

**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF AVIATION CONSUMER PROTECTION  
WASHINGTON, DC**

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**Small Entity Compliance Guide  
Final Rule on Refunds and Other Consumer Protections**

[Note: Pursuant to Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (“SBREFA”), Pub. L. 104-121, the Department of Transportation’s Office of Aviation Consumer Protection (OACP) is issuing this Small Entity Compliance Guide to aid regulated entities in complying with the two final rules on Refunds and Other Consumer Protections (“Refund Rule”) published on April 26 and August 12, 2024.<sup>1</sup> The material contained in this document does not constitute a regulation. To the extent this document indicates any differences from the final rule as published in the Federal Register, the final rule prevails.]

**I. Overview**

**1. What are the major provisions of the Refund Rule?**

- (1) Requires *airlines* to provide *automatic* refunds of airfare and *ticket agent* to provide, *upon request*, refunds of airfare when they are the merchant of record (name appears on, e.g., consumer’s credit card statement) if airlines cancel or make a significant change to consumers’ flights and consumers do not accept alternative transportation or travel credits offered.
- (2) Defines for the first time a “significant change” and “flight cancellation” that would entitle consumers to a refund.
  - Significant change to a flight includes:
    - Changes that result in early departure or late arrival times by more than 3 hours on a domestic flight and more than 6 hours on an international flight;
    - Changes to the departure or arrival airport;
    - Changes that increase the number of connections;
    - Changes that cause passengers to be downgraded to a lower class of service;
    - For persons with a disability:
      - Changes to the connecting airport; or
      - Changes to type of aircraft flown if less accessible or accommodating to a person with a disability.
  - Flight cancellation means a flight that was published in a carrier’s Computer Reservation System at the time of the ticket sale but was not operated by the carrier.
- (3) Requires airlines to provide automatic refunds of checked bag fees if a checked bag is not delivered within:
  - 12 hours of the passenger’s arrival for domestic flights,
  - 15 hours of the passenger’s arrival for international flights when the flight duration of the segment between the United States and a point in a foreign country is 12 hours or less, and

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<sup>1</sup> <https://www.federalregister.gov/documents/2024/04/26/2024-07177/refunds-and-other-consumer-protections>;  
<https://www.federalregister.gov/documents/2024/08/12/2024-17602/refunds-and-other-consumer-protections-2024-faa-reauthorization>.

- 30 hours of the passenger’s arrival for international flights when the flight duration of the segment between the United States and a point in a foreign country is more than 12 hours.
- (4) Requires airlines to provide refunds of ancillary service fees if airlines fail to provide the ancillary services that consumers paid for.
  - (5) Requires airlines and ticket agents to issue refunds in the original form of payment, unless consumers agree to another form of payment, within seven business days for credit card payments and within 20 calendar days for other forms of payment.
  - (6) Requires airlines to issue transferable travel credits or vouchers valid for at least 5 years to consumers 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.

## **II. To which entities do the Refund Rule’s requirements apply?**

### **2. What entities must comply with the requirement to provide prompt refunds of airfare when airlines cancel or significantly change a flight?**

U.S. airlines, foreign airlines, and ticket agents that sell scheduled “air transportation” directly to consumers as the “merchants of record” are required to issue prompt refunds when airlines cancel or make a significant change to a flight and the consumer does not accept alternative transportation or other compensation offered. “Air transportation” is a term defined in the statute (49 U.S.C. § 40102). It includes domestic itineraries in the United States, as well as international itineraries to or from the United States.

### **3. What entities must comply with the requirement to promptly refund ancillary services fees when the services paid for by consumers were not provided (including refunding baggage fees for significantly delayed bags)?**

- *U.S. and foreign airlines* that are the merchant of record for the ancillary service fees must provide a prompt and automatic refund of any ancillary service fees that is due.
- If a ticket agent is the merchant of record for a checked bag fee and the checked bag service was not provided (or was significantly delayed) through no fault of the consumer, *the carrier that operated the flight, or for multiple carrier itineraries, the carrier that operated the last segment of the consumer’s itinerary* is responsible for providing a prompt and automatic refund of the checked bag fee.
- If a ticket agent is the merchant of record for fees for all other ancillary services, *the carrier that operated the flight and failed to provide the service through no fault of the consumer* is responsible for providing a prompt and automatic refund.

