UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 2nd day of July, 2026

Complaint of	
Mike Borsetti	**Docket DOT-OST-2015-0087**
v.	
American Airlines, Inc.	**Served July 2, 2026**

ORDER OF DISMISSAL

On April 17, 2015, Mr. Mike Borsetti filed a formal complaint with the U.S. Department of Transportation (Department or DOT) against American Airlines, Inc. (American), alleging that the carrier violated 49 U.S.C. § 41712 (Section 41712), the statutory prohibition against unfair and deceptive practices, by overcharging certain taxes for reward flights. Pursuant to 14 CFR 302.406(a)(2), we dismiss the complaint based on the totality of the circumstances, including American's implementation of corrective measures.

Complaint

Mr. Borsetti alleged that American overcharged certain taxes for rewards flights originating in Italy, Japan, and the United Kingdom (UK). Specifically, he argues that the Italian Embarkation Tax is 50 percent lower for children ages 2–12, compared to the adult rate. He states that American charged him the higher adult rate for a child traveling with him. Similarly, he states that the Japan Government Passenger Services Facilities Charge (J-PSFC) is 50 percent lower for children, but he was charged the adult rate for a child traveling with him. Finally, he states that the UK Air Passenger Duty (APD) is lower for children, but that upon searching for fares from the UK, American listed the taxes and fees for two adults as being the same as for one adult and one child.[1]

[1] Mr. Borsetti states that while he did travel from Italy and Japan, he did not actually book a ticket for UK travel.

Answer

In its May 22, 2015 answer, American acknowledges overcharging the Italian Embarkation Tax. American states that it believes the cause of the tax calculation issue was an AA.com computer program that did not distinguish between adult passengers and child passengers traveling on award tickets departing airports in Italy. American states that it properly calculated taxes for revenue tickets.

Next, American denies overcollecting the J-PSFC. American explains that the determination of whether the 50 percent discount applies turns on whether the child is traveling on a "child fare ticket." If not, the full rate of the J-PSFC is applicable and is to be collected by the carrier. American asserts that the issue of whether a ticket is a "child fare ticket" is left to the carrier's discretion. American states that it does not consider award travel for children to be a "child fare ticket." Therefore, American argues that it properly collected the full J-PSFC.

Finally, American acknowledges overcharging the UK-APD. American determined that a programming error affecting only frequent flyer program (AAdvantage) tickets caused the system to collect the full amount of such taxes imposed by the UK, even though passengers under the age of 12 were exempt from payment of the UK-APD if traveling in the lowest class of service on flights departing after May 1, 2015.

American states that it promptly made all relevant corrections to its computer programming. American denies benefiting from overcharging the taxes, and states that sums collected were nonetheless remitted in full to the relevant taxing authorities.

Applicable Law

The Department's full fare rule, 14 CFR 399.84(a), as it existed on the date of the alleged incident,[2] stated in relevant part that with respect to advertising or solicitations for passenger air transportation, "although charges included within the single total price listed (*e.g.*, government taxes) may be stated separately or through links or 'pop ups' on websites that display the total price, *such charges may not be false or misleading*, may not be displayed prominently, may not be presented in the same or larger size as the total price, and must provide cost information on a per passenger basis that accurately reflects the cost of the item covered by the mandatory charge" (emphasis added). Because the full fare rule was issued under the authority of Section 41712, violations of the full fare rule are considered violations of Section 41712. The Department's Office of Aviation Consumer Protection (OACP) has found that overcharging taxes is a violation of the full fare rule.[3]

[2] The language in this order reflects Section 399.84(a) as it existed at the time of the incident at issue. On April 30, 2024, the Department published a final rule modifying the full fare rule. *See* 89 FR 34620.

[3] DOT Order 2019-6-5 (June 4, 2019).

DOT Findings and Conclusions

OACP conducted an investigation and found that American incorrectly charged an adult tax rate for tickets purchased for child passengers traveling from a total of 14 jurisdictions (Antigua and Barbuda, Australia, Belize, Cayman Islands, China, Colombia, Greece, Hong Kong, Italy, Japan, Saint Kitts and Nevis, Saint Lucia, Trinidad and Tobago, and the UK). American remitted the over-collected taxes to the appropriate foreign governments. American did not attempt to retrieve the overpaid taxes from foreign governments, except in instances where individual passengers requested a refund, in which case American would submit the request on the passenger's behalf. OACP found that American has created processes in its Revenue Management Department and Revenue Accounting Department to avoid issues like this in the future, and that American has issued refunds to all passengers affected by the overcharges, in the amount of over $900,000.

After carefully reviewing the information presented in the Complaint and the Answer, we find that American violated 14 CFR 399.84 in this instance. However, as American has implemented corrective measures, and because of the significant amount of time that has passed since the incident occurred, we have determined that enforcement action is not warranted. American is warned in this instance.

ACCORDINGLY, I dismiss the complaint filed in Docket DOT-OST-2015-0087 under the authority in 14 CFR 302.406(a)(2) delegated to me by the Assistant General Counsel of DOT's Office of Aviation Consumer Protection. Pursuant to 14 CFR 302.406(b), the order becomes effective as the Department's final action 30 days after service.

BY:

LIVAUGHN CHAPMAN, JR.
Deputy Assistant General Counsel
for the Office of Aviation Consumer Protection

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