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Title 14 —Aeronautics and Space

Chapter II —Office of the Secretary, Department of Transportation (Aviation Proceedings)

Subchapter A —Economic Regulations

Part 260 Refunds for Airline Fare and Ancillary Service Fees

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PART 260—REFUNDS FOR AIRLINE FARE AND ANCILLARY SERVICE FEES

Authority: 49 U.S.C. 40101(a), 41702, 41712, and 42305.

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§ 260.1 Purpose.

The purpose of this part is to ensure that carriers promptly refund consumers for:

- (a) Fees for ancillary services related to air travel that consumers paid for but were not provided;
- (b) Fees to transport checked bags that are lost or significantly delayed; and
- (c) Airfare including nonrefundable airfare for a flight that is cancelled or significantly changed where the consumer does not accept the significantly changed flight or rebooking on an alternative flight, or accept any voucher, credit, or other compensation offered by the carrier.

[DOT-OST-2022-0089, 89 FR 65536, Aug. 12, 2024]

§ 260.2 Definitions.

As used in this part:

Air carrier means a citizen of the United States undertaking by any means, directly or indirectly, to provide air transportation.

Ancillary service means any optional service related to air travel that a covered carrier provides for a fee, beyond passenger air transportation. Such services may include, but are not limited to, transport of checked or carry-on baggage, advance seat selection, access to in-flight entertainment programs or Wi-Fi, in-flight beverages, snacks, meals, pillows and blankets, seat upgrades, and lounge access.

Automatic refund means issuing a refund to a consumer without waiting to receive an explicit refund request, when the consumer's right to a refund is undisputed because the contracted service was not provided and either the consumer rejected the alternative offered or no alternative was offered.

Break in journey means any deliberate interruption by a passenger of a journey between a point in the United States and a point in a foreign country where there is a stopover at a foreign point scheduled to exceed 24 hours. If the stopover is 24 hours or less, whether it is a break in journey depends on various factors such as whether the segment between two foreign points and the segment between a foreign point and the United States were purchased in a single transaction and as a single ticket/itinerary, whether the segment between two foreign points is operated or marketed by a carrier that has no codeshare or interline agreement with the carrier operating or marketing the segment to or from the United States, and whether the stopover at a foreign point involves the passenger picking up checked baggage, leaving the airport, and continuing the next segment after a substantial amount of time.

Business days means Monday through Friday, excluding Federal holidays in the United States.

Cancelled flight or flight cancellation means a covered flight with a specific flight number scheduled to be operated between a specific origin-destination city pair that was published in the carrier's Computer Reservation System at the time of the ticket sale but not operated by the carrier.

Cash equivalent means a form of payment that can be used like cash, including but not limited to a check, a prepaid card, funds transferred to a consumer's bank account, funds provided through digital payment methods (e.g., PayPal, Venmo), or a gift card that is widely accepted in commerce. It is not cash equivalent if consumers bear the burden for transaction, maintenance, or usage fees related to the payment.

Checked bag means a bag, special item (e.g., musical instrument or a pet), or sports equipment (e.g., golf clubs) that was provided to a covered carrier by or on behalf of a passenger for transportation in the cargo compartment of a scheduled passenger flight. A checked bag includes a gate-checked bag and a valet bag.

Class of service means seating in the same cabin class such as First, Business, Premium Economy, or Economy class, which is defined based on seat location in the aircraft and seat characteristics such as width, seat recline angles, or pitch (including the amount of legroom).

Covered carrier means an air carrier or a foreign air carrier operating to, from, or within the United States, conducting scheduled passenger service.

Covered flight means a scheduled flight operated or marketed by a covered carrier to, from, or within the United States, including itineraries with brief and incidental stopover(s) at a foreign point without a break in journey.

Foreign air carrier means a person, not a citizen of the United States, undertaking by any means, directly or indirectly, to provide foreign air transportation.

Individual with a disability has the same meaning as defined in 14 CFR 382.3.

