel* is published online. It covers a wide array of topics, from flight delays and cancellations to travel scams. It also provides information about DOT rules on consumer complaints.⁹

DOT Enforcement Authority

The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings in DOT (OAEP), including its Aviation Consumer Protection Division, monitors airline compliance, investigates reported violations of DOT regulations, and enforces rules and regulations. It may negotiate consent orders with air carriers and fine violators. In 2012, DOT issued 49 consent orders related to aviation consumer rule violations and assessed \$3,610,100 in civil penalties—both record figures.¹⁰

OAEP considers a number of factors in determining the civil penalty it would seek in an enforcement proceeding, such as the harm caused by the violations, the alleged violator's compliance disposition, the alleged violator's financial condition and ability to pay, how long the violations continued, and the strength of the case.¹¹ Currently, large air carriers are subject to a maximum civil penalty of \$27,500 per violation, under 49 U.S.C. 46301 and 14 C.F.R. Part 383. Small businesses or individuals are subject to a maximum penalty of \$1,100. Notwithstanding

(...continued)

consumer-protection regulations may not apply to flights between foreign points undertaken by U.S. carriers' code share partners, even if the flight carries a U.S. airline's flight number. For example, a United Airlines passenger traveling from Newark, NJ, to Istanbul, Turkey, might be booked from Newark to Munich, Germany, aboard a United flight, and then from Munich to Istanbul aboard a flight operated with a United flight number by Lufthansa, a German carrier. In such a case, the flight between Munich and Istanbul would not be subject to U.S. regulations concerning tarmac delays, overbooking, and other consumer matters.

⁸ 14 C.F.R. Part 382.

⁹ <http://www.dot.gov/airconsumer/fly-rights>. The Federal Aviation Administration (FAA) of DOT operates the air traffic control system and regulates aviation safety and pilot certification. The Transportation Security Administration (TSA), an agency of the Department of Homeland Security, regulates aviation security and operates airport security screening checkpoints.

¹⁰ DOT press release, "DOT Issues Two Fines Against Passenger Carriers for Tarmac Delay Violations," January 2, 2013, <http://www.dot.gov/briefing-room/dot-issues-two-fines-against-passenger-carriers-tarmac-delay-violations>.

¹¹ Office of Aviation Enforcement and Proceedings, DOT, "Answers to Frequently Asked Questions Concerning the Enforcement of the Final Rule on Enhancing Airline Passenger Protections," April 28, 2010, p. 2.

this limit, small businesses and individuals are subject to higher maximum penalties for discrimination (\$11,000 per violation) and for engaging in unfair or deceptive practices (\$2,500 per violation).¹²

OAEP may look into possible violations based on complaints from individuals, groups, other government agencies, or its own staff members' observations and research. Usually, its first action is to send a letter to the air carrier, setting forth the complaint or issues involved and requesting a response. This gives the air carrier a chance to look into the matter and to resolve the complaint, deny the complaint, or provide an explanation. This may be the end of the process, but OAEP may issue a warning letter if it concludes violations occurred but were inadvertent or minor.

If OAEP believes enforcement action is appropriate, it would seek a civil penalty and consent order. A consent order typically relates the facts of the case to law and regulation, sets forth the penalty the violator has agreed to pay, and incorporates language ordering the air carrier to cease and desist from further violations. If the air carrier refuses to settle, the case may go to an enforcement hearing before a DOT administrative law judge.¹³ DOT also may request injunctive relief from a federal district court, although this is unusual.

Airline Deregulation and Contracts of Carriage

The third source of airline passengers' rights is each air carrier's "Contract of Carriage," the legal agreement between an airline and its ticket holders. Contracts of carriage typically define the rights, duties, and liabilities of parties to the contract. For example, United Airlines' contract of carriage lists 30 rules, covering matters from reservations and ticketing to cancellation and refund policies to medical ground transfer services.¹⁴

Before the age of electronic tickets, contracts of carriage were usually evidenced by standard terms and conditions printed on the reverse of paper tickets. Now, they are often available for download via airlines' websites or at an airline's ticketing facility. Passengers may take legal action in federal courts based on the contracts.