### **4. What entities must comply with the requirement of providing travel credits or vouchers to consumers who are affected by a serious communicable disease?**

U.S. and foreign air carriers that are the merchants of record for the airline tickets must comply with this requirement. If a ticket agent is the merchant of record, the operating carrier of the flight must comply with this requirement.

### **5. When must airlines and ticket agents comply with these requirements?**

If a flight cancellation or significant delay (e.g., a delay of three hours or more for domestic flight and a delay of six hours or more for international flight) occurs on or after May 16, 2024, airlines are required to notify consumers of their rights to a refund and provide automatic refunds to eligible consumers, regardless of whether the ticket was purchased before May 16, 2024. (As required by Section 503 of the FAA Reauthorization Act of 2024 (Act))

For other refund-related requirements in the Department’s final rule that are not included in the Act, the compliance date is October 28, 2024. For instance, when a checked bag is significantly delayed as defined in 14 CFR 260.2 or when an ancillary service paid by a consumer is not provided on or after October 28, 2024, carriers are required to provide a refund of the baggage fee or the ancillary service fee. Similarly, consistent with the revised 14 CFR 399.80(l), ticket agents that retain a non-refundable service fee for issuing the original ticket must disclose the fee’s existence, amount, and the non-refundable nature for any tickets sold on or after October 28, 2024.

Airlines will have approximately 12 months (on or around April 28, 2025) to comply with the requirements to issue travel credits or vouchers to passengers who are affected by a serious communicable disease.

### **III. Providing Refunds of Airfare for Cancelled or Significantly Changed Flights**

#### **6. What are the new requirements regarding airline ticket refunds?**

This is the first time that the Department has required refunds be provided automatically by airlines when owed without consumers having to explicitly request them or jump through hoops. This is also the first time the Department is defining “significant change” and “cancellation” that entitle a consumer to a refund. These terms were not previously defined, which has resulted in inconsistency among carriers on when passengers are entitled to a refund.

#### **7. What is the “automatic” refunds requirement?**

Airlines must provide a refund without consumers making a specific request when a consumer’s right to a refund is undisputed. This includes situations when an airline did not offer any alternative transportation or compensation following a flight cancellation, when a consumer rejects the alternative transportation or compensation offered in lieu of a refund, or when a consumer did not respond to the offer of alternative transportation or compensation and the consumer did not take the changed flight or the alternative flight offered.

#### **8. Can airlines set a deadline for a consumer to respond to an offer of alternative transportation?**

Yes. Following a flight cancellation or a significant change, carriers may impose a deadline for consumers to respond to an offer of a changed or new flight so long as the carrier clearly and conspicuously notifies consumers that not responding to the offer by the deadline will result in the cancellation of the reservation, that consumers who reject the offer before the deadline are entitled to a refund within 7 or 20 days of the date of rejection, and that consumers who do not respond to the offer before the deadline are entitled to a refund within 7 or 20 days of the date of the deadline. Airlines must provide prompt refunds if a consumer does not respond to the offer of changed or new flight and does not take the flight.

#### **9. Can airlines offer consumers voucher, credit, or other compensation in lieu of a refund?**

The rule requires refunds to be in cash or original form of payment by default. Airlines must first inform consumers of their right to a refund before offering a voucher, credit, or other compensation in lieu of a refund.

**10. What notifications must airlines provide to affected consumers when flight cancellation or significant changes occur?**

Upon the occurrence of a flight cancellation or a significant change, airlines must timely notify affected consumers about the cancellation or significant change, consumers' rights to a refund if this is the case, any offer of alternative transportation and other options such as travel credits, vouchers, or other compensation in lieu of a refund, and any material restrictions, limitations, or conditions on travel credits, vouchers, or other compensation, including the expiration date of a credit or voucher.

**11. How soon should a consumer expect to receive a refund?**

The final rule requires that a refund must be issued "promptly" when it is due. It further specifies that a "prompt" refund is a refund issued within 7 business days for credit card payment, and within 20 calendar days for other forms of payment, such as debit card, cash, and check. "Business day" is defined as Monday through Friday excluding Federal holidays in the United States.