Merchant of record means the entity (carrier or ticket agent) responsible for processing payments by consumers for airfare or ancillary services or products (including the transport of checked bags), as shown in the consumer's financial charge statements, such as debit or credit card charge statements.

Prompt refund means refunds made within 7 business days after the earliest date the refund was requested as set forth in § 260.6(a)(2) as required by 14 CFR 374.3 for credit card purchases and within 20 calendar days after the earliest date the refund was requested as set forth in § 260.6(a)(2) for cash, check, debit card, or other forms of purchases.

Significantly delayed or changed flight means a covered flight itinerary with a delay or change made by a covered carrier where, as the result of the delay or change:

- (1) The consumer is scheduled to depart from the origination airport three hours or more for domestic itineraries and six hours or more for international itineraries earlier than the original scheduled departure time;
- (2) The consumer is scheduled to arrive at the destination airport three or more hours for domestic itineraries or six or more hours for international itineraries after the original scheduled arrival time;
- (3) The consumer is scheduled to depart from a different origination airport or arrive at a different destination airport;
- (4) The consumer is scheduled to travel on an itinerary with more connection points than that of the original itinerary;
- (5) The consumer is downgraded to a lower class of service;
- (6) The consumer who is an individual with a disability is scheduled to travel through one or more connecting airports different from the original itinerary; or
- (7) The consumer who is an individual with a disability is scheduled to travel on substitute aircraft on which one or more accessibility features needed by the customer are unavailable.

Significantly delayed checked bag means a checked bag not delivered to or picked up by the consumer or another person authorized to act on behalf of the consumer within 12 hours of the last flight segment's arrival for domestic itineraries, within 15 hours of the last flight segment's arrival for international itineraries with a non-stop flight segment between the United States and a foreign point that is 12 hours or less in duration, and within 30 hours of the last flight segment's arrival for international itineraries with a non-stop flight segment between the United States and a foreign point that is more than 12 hours in duration. The 15-hour and 30-hour standards apply to domestic segments of international itineraries.

[DOT-OST-2022-0089 and DOT-OST-2016-0208, 89 FR 32832, Apr. 26, 2024, as amended by DOT-OST-2022-0089, 89 FR 65536, Aug. 12, 2024]

§ 260.3 Applicability.

This part applies to: covered carriers that are the merchants of record; covered carriers that operate the flight or, for multiple-carrier itineraries, covered carriers that operate the last segment of a flight where a ticket agent is the merchant of record for a checked bag fee; and covered carriers that fail to provide an ancillary service (other than checked bag service) for which the consumer paid where a ticket agent is the merchant of record for an ancillary service fee other than checked bag fee.

§ 260.4 Refunding fees for ancillary services that consumers paid for but that were not provided.

- (a) A covered carrier that is the merchant of record shall provide a prompt and automatic refund to a consumer for any fees it collected from the consumer for ancillary services if the service was not provided through no fault of the consumer (e.g., prepaid ancillary service not utilized by the consumer because of flight cancellation, significant change, or oversale situation; service not provided because of aircraft substitution, equipment malfunction, etc.). If a ticket agent is the merchant of record for a checked bag fee and the checked bag service was not provided (or was significantly delayed) through no fault of the consumer, the carrier that operated the flight, or for multiple-carrier itineraries, the carrier that operated the last segment of the consumer's itinerary is responsible for providing a prompt and automatic refund of the checked bag fee, consistent with § 260.5. If a ticket agent is the merchant of record for fees for all other ancillary services, the carrier that operated the flight and failed to provide the service through no fault of the consumer is responsible for providing a prompt and automatic refund.
- (b) In situations where the ancillary service the consumer paid for (other than the service of transporting a checked bag) is not available for all the passengers who paid for that service (e.g., Wi-Fi not available for all passengers on a flight, lounge access not available for all passengers on a certain date), a carrier's obligation under paragraph (a) of this section to provide a prompt and automatic refund begins when the information about the unavailability of the service is known by the carrier that failed to provide the service, and, if applicable, relayed as provided in paragraph (d) of this section to the carrier responsible for providing a prompt refund as specified in paragraph (a) of this section.
- (c) In situations where the ancillary service the consumer paid for (other than the service of transporting a checked bag) is not available to an individual or several individuals, rather than to all the passengers who paid for that service, a carrier's obligation under paragraph (a) of this section to provide a prompt and automatic refund begins when the consumer affected by the service failure notifies the operating carrier that failed to provide the ancillary service about the unavailability of the service and that information has been confirmed and, if applicable, relayed as provided in paragraph (d) of this section to the carrier responsible for providing a prompt refund as specified in paragraph (a) of this section. Notification of the unavailability of the ancillary service by a consumer is considered a request for a refund.
- (d) In situations where a carrier is the merchant of record for a fee for an ancillary service and the carrier that operates the flight where the ancillary service was not provided are different entities, the operating carrier that failed to provide the ancillary service must timely notify the carrier that is the merchant of record about the unavailability of the ancillary service. Notification by the operating carrier as set forth in this paragraph is necessary for the obligation to provide a prompt refund of ancillary service fees in paragraphs (b) and (c) of this section to apply. The obligation set forth in this paragraph for the operating carrier to timely notify the carrier that is the merchant of record does not apply when the failure to provide service relates to transporting checked bags. Timely notification requirements pertaining to refunds for fees charged to transport checked bags are set forth in § 260.5(c).

