

ACCC signals crackdown on Qantas, Virgin Australia fees

Australian Competition and Consumer Commission has flagged potential action against domestic airlines over issues such as excessive fees for changing or cancelling flights and refusing to provide refunds.

- The ACCC will also be paying close attention to airlines' decisions blame mechanical or other issues for cancelling flights when the real cause is often speculated to be due to low passenger loads.
- A regular corporate flyer has submitted "*I have learnt that Travel Agents can only advise and pass on these fees and are at the mercy of the airlines plus airlines are charging up to \$88 per phone call to amend, cancel or assist travelers who phone them direct, especially some of the larger international carriers. Travel agents tend not to levy such outrageous fees, offer better flight and fare options, even on opposing airlines and usually answer phone calls or emails within minutes and not hours. Use wisdom and not the marketing images we all seem to get!*"

ACCC chairman Rod Sims cautioned Qantas and Virgin Australia to expect pushback if "consumer issues continue", citing 1400 passenger complaints – largely concerning consumer rights.

"Some very consistent themes and bugbears for airline passengers emerged, including no refund statements, excessive fees for cancelling or changing flights, and issues relating to consumer guarantees," Sims said.

"Like any business selling to local customers, airlines must comply with consumer law. We are concerned that some airlines' policies appear inconsistent with consumers' rights under the law."

"The ACCC will engage with the airlines about the concerns raised in our report to discuss our expectations for change," he said. "Where consumer issues continue, the ACCC will likely look to take action."

Excessive cancellation fees "a major issue"

The consumer watchdog cited the case of a traveller who purchased return flights between Sydney and Los Angeles for four people at a cost of \$3,500. When the consumer cancelled the flights more than one month prior to the travel date, the airline charged \$2,000 in fees – representing almost 60% of the original fare value.

Sims said that while airlines are free to differentiate their fares based on flexibility, they should not impose cancellation fees "that are disproportionate to the original fare."

Airlines need to comply with consumer law

Another complaint saw a traveller booked on a same-day return flight from Sydney to Canberra. The flight was cancelled due to a mechanical fault, with the delay extending beyond the departure time of the return flight.

The passenger requested a refund but was denied by the airline and given a flight credit – despite the fact that, under Australian consumer law, they were entitled to a full refund on the fare.

"Airlines should remember that consumers are protected from unfair contract terms where they have little or no opportunity to negotiate with businesses," Sims said, adding that airlines "must deliver on remedies their customers are entitled to without delay or excuse."

Qantas, Virgin respond

Responding to the ACCC's report, a Qantas spokesman said "the conditions that apply to every fare we sell are clearly shown when booking and our full terms and conditions can be read at any time."

"These conditions are ultimately about serving our customers efficiently and giving them options about how much flexibility they need."

"Aviation is unique in many aspects from other industries, and our fares and conditions reflect that we cannot resell a seat after a flight has departed. We will discuss this in detail with the ACCC."

Virgin Australia said it "interested in exploring opportunities with the ACCC that may improve the application of the consumer guarantees within the airline industry. In 2018, we look forward to engaging constructively with them as this is in the best interests of our customers and the broader airline community."