Contracts of carriage replace the pre-deregulation-era rules "tariffs" that were subject to approval by the Civil Aeronautics Board (CAB).¹⁵ The CAB could take action against an air carrier that violated its approved tariffs. Since the economic deregulation of the domestic airline industry in 1978, the federal government no longer has control over airlines' prices or routes, and contracts of carriage are not subject to federal review or approval. However, a contract of carriage that conflicts with federal laws or regulations may not be enforceable by the airline.

With respect to passenger rights, the deregulated environment differs from the former regulated environment in two major ways. First, under regulation, the CAB had authority to approve carriers' proposed fares and even to set fares itself. The airlines' profitability was protected by this

¹² 14 C.F.R. 383.2 (b).

¹³ This is a simplified description of the process. Underlying this process is usually an ongoing process of negotiation between OAEP and the air carriers and OAEP and the complainants.

¹⁴ http://www.united.com/web/format/pdf/Contract_of_Carriage.pdf, viewed on May 13, 2013.

¹⁵ Pursuant to the Airline Deregulation Act of 1978, the CAB ceased operations on December 31, 1984.

price setting and by barriers to the entry of new competitors. Airlines, for the most part, competed on service and frequency rather than price. Since deregulation, and especially with the advent of low-cost carriers, the primary means of competition has become price, not service.

The more intense price competition of recent years has prompted airlines to respond by “unbundling” their offerings and charging separately for services that once were included in the price of a ticket. Among these charges are fees for checked baggage, early/priority boarding, and seat change on a flight. Such ancillary fees have become major causes of consumer complaints.

Second, because the CAB used a cost-plus basis for approving fares, airlines could afford to maintain a significant amount of extra capacity, which made it relatively simple for them to deal with problems arising from flight delays or cancellations. Carriers’ treatment of passengers booked on delayed or canceled flights is now a major cause of complaints (see **Text Box**).

Clarification of “Rule 240” and Rerouting of Stranded Passengers

During the era of regulation, Tariff Rule 240 was the number commonly used in air carrier tariffs that stated the airline’s rules on rerouting of passengers when a flight was canceled or delayed. Since airfares and routes were then regulated, airlines generally had comparable price structures. This made it easier for them to enter and/or honor interline agreements for rerouting passengers at times of service disruption. Although Tariff Rule 240 has often been referred to in the press as a “federal rule,”¹⁶ it was not. Each airline’s version of Tariff Rule 240 was written by the carrier itself, although it was subject to CAB approval.

Today, competing airlines’ fares on a given route may differ, and the fares paid by passengers on any single plane may vary widely, depending upon the date of purchase, the passenger’s ability to change flights without penalty, and other factors. Although some airlines maintain interline agreements with other carriers allowing passenger rebooking in the event of cancellation or delay, others, particularly “low-cost” carriers, may not have such agreements. An airline that cancels a flight may be unable to rebook its passengers aboard another carrier without significant costs, which it may be unwilling to incur.

Additionally, in a deregulated environment in which profitability is not guaranteed, market forces have led many airlines to reduce the number of seats they offer to improve load factors. According to DOT’s Bureau of Transportation Statistics (BTS), airlines’ average load factor in 2012 was 82.5%, meaning that many flights operated at or near capacity. The lack of spare capacity can make it difficult for carriers to accommodate passengers in the event of flight disruptions. Consequently, today’s airline contracts of carriage are less likely to provide for rerouting of passengers on competing airlines’ flights than was the case prior to deregulation.

Selected Passenger Air Service Improvement Provisions in Federal Aviation Administration (FAA) Reauthorization

The FAA Modernization and Reform Act of 2012 (P.L. 112-95), signed into law on February 14, 2012, includes a number of provisions relating to passenger rights.¹⁷ Some of the passenger-rights provisions put forth during the years-long debate over FAA reauthorization were not included in the final bill, as similar protections had meanwhile been implemented through the DOT rulemaking process. Some of the relevant provisions of P.L. 112-95 are summarized below.

¹⁶ *Wall Street Journal*, “Passenger Rights? What Passenger Rights?,” March 28, 2013.

¹⁷ P.L. 112-95, Title IV Air Service Improvements, Subtitle A—Passenger Air Service Improvements.

Smoking Prohibition

Section 401 amends the smoking prohibition set forth in 49 U.S.C. 41707 to clarify that the prohibition applies to passenger flights, both domestic and international. It also expands the coverage to include nonscheduled intrastate, interstate, or international flights if a flight attendant is a required crewmember of the aircraft.