§ 260.5 Refunding fees for significantly delayed or lost bags.

A covered carrier that is the merchant of record or, if a ticket agent is the merchant of record, the covered carrier that operated the flight or the last flight segment in a multiple-carrier itinerary, must provide a prompt refund to a consumer of any fee charged for transporting a lost bag or a significantly delayed checked bag, as defined in § 260.2 of this part and determined according to paragraph (a) of this section, subject to the conditions in paragraphs (b) and (c) of this section.

- (a) **Determining the length of delay for the bag.** For the purpose of determining whether a checked bag is significantly delayed as defined in § 260.2, the length of delay is calculated from the time the passenger is given the opportunity to deplane from a flight at the passenger's final destination airport (the beginning of the delay) to the time that the carrier has delivered the bag to a location agreed upon by the passenger and carrier (e.g., passenger's home or hotel) or the time that the bag has been picked up by the passenger or another person acting on behalf of the passenger at the passenger's final destination airport (the end of the delay).
- (b) **Notification by passenger about lost or significantly delayed bag.** A covered carrier does not have an obligation to provide a refund of the fee for a lost or significantly delayed checked bag unless a passenger files a Mishandled Baggage Report (MBR) for the lost or delayed bag with the carrier that operated the flight, or for multiple-carrier itineraries, the carrier that operated the last segment of the consumer's itinerary.
- (c) **Notification by carrier that received an MBR about lost or significantly delayed checked bag.** Except when the carrier responsible for providing a prompt refund for a baggage fee as specified in this section is the same carrier that received the MBR, a covered carrier that received the MBR must timely notify the carrier responsible for providing a prompt refund that the bag has been lost or significantly delayed when this is the case. A covered carrier's obligation to provide a prompt refund of a baggage fee for a lost bag or a significantly delayed checked bag as defined in § 260.2 is conditioned upon the carrier that received the MBR notifying the carrier responsible for providing a prompt refund that the bag has been lost or significantly delayed.
- (d) **Automatic refunds.** An automatic refund of a bag fee is due when a checked bag is significantly delayed as determined according to paragraph (a) of this section, the passenger has filed an MBR as provided in paragraph (b) of this section, and, if applicable, notification has been provided by the carrier that received the MBR as set forth in paragraph (c) of this section.
- (e) **Amount of the refund.** The amount of the refund issued to a consumer must be a value equal to or greater than the fee that the consumer paid to transport his/her checked bag.
 - (1) For carriers that adopt an escalated baggage fee scale for multiple bags checked by one passenger, the amount of baggage fee refund issued to the passenger can be determined based on the unique identifier assigned to the significantly delayed or lost bag that correlates to the baggage fee charged for that bag at the time of checking. If there is no such unique identifier assigned, carriers must refund the highest per bag fee or fees charged for the multiple bags.
 - (2) For a carrier that offers a baggage fee subscription program where consumers can pay a subscription fee that covers fees for checked bags for a specified period, the carrier must refund the lowest amount of the baggage fee the carrier charges another passenger of similar frequent flyer status and in the same class of service without the subscription when a passenger subscribing to the program has a significantly delayed or lost bag.

