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## **Annual ACH Conference 2019**

### **DOT NPRM on Modernizing Denied Boarding Compensation Payments**

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# Modernizing Payment of Denied Boarding Compensation

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## DOT Current Rule on Denied Boarding Compensation

- U.S. and foreign air carriers must offer compensation to passengers that are involuntarily denied boarding (IDB) at a U.S. airport in the form of (1) free or reduced rate air transportation or (2) **cash or immediately negotiable check**.
- The amount of compensation depends on the price of the airline ticket, whether the passenger was IDB from a domestic flight or international flight, and the projected length of the delay caused by the IDB.
- If a passenger is IDB involuntarily, the compensation must be tendered on the day and place the denied boarding occurs, or, under certain circumstances, by mail or other means within 24 hours.
- Airlines are required to provide passengers that are IDB a **written paper** statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the carriers' boarding priority rules and criteria.

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## DOT Proposed Rule on Denied Boarding Compensation

U.S. and foreign air carriers must offer compensation in the form of (1) free or reduced rate air transportation or (2) “**electronic payments that are equivalent to cash**” to passengers that are IDB at a U.S. airport.

### Proposed Restrictions Include:

- The payment must include any necessary additional amount to cover potential usage charges;
  - The payment must be valid for 90 days;
  - The payment must be a product that is “widely accepted by major payment networks” or “major ATM networks” (i.e., Visa, MC, Amex, Discover, NYCE, PULSE, PLUS, and Cirrus);
  - The payment must not impose maintenance-related or other usage-related charges (e.g., weekly fees, non-activity fees), but other fees beyond the purpose of the DBC payment are allowed (e.g., foreign transaction fees)
  - The customer must get written disclosure of all restrictions and conditions at the time of tender.
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## DOT Proposed Rule on Denied Boarding Compensation

### **Electronic DBC Notices Allowed**

Allow airlines to provide a mandatory written denied boarding notice in an oversale situation by electronic means upon passengers' consent, in lieu of a paper copy.

DOT also includes 30+ questions seeking industry and customer input.

### **What is not changed?**

- Airlines' ability to offer a consumer who is denied boarding involuntarily a choice between flight vouchers or credits and
- The required amount denied boarding compensation.

# Questions?

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