

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, DC**

**GUIDANCE ON REIMBURSEMENT OF PASSENGER EXPENSES INCURRED AS A RESULT OF
LOST, DAMAGED OR DELAYED BAGGAGE**

NOTICE

This notice is intended to give guidance to air carriers on their policies relating to the reimbursement of passengers' expenses in cases where baggage has been lost, damaged or delayed. We have learned that a number of airlines have adopted policies that purport to limit reimbursement for such expenses in a variety of ways.

These policies may be contained in contracts of carriage or, more often, in informal printed advisory handouts available from ticket counters or carrier agents. For example, we are aware of one such advisory handout that denies any reimbursement "for necessities" where the baggage is "expected" to reach the passenger within 24 hours of filing a delayed baggage report and limits reimbursement to actual expenses up to a fixed maximum amount per day after the first day. Also, some carriers may be providing reimbursement to passengers for incidental expenses incurred only after the outbound leg of a roundtrip.

The Department's baggage liability rule, 14 CFR Part 254, contains no such limitations, and it is the enforcement policy of the Office of Aviation Enforcement and Proceedings (Aviation Enforcement Office) to consider any arbitrary limits on expense reimbursement incurred in cases involving lost, damaged or delayed baggage to violate Part 254 and to constitute an unfair and deceptive practice and unfair method of competition in violation of 49 U.S.C. § 41712. Section 254.4 states that an air carrier "shall not limit its liability for *provable direct or consequential damages* [emphasis added]" relating to lost, damaged or delayed baggage to less than \$3,300 per passenger. To meet the requirements of Part 254 and the requirements implicit in 49 U.S.C. § 41712, carriers should remain willing to cover all reasonable, actual and verifiable expenses related to baggage loss, damage or delay up to the amount stated in Part 254.

Carriers should, therefore, review their contracts of carriage and any supplemental printed materials with respect to provisions for reimbursement of direct or incidental expenses related to baggage loss, damage or delay. These should not include terms

setting arbitrary limits on reimbursement, apart from those set forth in Part 254. If appropriate, carriers should promptly modify any printed documents, such as internal procedures and guidance and consumer informational materials, to conform to the Department's rules and this guidance. After 90 days from the date of issue of this notice, the Aviation Enforcement Office will pursue enforcement action in appropriate cases where unlawful reimbursement policies are not corrected. Questions regarding this notice may be addressed to the Office of Aviation Enforcement and Proceedings (C-70), U.S. Department of Transportation, 1200 New Jersey Ave., SE, Washington, D.C. 20590.

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