Monthly Air Carrier Reports

Section 402 requires airlines to file monthly reports on flights that are diverted from their scheduled destination to another airport and on flights that depart from the originating airport gate but are canceled before takeoff. The Secretary of Transportation is to compile air carriers' reports and publish the information on the DOT website.¹⁸

Musical Instruments

Section 403 requires air carriers to permit passengers to stow a musical instrument in the aircraft passenger compartment in a closet or baggage/cargo stowage compartment without charge, if the instrument can be stowed in accordance with the requirement for carriage of carry-on baggage or cargo set forth by FAA and there is space for such stowage on the aircraft. An instrument too large to be stowed in a closet or a baggage or cargo stowage compartment may be stowed in a seat if it fits and if the passenger is willing to pay an additional ticket price for use of the seat. An instrument may be treated as checked baggage if the sum of the length, width, and height, including the case, does not exceed 150 inches, if its weight does not exceed 165 pounds, and if it can be stowed in accordance with the requirements for the stowage of baggage or cargo.

Review of Air Carrier Flight Delays and Cancellations

Section 406 directs the Inspector General (IG) of DOT to review and assess air carrier flight delays, cancellations, and their causes. Congress also required the IG to update its 2000 report, "Audit of Air Carrier Flight Delays and Cancellations" (report number: CR02000-112), and submit the review results to the House and the Senate within one year after enactment.¹⁹

Compensation for Delayed Baggage

Section 407 requires the U.S. Government Accountability Office (GAO) to conduct a study to (1) examine delays in the delivery of checked baggage to passengers and (2) make recommendations

¹⁸ DOT amended the on-time performance reporting requirements to add data elements for diverted flights and returns to the gate (14 C.F.R. Part 234, Docket No. RITA 2007-28522). These data are available at <http://www.rita.dot.gov/bts> and in Table 9 of DOT's *Air Travel Consumer Report* (www.dot.gov/airconsumer.air-travel-consumer-reports), published monthly by OAE's Aviation Consumer Protection Division.

¹⁹ The audit is still under way. See the IG website for the audit announcement: <http://www.oig.dot.gov/sites/dot/files/Announcement%20Memo.pdf>.

for establishing minimum standards to compensate passengers in the case of unreasonable delays in checked baggage delivery. Results were to be reported 180 days after enactment.²⁰

DOT Airline Consumer Complaint Investigations

Section 408 directs the Secretary of Transportation to investigate consumer complaints regarding flight cancellations; compliance with federal regulations regarding the overbooking of seats on flights; lost, damaged, or delayed baggage (and problems with air carrier claim procedures); problems with refunds for unused or lost tickets; incorrect or incomplete information on fares, discount fare conditions and availability, overcharges, and fare increases; rights of passengers who have accumulated frequent flier miles; and deceptive or misleading advertising.

Cell Phone Use Study

Section 410 requires FAA to conduct a study, within 120 days of enactment, on the impact of the use of cell phones for voice communications in an aircraft during a flight in scheduled passenger air transportation where currently permitted by foreign governments in foreign air transportation.²¹

Advisory Committee for Aviation Consumer Protection

Section 411 requires the Secretary of Transportation to establish a four-member committee for aviation consumer protection to advise the Secretary in carrying out passenger service improvements.²² The committee must comprise one representative each of (1) air carriers; (2) airport operators; (3) state or local governments; and (4) nonprofit public interest groups. The representatives of the latter two groups must have expertise in consumer protection matters. This advisory committee shall terminate on September 30, 2015.

²⁰ The GAO report (GAO-12-804R), which was released on June 14, 2012, found that DOT's data do not distinguish between delayed baggage and other types of mishandled baggage, such as those that are lost, damaged, or pilfered. Instead, all of these types of occurrences are categorized as "mishandled baggage." Using DOT's data, GAO found that the number of mishandled-baggage reports has decreased since 2008, when airlines first began charging for the first checked bag. There are a number of factors that could have contributed to this decline in the number of mishandled-baggage reports, such as a decline in the number of bags checked and improved baggage handling processes. However, because of limitations of DOT's data, a further assessment of mishandled baggage cannot be conducted. DOT has proposed a change to airline reporting requirements designed to improve its ability to measure airline performance regarding mishandled bags, but the change would not distinguish among the types of mishandled baggage (lost, delayed, damaged, or pilfered). This report is available at <http://www.gao.gov/products/Gao-12-804R>.