- (f) **Exemptions from the refund obligation.** A covered carrier is exempted from the obligation to refund the fee for a significantly delayed bag in situations where the delay resulted from:
- (1) A passenger's failure to pick up and recheck a bag at the first international entry point into the United States as required by U.S. Customs and Border Protection;
 - (2) A passenger's failure to pick up a checked bag that arrived on time at the passenger's ticketed final destination due to the fault of the passenger if documented by the carrier (e.g., passenger ended the travel before reaching the final destination on the itinerary—"hidden city" itinerary, or the passenger failed to pick up the bag before taking a flight on a separate itinerary); and
 - (3) A passenger's voluntary agreement to travel without the checked bag on the same flight as described in paragraph (g) of this section.
- (g) **Voluntary separation from bag.** A carrier may require a passenger who fails to meet the minimum check-in time requirement for a flight or is a standby passenger for a flight (i.e., a passenger who lacks a reservation on that flight and is waiting at the gate for a seat to be available on the flight) to agree to a new baggage delivery date and location in situations where the carrier is unable to place the passenger's checked bag on that flight because of the limited time available. The carrier must not require the passenger to waive the right to a refund of bag fees if the bag is lost, the right to compensation for damaged, lost, or pilfered bags, or the right to incidental expenses reimbursement arising from delayed bags beyond the agreed upon delivery date, consistent with the Department's regulation in 14 CFR part 254 and applicable international treaties.

§ 260.6 Refunding fare for flights cancelled or significantly delayed or changed by carriers.

- (a) **Carriers' obligation to provide refunds —**
- (1) **Carriers' obligation.** A covered carrier that is the merchant of record must provide a full and prompt refund of the airfare, including any taxes and ancillary fees, as set forth in paragraph (a)(2) of this section to a consumer that holds a nonrefundable ticket on a scheduled flight to, from, or within the United States for any cancelled flight or significantly delayed or changed flight where the consumer chooses not to:
 - (i) Fly on the significantly delayed or changed flight or accept rebooking on an alternative flight; or
 - (ii) Accept any voucher, credit, or other form of compensation offered by the air carrier or foreign air carrier pursuant to paragraph (c) of this section.
 - (2) **Automatic refunds.** A full refund of the airfare, including any taxes and ancillary fees, is due to a consumer as described in paragraphs (a)(2)(i) through (iii) of this section:
 - (i) A flight is canceled and a consumer is not offered an alternative flight or any voucher, credit, or other form of compensation by the air carrier or foreign air carrier pursuant to paragraph (c) of this section;
 - (ii) A consumer rejects the significantly delayed or changed flight, rebooking on an alternative flight, or any voucher, credit, or other form of compensation offered by the covered carrier pursuant to paragraph (c) of this section; or
 - (iii) A consumer does not respond to an offer of:
 - (A) A significantly delayed or changed flight or an alternative flight and the flight departs without the consumer; or

