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Biden-Harris Administration Announces Final Rule Requiring Automatic Refunds of Airline Tickets and Ancillary Service Fees

Wednesday, April 24, 2024

Rule makes it easy to get money back for cancelled or significantly changed flights, significantly delayed checked bags, and additional services not provided

WASHINGTON – The Biden-Harris Administration today announced that the U.S. Department of Transportation (DOT) has issued a final rule that requires airlines to promptly provide passengers with automatic cash refunds when owed. The new rule makes it easy for passengers to obtain refunds when airlines cancel or significantly change their flights, significantly delay their checked bags, or fail to provide the extra services they purchased.

“Passengers deserve to get their money back when an airline owes them - without headaches or haggling,” said **U.S. Transportation Secretary Pete Buttigieg**. “Our new rule sets a new standard to require airlines to promptly provide cash refunds to their passengers.”

The final rule creates certainty for consumers by defining the specific circumstances in which airlines must provide refunds. Prior to this rule, airlines were permitted to set their own standards for what kind of flight changes warranted a refund. As a result, refund policies differed from airline to airline, which made it difficult for passengers to know or assert their refund rights. DOT also received complaints of some airlines revising and applying less consumer-friendly refund policies during spikes in flight cancellations and changes.

Under the rule, passengers are entitled to a refund for:

- **Canceled or significantly changed flights:** Passengers will be entitled to a refund if their flight is canceled or significantly changed, and they do not accept alternative transportation or travel credits offered. For the first time, the rule defines “significant change.” Significant changes to a flight include departure or arrival times that are more than 3 hours domestically and 6 hours internationally; departures or arrivals from a different airport; increases in the number of connections; instances where passengers are downgraded to a lower class of service; or connections at different airports or flights on different planes that are less accessible or accommodating to a person with a disability.
- **Significantly delayed baggage return:** Passengers who file a mishandled baggage report will be entitled to a refund of their checked bag fee if it is not delivered within 12 hours of their domestic flight arriving at the gate, or 15-30 hours of their

international flight arriving at the gate, depending on the length of the flight.

- **Extra services not provided:** Passengers will be entitled to a refund for the fee they paid for an extra service — such as Wi-Fi, seat selection, or inflight entertainment — if an airline fails to provide this service.

DOT's final rule also makes it simple and straightforward for passengers to receive the money they are owed. Without this rule, consumers have to navigate a patchwork of cumbersome processes to request and receive a refund — searching through airline websites to figure out how to make the request, filling out extra “digital paperwork,” or at times waiting for hours on the phone. In addition, passengers would receive a travel credit or voucher by default from some airlines instead of getting their money back, so they could not use their refund to rebook on another airline when their flight was changed or cancelled without navigating a cumbersome request process.

The final rule improves the passenger experience by requiring refunds to be:

- **Automatic:** Airlines must automatically issue refunds without passengers having to explicitly request them or jump through hoops.
- **Prompt:** Airlines and ticket agents must issue refunds within seven business days of refunds becoming due for credit card purchases and 20 calendar days for other payment methods.
- **Cash or original form of payment:** Airlines and ticket agents must provide refunds in cash or whatever original payment method the individual used to make the purchase, such as credit card or airline miles. Airlines may not substitute vouchers, travel credits, or other forms of compensation unless the passenger affirmatively chooses to accept alternative compensation.
- **Full amount:** Airlines and ticket agents must provide full refunds of the ticket purchase price, minus the value of any portion of transportation already used. The refunds must include all government-imposed taxes and fees and airline-imposed fees, regardless of whether the taxes or fees are refundable to airlines.

The final rule also requires airlines to provide prompt notifications to consumers affected by a cancelled or significantly changed flight of their right to a refund of the ticket and extra service fees, as well as any related policies.

In addition, in instances where consumers are restricted by a government or advised by a medical professional not to travel to, from, or within the United States due to a serious communicable disease, the final rule requires that airlines must provide travel credits or vouchers. Consumers may be required to provide documentary evidence to support their request. Travel vouchers or credits provided by airlines must be transferrable and valid for at least five years from the date of issuance.

The Department received a significant number of complaints against airlines and ticket agents for refusing to provide a refund or for delaying processing of refunds during and after the COVID-19 pandemic. At the height of the pandemic in 2020, refund complaints peaked at 87 percent of all air travel service complaints received by DOT. Refund problems continue to make up a substantial share of the complaints that DOT receives.

DOT's Historic Record of Consumer Protection Under the Biden-Harris Administration

Under the Biden-Harris Administration and Secretary Buttigieg, DOT has advanced the largest expansion of airline passenger rights, issued the biggest fines against airlines for failing consumers, and returned more money to passengers in refunds and reimbursements than ever before in the Department's history.

- Thanks to pressure from Secretary Buttigieg and DOT's [flihtights.gov](https://www.flihtights.gov) dashboard, all 10 major U.S. airlines guarantee free rebooking and meals, and nine guarantee hotel accommodations when an airline issue causes a significant delay or cancellation. These are new commitments the airlines added to their customer service plans that DOT can legally ensure they adhere to and are displayed on [flihtights.gov](https://www.flihtights.gov).
- Since President Biden took office, DOT has helped return more than \$3 billion in refunds and reimbursements owed to airline passengers – including over \$600 million to passengers affected by the Southwest Airlines holiday meltdown in 2022.
- Under Secretary Buttigieg, DOT has issued over \$164 million in penalties against airlines for consumer protection violations. Between 1996 and 2020, DOT collectively issued less than \$71 million in penalties against airlines for consumer protection

violations.

- DOT recently launched a new [partnership](#) with a bipartisan group of state attorneys general to fast-track the review of consumer complaints, hold airlines accountable, and protect the rights of the traveling public.
- In 2023, the flight cancellation rate in the U.S. was a [record low](#) at under 1.2% — the lowest rate of flight cancellations in over 10 years despite a record amount of air travel.
- DOT is undertaking its first ever industry-wide review of [airline privacy practices](#) and its first review of airline loyalty programs.

In addition to finalizing the rules to require automatic refunds and protect against surprise fees, DOT is also pursuing rulemakings that would:

- Propose to ban family seating junk fees and guarantee that parents can sit with their children for no extra charge when they fly. Before President Biden and Secretary Buttigieg pressed airlines last year, no airline committed to guaranteeing fee-free family seating. Now, four airlines guarantee fee-free family seating, and the Department is working on its family seating junk fee ban proposal.
- Propose to make passenger compensation and amenities mandatory so that travelers are taken care of when airlines cause flight delays or cancellations.
- Expand the rights for passengers who use wheelchairs and ensure that they can travel [safely and with dignity](#). The comment period on this proposed rule closes on May 13, 2024.

The final rule on refunds can be found at <https://www.transportation.gov/airconsumer/latest-news> and at [regulations.gov](#), docket number DOT-OST-2022-0089. There are different implementation periods in this final rule ranging from six months for airlines to provide automatic refunds when owed to 12 months for airlines to provide transferable travel vouchers or credits when consumers are unable to travel for reasons related to a serious communicable disease.

Information about airline passenger rights, as well as DOT's rules, guidance and orders, can be found at <https://www.transportation.gov/airconsumer>.

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