²¹ FAA conducted the study and published a notice in the *Federal Register* in September 2012, seeking comments on cell phone use on board aircraft (<http://www.gpo.gov/fdsys/pkg/FR-2012-09-05/pdf/2012-21826.pdf>). FAA is currently revising the draft study to take public comments into account.

²² The Secretary of Transportation established this advisory committee on May 24, 2012. See <http://www.gpo.gov/fdsys/pkg/FR-2012-06-13/html/2012-14456.htm>.

Disclosure of Seat Dimensions to Facilitate Use of Child Safety Seats

Section 412 requires FAA to prescribe regulations for posting on air carrier websites the maximum child safety seat dimensions that will fit into a seat on an aircraft, within one year of enactment.²³

Airline and Airport Emergency and Contingency Plans

Section 415, which generally codifies a DOT rule adopted in 2010 (see below), requires covered air carriers and commercial airports²⁴ to submit to DOT a proposed contingency plan to address tarmac delays within 90 days of enactment. DOT is to establish minimum standards for these plans to ensure that they address long tarmac delays and provide for the health and safety of passengers and crew. The air carrier plans are to require each air carrier to provide essential services, including adequate food, potable water, restroom facilities, cabin ventilation, cabin temperatures, and medical treatment.

After the plan has been reviewed by DOT, it is to be made available to the public. Air carriers are required to report any flight delayed on the tarmac for over three hours to the Office of Consumer Protection at DOT within 30 days. Air carriers are required to update each emergency plan every three years and submit the update to DOT for review and approval; airports are required to update and submit their plans every five years.²⁷

Consumer Complaint Hotline

Section 415 also requires DOT to establish a consumer complaint hotline telephone number for use by airline passengers.²⁸ Carriers using aircraft of 30 seats or more would need to include on their websites, ticket confirmations,

Tarmac Delays Significantly Reduced

According to DOT reports, there were 42 tarmac delays longer than three hours on U.S. domestic flights in 2012, down from 50 such delays in 2011, which was the first full year since the rule limiting tarmac delays on domestic flights took effect in April 2010.²⁵

These numbers represent a significant reduction in lengthy tarmac delays. Between May 2009 and April 2010, the final 12 months before the rule came into effect, air carriers reported 693 tarmac delays of more than three hours.²⁶

However, critics have argued that the rule has caused more flight cancellations by air carriers, as canceling a flight eliminates the risk that it might be delayed extensively after boarding.

In August 2011, this rule was expanded, and now subjects foreign airlines operating international flights at U.S. airports to a four-hour tarmac delay limit.

²³ FAA started the project in January 2013, and is in the process of rulemaking.

²⁴ “Covered air transportation” means scheduled or public charter passenger air transportation provided by an air carrier that operates an aircraft that, as originally designed, has a passenger capacity of 30 or more seats.

²⁵ DOT press release DOT 15-13, February 12, 2013, pp. 1-2.

²⁶ Ibid.

²⁷ DOT has completed review of the contingency plans. Each covered carrier’s plan is required to appear on its website.

²⁸ In its FY2014 budget, DOT requested \$7.5 million to establish an Aviation Consumer Call Center, as required by P.L. 112-95. See DOT *Budget Highlights FY 2014*, p. 46, <http://www.dot.gov/sites/dot.dev/files/docs/FY%202014%20Budget%20Highlights.pdf>.

or boarding passes the hotline number; the e-mail address, telephone number, and mailing address of the air carrier; and the e-mail address, telephone number, and mailing address of the Aviation Consumer Protection Division of DOT.

Use of Insecticides in Passenger Aircraft

Section 415 also requires the Secretary of Transportation to establish a public website that lists countries that may require an air carrier to treat an aircraft passenger cabin with insecticides. Air carriers or ticket agents selling tickets in the United States for a foreign destination listed on the DOT website shall disclose on their own website or through other means that the destination country may require the carrier to treat the cabin with insecticides.

