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Aviation Industry Bankruptcy and Service Cessations

Introduction

The U.S. Department of Transportation (DOT) recognizes that bankruptcies in the aviation industry may leave travelers with great uncertainty and in some cases, travelers may be stranded far from home. To help aviation consumers who are affected by an airline or ticket agent bankruptcy, DOT offers the following information and some practical tips for consumers. This information relates to general circumstances involving bankruptcy in the United States. Other countries may have bankruptcy laws that apply to foreign carriers and foreign ticket agents.

What is Bankruptcy?

- When a company faces financial difficulties, it may seek protection under bankruptcy law. When a company files for bankruptcy, it does not have enough money to pay everyone it owes. At the end of bankruptcy, the company may be set free from any unpaid debts.
- More information about bankruptcies in general can be found on the [U.S. Department of Justice's website](#) and the [United States Courts' website](#).

My airline or ticket agent declared bankruptcy. How does this affect me?

- An airline or ticket agent bankruptcy does not necessarily mean that your flight has been cancelled.
 - The airline or ticket agent may attempt to stay open and continue operating by reorganizing; or
 - The airline or ticket agent may stop operations and go out of business through a process called liquidation.

- Depending on the type of bankruptcy the airline or ticket agent seeks, there are different options you may take to protect your interests.
- The aviation consumer protections required by law provided to passengers may be impacted by bankruptcies.

What if my airline is still operating flights after declaring bankruptcy?

If you still plan to travel, contact the airline or ticket agent.

- Contact the airline or ticket agent before heading to the airport and find out if your flight is still scheduled to fly and if there have been any changes in the flight or flight schedule

What if the airline cancelled my flight?

- Bankruptcy law is complicated and can affect your right to a refund. If the airline or ticket agent has filed for bankruptcy, the company may be temporarily prohibited from providing refunds and/or vouchers – for example, to conserve assets. If an airline or ticket agent that has filed for bankruptcy refuses to refund you for a flight that has been cancelled and you used a credit card to purchase your ticket, you may be entitled to a credit from your credit card company under the [Fair Credit Billing Act](#).
- If an airline or ticket agent refuses to refund you for a flight the airline cancelled and you purchased travel insurance, contact your travel insurance company to see if you are eligible for compensation under your travel insurance policy.

What if my flight is changed and I no longer want to travel?

- If you purchased a non-refundable ticket but your flight is still scheduled to operate without a “significant change,” then you are not entitled a refund.
- If your flight is still scheduled to operate but there will be a “significant

change,” you can choose not to travel and request a refund. What constitutes a “significant change” is defined by the law.

- If you purchased a fully refundable ticket, contact the airline or ticket agent to find out if it can provide a refund or other alternatives.

What if my airline or ticket agent has gone out of business or the airline has stopped flying?

Does bankruptcy mean I can't get my money back?

- Even though your airline or ticket agent has filed for bankruptcy and even if the airline has ceased flying, you may be able to obtain a refund through the credit card company you used to purchase the ticket or from your travel insurance company.
- As another option, you may consider filing a proof of claim in the bankruptcy proceeding to recover a partial refund.

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Note: If you choose to file a proof of claim in the bankruptcy proceeding, your claim will be considered along with many other creditors that the airline or ticket agent owes money to, such as banks, suppliers, and other service providers, some of which could be considered higher-priority debtors. Once the priority debts are paid, the remaining money will be paid to general unsecured creditors, such as passengers seeking refunds, and each creditor may only receive a small fraction of what was owed.

How do I get my money back working with my credit card company, debit card company, and travel insurance?

I used a credit card to purchase my ticket. What should I do if the airline or ticket agent does not provide a refund?

- If you used a credit card to purchase your ticket and are entitled to a refund, you should file a claim with your credit card company as soon as possible.
- Write to your credit card company at the address listed on your monthly statement for disputing a charge (this might not be the address where you send your payment) and include the following:
 - Your account number;
 - A photocopy of the ticket, itinerary, or receipt;
 - If the transportation was partially used, identify the used and unused segments; and
 - State that your airline is in bankruptcy and ceased all operations, you did not receive the service that you charged to your card, and you are requesting a credit pursuant to the Fair Credit Billing Act.
- Generally, the credit card issuer must receive this notice no later than 60 days after the date that you received the first monthly statement that listed the charge for the transportation, although credit card companies sometimes waive this deadline for future transportation.

I used a debit card to purchase my ticket. What should I do?

- Some debit card issuers may voluntarily provide protections for consumers who paid for a service that is not provided.
- If you purchased air transportation with a debit card, contact the issuer of your debit card to see if you are eligible for reimbursement.

I purchased travel insurance for this trip. What should I do?

- If you purchased travel insurance through the airline or another source, be sure to check with the insurance company to see if you are eligible for reimbursement.

What if I am stranded away from home because my airline has stopped flying?

- Airline bankruptcies are especially difficult for travelers who are already far from home.
- Check with other airlines that operate to your destination to see if they will accept your ticket, on a confirmed or standby basis, or will offer you a discount on a new ticket by waiving advance purchase requirements or other restrictions.
- If you purchased travel insurance, you may want to reach out to your travel insurance company before you make alternative travel arrangements
- Additional information regarding overseas travel emergencies:
 - [U.S. State Department - Crisis Response and Evacuations](#)
 - [U.S. State Department - Emergencies Abroad](#)
 - [U.S. State Department - Help Abroad](#)

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