



eu travel tech



## **RECOMMENDATIONS FOR THE IMPLEMENTATION OF REFUNDS AND VOUCHERS FOR AIR TICKETS IN IATA BSP MARKETS**

Global air travel is critically affected by the COVID-19 crisis, with cancelled flights and grounded aircraft around the world. As flight operations have been significantly and dramatically disrupted, airlines and their distribution partners have been engaged in a dialogue about policies related to refunds and vouchers for airline-cancelled flights.

Distribution stakeholders and airlines are in this crisis together and are and will be working together on recovery efforts at the appropriate time. As such, we want to ensure that we are supporting both passengers who had their flights cancelled due to COVID-19, and the short term-financial stability of airlines.

It is important to acknowledge the critical role the independent distributors play in air travel. Approximately fifty percent of air travel globally is booked through the independent channel which means as the airlines are impacted by this outbreak, so too are the travel entities responsible for booking half of all air travel. Due to the intrinsic nature of air ticket bookings via independent distribution, the travel agency community must be involved in the process of establishing refund/voucher policies to ensure that they are able to service their customers.

The independent distributors of travel, including the associations listed and their individual members, offer these guiding points of principle for policies related to airlines issuing vouchers or refunds for cancelled flights.

### **AGENT AND GDS ROLE IN SUPPORTING CUSTOMERS:**

- Agents want to support airlines and are best positioned to educate customers as to refunds and vouchers and/or any premiums offered by airlines in support of the airlines' needs to conserve cash, though in all cases the final decision is left to the consumer.
- Airlines should reinstate automated ticket change capabilities available through the GDS to improve efficiency. Such automation processes would reflect any new policy on refunds or vouchers to streamline the process for both airlines and agencies alike and provide a better experience for the customer.
  - Subsequently, travel agencies should be permitted to process all refunds or vouchers through their GDS of choice per applicable airline specific policies

### **REFUNDS:**

- Full refunds for customers requesting them (in lieu of a credit for future travel) should be processed without delay. However, given the financial position of the airlines globally, we would support a grace period of 30 to 90 days for processing, rather than the current seven-day requirement resulting from legislation in the EU and other markets.
  - This policy should be published by airlines, easy to refer to and customers who have requested such a refund via a travel agent should receive the same treatment as a customer who has requested the same refund directly from the airline.
  - Customers who have booked through an agency should be advised by the applicable carrier to contact their travel agency to process refunds and exchanges rather than doing so directly on the carrier's website or alternate carrier source once airline has

made all the required information available to the agency community and re-activated automation.

- Airlines should also ensure that the total amount paid by the customer, including ancillary fees for any flight booked that is subsequently cancelled are fully refunded to the customer.

#### **VOUCHERS:**

- If vouchers are offered and accepted by the customer, vouchers must be made accessible through all channels, direct or indirect distribution.
  - Travel agents and TMCs should be able to offer vouchers to their customers which would be activated through GDSs, including TMC bookings, or on OTAs websites.
- Where a voucher is to be issued and the ticket was paid for by a company on behalf of an employee/traveler, the voucher should be issued in the name of the company and should be transferable from TMC to TMC. One voucher should cover the ticket and any ancillaries to the ticket.
- Consideration should be given to converting the value of the total ticket price, including any ancillary services fees, to an airline credit note to shift away from ticket, voucher, EMD or other specific document and convert full amount of ticket value paid by customer into credit note for use against any future purchases.
  - The voucher must have a face value to allow true flexibility in its use, unless an airline guarantees a passenger the original origin and destination for a new trip, regardless of the new price.
- The vouchers should be available for a period of 12 months from the original date of travel departure, free of change-fees and automatically refunded in cash on the expiration of the voucher.
- The voucher should be usable on all the airlines of a group (if relevant), for any route operated by the airline, in any market or country and should not be restricted to the original destination or class of travel.
- The voucher should be usable for any passenger, original or new, and for any number of passengers.
- The booking agent or the agent designated by the customer should be able to access and manage the voucher, as well as receive remuneration for the voucher. Accessibility and management via GDS should allow agent control of the voucher.

#### **Residual Value, Cost and Guarantees:**

- If after 12 months from the original departure date, the customer opts for a refund in cash (also applicable for any residual value of a partly used voucher) and the airline is not able to provide this refund or has already become insolvent, the voucher must be protected by a guarantee fund, as already exists for packages. The above-mentioned delayed refunds must also be protected by the same guarantee fund
  - Such a fund will provide the passengers refund. This system could be considered as a permanent mechanism to cover airline insolvency risk in the future.
- Issuance and redemption of vouchers issued due to COVID-19 should be without any additional costs imposed by airlines (since the cancellation is involuntary for the customer).
- To avoid a potential devaluation, the value of the voucher should be equivalent to the amount of dollars at the time of the purchase.
- Vouchers should be guaranteed to protect from a potential bankruptcy of an airline.
  - In case of an insolvency of an airline, the voucher must be accepted from BSP and BSP should charge the insurer,
- At any point in time a voucher must be eligible for an immediate refund in urgent cases like financial problems, death, sickness, moving, divorce, birth, unemployment.
- The issuance of vouchers should only be a temporary solution and expire 31 December 2020.