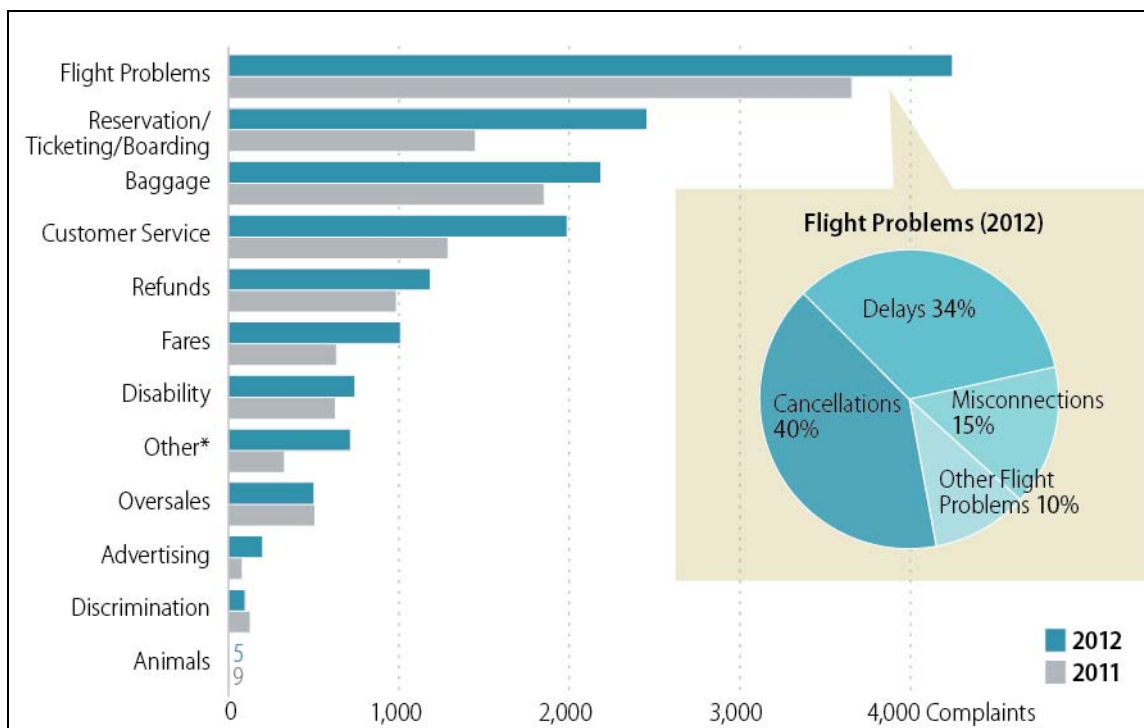
Consumer Complaints to DOT

Despite the fact that the 15 largest U.S. airlines' on-time arrival rate was nearly 82% in 2012, the third-best annual performance in nearly two decades, flight delays and cancellations continue to be a major source of dissatisfaction for air travelers. Flight problems represent by far the largest category of passenger complaints filed with DOT.²⁹ Problems with reservations, ticketing, and boarding,³⁰ mishandled baggage, customer service, and refunds are also among the most frequent complaints (see **Figure 1**).

²⁹ Flight-related problems tend to be, predominantly, delays and cancellations, but also include any other deviations from schedule.

³⁰ "Problems with reservations, ticketing, and boarding" are mistakes made by an airline or travel agent in reservations and ticketing; problems in making reservation and obtaining tickets due to busy telephone lines or waiting in line, or delays in mailing tickets; and problems boarding the airplane (except oversales).

Figure I. Number of Airline Consumer Complaints Filed with DOT
2011-2012



Source: U.S. Department of Transportation, Air Travel Consumer Report (February 2013), p. 43.

Note: “Other” includes complaints regarding frequent flyer programs, smoking, cargo problems, airport facilities, security, etc.

In 2012, deviations from flight schedules were the most prevalent passenger complaint to DOT. There were more than 4,200 such complaints in total, comprising more than 28% of all complaints. Problems with “reservations, ticketing, and boarding” are mistakes made by airline or travel agents in reservations and ticketing; problems in making reservations and obtaining tickets due to busy telephone lines, long lines, or delays in mailing tickets; and problems boarding the airplane (except oversales).