**12. Which entity is responsible for issuing a refund of an airline ticket if the consumer booked the ticket through a ticket agent?**

The entity that is the "merchant of record" for the ticket sale is responsible for issuing a refund of an airline ticket when due. A "merchant of record" is the entity responsible for processing payments by consumers as shown in the consumer's financial charge statements such as debit or credit card charge statements.

**13. What responsibilities, if any, do airlines have when a refund of an airline ticket is due to a consumer by a ticket agent (i.e., ticket agent is the merchant of record)?**

When a ticket agent is responsible for issuing a refund because the ticket agent (1) is the merchant of record for the ticket sale and (2) received a refund request by a consumer, the airline that canceled or significantly changed the flight must inform the ticket agent *without delay* whether the consumer is eligible for a refund if contacted by the ticket agent. If the airline is in possession of a consumer's funds, the airline must promptly transfer the funds to the ticket agent. A ticket agent must provide refunds within 7 business days or 20 calendar days of receiving a confirmation from the airlines that a refund is due, even if the funds are not yet returned to the ticket agent.

**IV. Providing Refunds of Ancillary Service Fees for Services Not Provided and Refunds of Bag Fees for Significantly Delayed Bags**

**14. What is new about refunding ancillary service fees in this final rule?**

This final rule codifies the Department's long-standing interpretation that it is an unfair and deceptive practice not to provide refunds of ancillary service fees whenever airlines fail to provide the services as promised.

It also requires automatic refunds of ancillary service fees in situations where an ancillary service is not available to all passengers who paid for the service. For example, when Wi-Fi as an ancillary service is not available to all passengers that paid for Wi-Fi on a flight, the operating carrier, already having knowledge of the

service failure, should not wait for further notification or inquiry from the passengers. If an ancillary service is not available to an individual or several individuals rather than to all passengers who paid for the service, passenger notification about the service failure is needed before a refund is required because the airline may not have knowledge about the service failure.

**15. Who is responsible for refunding an ancillary service fee that a consumer paid to a ticket agent?**

An airline that is the “merchant of record” for the ancillary service fee payment is the entity that is responsible for refunding the fee when the service is not provided.

If a ticket agent is the merchant of record, the airline that operated the flight on which the service was not provided is responsible for the refund.

**16. What does the rule require if passengers’ checked bags are delayed?**

Under this final rule, passengers who file a mishandled baggage report are entitled to an automatic refund of their checked bag fee if it is not delivered:

- Within 12 hours of the arrival of the passenger’s domestic flight;
- Within 15 hours of the arrival of the passenger’s international flight when the flight duration of the segment between the United States and a point in a foreign country is 12 hours or less; and
- Within 30 hours of the arrival of the passenger’s international flight when the flight duration of the segment between the United States and a point in a foreign country is more than 12 hours.

**17. How is the length of bag delay calculated?**

The length of bag delay starts at the time the passenger is given the opportunity to deplane from a flight at the passenger’s final destination airport (the beginning of the delay) to the time that the carrier has delivered the bag to a location agreed upon by the passenger and carrier or the time that the bag has been picked up by the passenger or another person acting on behalf of the passenger at the passenger’s final destination airport (the end of the delay).

**18. How does “automatic” refund work for refunding bag fees?**

To receive an automatic refund, a consumer must file a Mishandled Baggage Report (MBR) at any time after the checked bag does not arrive with the consumer. Once the MBR is filed, if the bag delay becomes significant (i.e., over 12 hours for domestic flight and over 15-30 hours for international flights), airlines must refund the baggage fee without further action by the consumer. If an airline responsible for the refund is not the same airline that accepted the MBR, the airline that accepted the MBR must timely notify the carrier responsible for providing a prompt refund that the bag has been lost or significantly delayed.

**19. Who is responsible for refunding baggage fee for a significantly delayed bag if a consumer paid baggage fee to a ticket agent?**

An airline that is the “merchant of record” for the baggage fee payment is the entity that is responsible for refunding bag fee.

If a ticket agent is the merchant of record, the airline that operated the flight (or the airline that operated the last flight segment if there are more than one airline operated the flight itinerary) is responsible for the refund.

