

US Wants \$25 Million Fine Against Air Canada

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U.S. officials are proposing a \$25 million fine against Air Canada, saying the airline failed to provide timely refunds to more than 5,000 customers who canceled their flights, or had flights canceled, during the COVID-19 pandemic.

The U.S. made the complaint to the Department of Transportation.

“Air Canada did not make such good faith efforts (to refund passengers in cash),” the formal complaint filed Tuesday reads. “Instead, for almost one year after the announcement of the May 2020 enforcement notice, Air Canada continued its no-refund policy in violation of U.S. law.”

Air Canada told CNN in a statement that it would “vigorously challenge the proceedings.”

U.S. rules require that tickets be refunded in cash when an airline cancels a flight or significantly changes the flight schedule.

Thousands of flights were canceled during the height of the pandemic in the spring of 2020 as air travel, at one point, dropped to just five percent of capacity.

Air Canada is not on an island, of course. The DOT has received almost 100,000 complaints about refunds since the start of the pandemic last year, with most saying they were asked to take credit or vouchers for future flights instead of cash refunds.

Air Canada said it has issued \$1.2 billion in refunds to customers who met the airline’s own criteria for a refund, and is processing more refunds with money from a Canadian government financial aid package.

The complaint accuses Air Canada of committing 5,110 violations of U.S. law, and asks an administrative law judge to fine the airline \$5,000 per violation, for a total of \$25,550,000. The DOT said it believes that amount is “high enough to have a deterrent effect.”