While DOT continues to receive many complaints about mishandled baggage, improved tracking systems have helped U.S. air carriers reduce the proportion of bags that are lost or sent to the wrong destinations. In 2012, the U.S. carriers reported 3.09 mishandled bags per 1,000 passengers, which was the lowest annual rate of mishandled baggage since DOT first collected data on the subject in 1987.³¹

³¹ All U.S. airlines with at least 1% of total domestic scheduled-service passenger revenues, as determined by DOT’s Bureau of Transportation Statistics (BTS). More information on rules, guidance, and other related issues regarding aviation baggage can be found on the DOT website: <http://www.dot.gov/airconsumer/baggage>.

How DOT Handles Aviation Consumer Complaints

When DOT receives a consumer complaint about an airline, it sends a copy to the airline and asks it to reply directly to the customer. If it is a complaint about a subject covered by DOT rules, DOT requires the airline to send DOT a copy of its response to the consumer, which DOT may evaluate to determine if the reply complies with DOT rules. A pattern of violations of a rule as reflected in complaints can lead to enforcement action. Even where no rule applies, if DOT determines an airline's practice, as reflected in complaints, to be deceptive, it may conduct an investigation, initiate a rulemaking, or commence enforcement action. This possibility gives airlines an incentive to monitor complaints made to DOT.

On the other hand, airlines often receive complaints directly from customers. The number of consumer complaints submitted directly to the air carriers is believed to be much higher than the number filed with DOT. However, airlines are not required by law to report consumer complaints to DOT, except those related to treatment of disabled passengers. The Air Carrier Access Act (49 U.S.C. 41705) prohibits discriminatory treatment of persons with disabilities in air transportation. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) requires the Secretary of Transportation to "regularly review all complaints received by air carriers alleging discrimination on the basis of disability" and "report annually to Congress on the results of such review."

DOT's annual reports to Congress on disability-related air travel complaints are available on its website: <http://www.dot.gov/airconsumer/annual-report-disability-related-air-travel-complaints>. In 2012, a total of 21,372 such disability-related complaints were submitted to DOT by airlines, of which 18,953 came from U.S. carriers.

DOT Regulatory Actions

Airline flight delays and cancellations were addressed in a final rule issued in December 2009 by DOT, "Enhancing Airline Passenger Protections." The rule, which took effect April 29, 2010, provides extensive regulatory protections to aviation consumers.³² The rule expanded on previous regulations to address tarmac delays and chronically delayed flights and to require greater information disclosure to consumers.

More specifically, this final rule requires large U.S. carriers to provide assurance that they will not permit an aircraft to remain on the tarmac for more than three hours without providing passengers an opportunity to deplane. An air carrier's failure to comply subjects the carrier to civil penalties of up to \$27,500 per passenger.³³ This final rule contains the following mandates that address airline passenger protection, including rules on tarmac delays:

- Each air carrier is required to develop and implement a contingency plan for lengthy tarmac delays.
- Each contingency plan must include an assurance that, for domestic flights, the air carrier will not allow a tarmac delay to exceed three hours unless the pilot-in-command determines there is a safety-related or security-related impediment to deplaning passengers, or air traffic control has advised the pilot-in-command that deplaning would significantly disrupt airport operations.
- For international flights, air carriers must commit to a set number of on-tarmac hours to be determined by air carrier and set forth in its plan.³⁴

³² <http://www.dot.gov/airconsumer/final-rule-enhancing-airline-passenger-protections>.

³³ Ibid. DOT extended for 60 days the compliance date of a provision in the final rule that requires large airlines to publish detailed flight delay information on their websites.

³⁴ A year later, the ban on lengthy tarmac delays was expanded to foreign airlines' operations at U.S. airports, with a limit of four-hour delay set for international flights.

Airlines' plans must include assurance that adequate food and water will be provided within two hours after the aircraft leaves the gate, as well as assurance of operable lavatory facilities and adequate medical attention.

- Air carriers must display flight delay information for each domestic flight they operate on their websites and designate employees to monitor the impacts of flight delays and cancellation, respond to consumer complaints, and tell consumers where and how to file complaints.
- Air carriers are prohibited from applying changes to their contracts of carriage retroactively.
- Under the rule, any chronically delayed flight³⁵ scheduled by an air carrier is considered an unfair and deceptive practice and an unfair method of competition within the meaning of 40 U.S.C. Section 41712.