**20. In what situations may airlines be exempted from refunding baggage fees even if the baggage delay is significant?**

In limited situations airlines are not required to refund baggage fees even if the baggage delay is more than 12 hours for domestic flight or 15/30 hours for international flights. These situations are: (1) a passenger failed to pick up and recheck a bag at the first international entry point into the United States as required by U.S. Customs and Border Protection; (2) a passenger failed to pick up a checked bag that arrived on time at the passenger's ticketed final destination due to the fault of the passenger if documented by the carrier; and (3) a passenger voluntarily agreed to travel without the checked bag on the same flight due to late check-in or traveling as a stand-by. In those situations, airlines are not exempted from other obligations relating to damaged, lost, or pilfered bags, or the right to incidental expenses reimbursement arising from delayed bags beyond the agreed upon delivery date.

**V. Providing Travel Credits or Vouchers to Consumers Whose Travel is Affected by a Serious Communicable Disease**

**21. Who is eligible to receive travel vouchers or credits due to a serious communicable disease under the rule?**

The rule requires airlines to issue travel vouchers or credits to consumers holding non-refundable tickets who are:

- (1) advised by a licensed treating medical professional not to travel during a public health emergency **to protect himself/herself from a serious communicable disease**, when the consumer purchased the airline ticket before a public health emergency was declared, and the consumer is scheduled to travel during the public health emergency to or from the area affected by the public health emergency;
- (2) prohibited from travel or is **required to quarantine for a substantial portion of the trip by a governmental entity** because of a serious communicable disease and the consumer purchased the airline ticket before a public health emergency for that area was declared or, if there is no declaration of a public health emergency, before the government prohibition or restriction for travel to or from that area is imposed; or
- (3) advised by a licensed treating medical professional not to travel, irrespective of a public health emergency, because the consumer has or is likely to have contracted a serious communicable disease and would pose a **direct threat to the health of others**.

**22. What is a “serious communicable disease” under the rule?**

A serious communicable disease under this rule means a communicable disease that: (1) can **cause serious health consequences** (e.g., breathing problems, organ damage, neurological difficulties, death) and (2) **can be easily transmitted by casual contact in an aircraft cabin environment** (i.e., easily spread to others in an aircraft cabin through general activities of passengers such as sitting next to someone, shaking hands, talking to someone, or touching communal surfaces).

For example, the common cold is readily transmissible in an aircraft cabin environment but does not have severe health consequences. AIDS has serious health consequences but is not readily transmissible in an aircraft cabin environment. Both the common cold and AIDS would not be considered serious communicable

diseases for purposes of this rule. SARS is readily transmissible in an aircraft cabin environment and has severe health consequences. SARS would be considered a serious communicable disease for purposes of this rule.

**23. Which airline is responsible for issuing travel credits or vouchers to eligible consumers with affected travel when the consumers purchased their tickets from a ticket agent? How long do airlines have to issue the travel credits or vouchers?**

Airlines that are the merchants of records for eligible consumers' tickets are responsible for issuing the travel credits or vouchers. If a ticket agent is the merchant of record, each operating carrier of the consumer's itinerary is responsible.

The rule does not specify an amount of time that airlines have to issue the travel credits or vouchers but the time period must be reasonable. The travel credits or vouchers provided must be valid for at least 5 years from the date of issuance.

**24. May airlines require documentation as a condition to issue travel credits or vouchers when the flight of the consumer whose travel was affected is still operating?**

Airlines may require a consumer requesting a credit or voucher for a non-refundable ticket when the flight is still scheduled to be operated without significant change to provide, as appropriate:

- (1) the applicable government order or other document relating to a serious communicable disease demonstrating how the passenger is prohibited from travel or is required to quarantine at the destination for a substantial portion of the trip; or
- (2) a written statement from a licensed treating medical professional, attesting that it is the medical professional's opinion, based on current medical knowledge concerning a serious communicable disease such as guidance issued by CDC or WHO and the passenger's health condition, that the passenger should not travel to protect the passenger from a serious communicable disease or the passenger would pose a direct threat to the health of others if the passenger traveled. This medical statement may only be required in the absence of HHS guidance declaring that requiring such documentation is not in the public interest.