On April 25, 2011, DOT issued a further rulemaking to strengthen the rights of air travelers in the event of oversales, flight cancellations, and delays; to ensure consumers have accurate and adequate information when selecting flights; and to improve responsiveness to customer complaints.³⁶ These rules, fully effective January 26, 2012, include the following:

- Baggage fees must be reimbursed for lost bags.
- Additional fees must be prominently disclosed on airline websites.
- The ban on excessive tarmac delay is expanded to foreign airlines' operations at U.S. airports, with a four-hour limit on international flights.

Provisions in this further rulemaking to further strengthen airline consumer protection, in the event of oversales and requirements of full fare/fees disclosure, is discussed in more detail in a later section of this report.

Ongoing Airline Passenger Consumer Issues

Domestic Code Share Agreements³⁷

Over the past two decades, major carriers have increasingly moved to joint marketing agreements, known as "code share agreements." In these agreements, mainline carriers, such as Delta and US Airways, purchase seat capacity from independent regional airlines or contract for the services of regional carriers to fly passengers to their larger hub airports. Under code share agreements, a mainline carrier often allows a regional carrier to (1) use the mainline carrier's flight designator code to identify flights and fares in computer reservation systems; (2) use the

³⁵ A chronically delayed flight is defined as any domestic flight that is operated at least 10 times a month, and arrives more than 30 minutes late (including canceled flights) more than 50% of the time during that month (<http://www.gpo.gov/fdsys/pkg/CFR-2012-title14-vol4/pdf/CFR-2012-title14-vol4-sec399-81.pdf>).

³⁶ <http://www.dot.gov/airconsumer/rule-two-amendment-concerning-baggage-and-other-consumer-issues-pdf>.

³⁷ More information on disclosure of code share air service can be found on DOT website, <http://www.dot.gov/airconsumer/notice-codeshare>.

mainline carrier's logos and uniforms; and (3) participate in joint promotion and advertising activities.

Regional airlines now account for more than half of all scheduled passenger flights. In 2011, 61% of the advertised flights of American, Delta, United, and US Airways were operated by regional airlines under code share agreements, up from 40% in 2000.³⁸

DOT does not review most domestic code share agreements,³⁹ but does require ticket sellers to disclose which airline is operating the flight prior to booking to ensure consumer transparency.⁴⁰ However, some confusion still appears to exist among passengers because air carriers, travel agencies, and advertisers may disclose this information differently. In some cases, the name of the operating carrier may not be displayed prominently. Also, some regional carriers have code share agreements with multiple mainline carriers and use different "doing business as" names when operating on different domestic routes.⁴¹

Oversale/Overbooking⁴²

Oversale or overbooking is not illegal, and most airlines overbook their scheduled flights to a certain degree to compensate for "no-shows." When a flight is oversold, DOT requires air carriers to ask passengers to give up their seats voluntarily (voluntary bumping), in exchange for compensation, before bumping anyone involuntarily.

A DOT rule (14 C.F.R. Part 250) requires air carriers to properly inform and compensate passengers who are bumped involuntarily. In April 2011, DOT issued an amended final rule to address issues regarding denied boarding or involuntary bumping compensation, especially inadequate denied boarding compensation (DBC) to passengers.

The April 2011 amendment increased DBC rates and dollar limits, with dollar limits subject to inflation-related adjustment every two years. When a passenger is bumped involuntarily and the airline arranges substitute transportation that is scheduled to reach the final destination within one hour of the original arrival time, no compensation is needed. However, if the scheduled arrival

³⁸ Office of Inspector General, U.S. Department of Transportation, "Growth of Domestic Airline Code Sharing Warrants Increased Attention," (report number: AV-2013-045), February 14, 2013, p. 4. <http://www.oig.dot.gov/sites/dot/files/Airline%20Code%20Sharing%20Report-2-14-13.pdf>.

³⁹ Under 49 U.S.C. Section 41720, DOT's Office of the Secretary (OST) must review any agreement "between two or more major air carriers that affects more than 15 percent of the total number of available seat miles offered by the major air carriers." OST is required to assess the potential economic impact on competition of domestic code share agreements between major carriers.

⁴⁰ In 2011, DOT added a new subsection (c) to 49 U.S.C. Section 41712, that, in addition to the existing general prohibition against unfair and deceptive practices and unfair methods of competition on the part of air carriers, foreign carriers, and ticket agents, specifically requires these entities to disclose in any oral, written, or electronic communication to the public, prior to a ticket sale, the name of the carrier providing the service of each segment of a passenger's itinerary. In addition, the amendment explicitly requires that on websites, disclosure must be made "on the first display of the Web site following a search of a requested itinerary in a format that is easily visible to a viewer." Office of the Secretary, DOT, "Guidance on Disclosure of Code-Share Service Under Recent Amendments to 49 U.S.C. § 41712," January 14, 2011 (<http://www.dot.gov/airconsumer/notice-codeshare>).

⁴¹ Office of Inspector General, U.S. Department of Transportation, "Growth of Domestic Airline Code Sharing Warrants Increased Attention," report number: AV-2013-045, February 14, 2013, p. 4.

⁴² More information on oversales can be found at <http://www.dot.gov/airconsumer/oversales>.

time via substitute transportation⁴³ is more than one hour later than the original arrival time, the following rules apply:

- If the substitute domestic transportation arranged by the air carrier is scheduled to arrive between one and two hours later than the original arrival time, the airline must pay the passenger an amount equal to 200% of the one-way fare (including all mandatory taxes and fees), with a \$650 maximum. On international flights departing the United States, the threshold is set between one and four hours.
- If the substitute transportation is scheduled to arrive more than two hours later on domestic flights (four hours on international flights), or if the air carrier does not make any substitute transportation arrangements for the passenger, the compensation doubles to 400% of the one-way fare, with a \$1,300 maximum.
- An air carrier must refund any unused ancillary fees for optional services paid by a passenger if he or she was denied boarding, voluntarily or involuntarily.

Ancillary Fees and Disclosure of Full Fares⁴⁴

Many U.S. air carriers have been under pressure to compete, mainly, on prices. A major trend is to advertise cheaper base airfares and add separate optional fees for services that traditionally have been included in the price of a ticket. These ancillary charges, including checked baggage fees, reservation cancellation or change fees, seat selection fees, priority boarding fees, and in-flight meals, are generating considerable revenues. In 2012, the U.S. passenger airline industry collected more than \$3.48 billion in baggage fees and over \$2.55 billion in reservation cancellation/change fees.⁴⁵

In order to make it easier for consumers to know how much they will have to pay for airline transportation and to ensure that airlines' fee-related practices are fair and transparent, the DOT rule issued in 2011 requires that an airline's most prominently advertised airfare must be the full cost of the ticket, with government taxes, mandatory fees, and optional surcharges included. For both domestic and international markets, carriers must disclose the full price to be paid, including government taxes and fees and any carrier surcharges, in their advertising, on their websites, and on the passenger's e-ticket confirmation. In addition, carriers must disclose all fees for optional services through a prominent link on their home pages, and must include information on e-ticket confirmations about the free baggage allowance and applicable fees for the first and second checked bags and carry-on bags. Airlines must refund charges for lost bags.

Spirit Airlines, Allegiant Air, and Southwest Airlines challenged in federal court that portion of DOT's April 2011 rule that requires airlines and ticket agents to prominently display the total cost of a ticket, including taxes, when advertising airfares. In July 2012, the U.S. Court of Appeals for the Washington, DC, circuit rejected the airlines' contention that the rules violate their rights to

⁴³ Substitute transportation may involve flights by the same or another carrier or transportation by train or bus.

⁴⁴ More information on this topic can be found on DOT websites, <http://www.dot.gov/airconsumer/advertising> and <http://www.dot.gov/airconsumer/baggage-optional-fees>.

⁴⁵ DOT Bureau of Transportation Statistics, "Baggage Fees by Airline 2012," http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/airline_information/baggage_fees/html/2012.html; and "Reservation Cancellation/Change Fees by Airline 2012," http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/airline_information/reservation_cancellation_change_fees/html/2012.html, as viewed on May 16, 2013.

engage in commercial and political speech and are an effort by the government to conceal taxes in airfares.⁴⁶ The airlines subsequently appealed to the U.S. Supreme Court, which, on April 1, 2013, refused to consider their challenge and left the rule intact.

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⁴⁶ *Spirit Airlines v. U.S. DOT*, 402 U.S. App. D.C. 70.