- (B) A voucher, credit, or other form of compensation by the date on which the cancelled flight was scheduled to depart or the date that the significantly delayed or changed flight departs.
- (b) **Individuals with a disability.** A carrier that is the merchant of record must provide a full and prompt refund to an individual with a disability upon notification by the individual with a disability that he/she does not want to continue travel because of the significant changes described in paragraphs (b)(1) through (3) of this section. The covered carrier must also provide a full and prompt refund to any individuals in the same reservation as the individual with a disability who do not want to continue travel without the individual with a disability in situations described in paragraphs (b)(1) through (3).
 - (1) The individual with a disability is downgraded to a lower class of service that results in one or more accessibility features needed by the individual becoming unavailable.
 - (2) The individual with a disability is scheduled to travel through one or more connecting airports that are different from the original itinerary.
 - (3) The individual with a disability is scheduled to travel on a substitute aircraft on which one or more accessibility features available on the original aircraft needed by the individual are unavailable.
- (c) **Alternative to refund.** A covered carrier may offer a voucher, credit, or other form of compensation as an explicit alternative to providing a refund required by paragraph (a) of this section if:
 - (1) The offer includes a clear and conspicuous notice of—
 - (i) The terms of the offer as specified in § 260.8; and
 - (ii) The consumer's right to a full refund under this section.
 - (2) The voucher, credit, or other form of compensation offered explicitly as an alternative to providing a refund required by paragraph (a) of this section remains valid and redeemable by the consumer for a period of at least five years from the date on which such voucher, credit, or other form of compensation is issued;
 - (3) Upon the issuance of such voucher, credit, or other form of compensation, a covered carrier notifies the recipient of the expiration date of the voucher, credit, or other form of compensation; and
 - (4) Upon request by an individual who self identifies as an individual with a disability a covered carrier provides a notification under paragraph (c)(3) of this section in an electronic format accessible to the recipient.
- (d) **Carriers' obligation to notify ticket agents.** In situations where a ticket agent is the merchant of record for the transaction, after receiving a refund request by a consumer through the ticket agent, the carrier that canceled or significantly delayed or changed the flight must inform the ticket agent without delay whether the consumer is eligible for a refund under this section (*i.e.*, whether the consumer has accepted the significantly changed flight, the alternative flight, or other compensation offered in lieu of refunds).
- (e) **Carriers' obligation to transfer funds to ticket agents.** In situations where a ticket agent is responsible for providing the refund to the consumer pursuant to 14 CFR 399.80(l) and the ticket agent does not possess the funds of the consumer, that carrier that has the funds must promptly transfer the funds to the ticket agent.

[DOT-OST-2022-0089, 89 FR 65537, Aug. 12, 2024]

§ 260.7 Affirmative acceptance of an offer of alternative compensation.

A covered carrier must not deem a consumer to have accepted an offer for travel credits, vouchers, or other compensation in lieu of a refund under § 260.6(c) unless the consumer affirmatively agrees to the alternative form of compensation.

[DOT-OST-2022-0089, 89 FR 65537, Aug. 12, 2024]

§ 260.8 Disclosing material restrictions, conditions, or limitations.

In carrying out the requirements of § 260.6(c), a covered carrier must clearly and conspicuously disclose, no later than at the time of voucher or credit offer, any material restrictions, limitations, or conditions on travel credits, vouchers, or other compensation, including but not limited to validity period, advance purchase requirement, capacity restrictions, and blackout dates, regardless of whether consumers are entitled to a refund.

[DOT-OST-2022-0089, 89 FR 65537, Aug. 12, 2024]

§ 260.9 Notification to consumers.

- (a) Upon the occurrence of a flight cancellation or a significant delay or change, a covered carrier must timely notify affected consumers about the cancellation or significant delay or change, and the information relating to any alternative to refund as provided in § 260.6(c).
- (b) Covered air carriers must ensure that their passenger notification systems notify passengers owed a refund pursuant to § 260.6(a) and (b) of their right to receive a refund. Covered carriers that provide notification subscription services to passengers must ensure notifications under this paragraph be provided through media that the carriers offer and the subscribers choose, including emails, text messages, and push notices from mobile apps.

[DOT-OST-2022-0089, 89 FR 65538, Aug. 12, 2024]

§ 260.10 Providing prompt refunds.

When a refund of a fare or a fee for an ancillary service, including a fee for lost or significantly delayed checked baggage, is due pursuant to this part, the refund must be issued promptly in the original form of payment (*i.e.*, money is returned to an individual using whatever payment method the individual used to make the original payment, such as a check, credit card, debit card, cash, or airline miles) unless the consumer agrees to receive the refunds in a different form of payment that is a cash equivalent as defined in § 260.2. Carriers may not retain a processing fee for issuing refunds that are due.

[DOT-OST-2022-0089 and DOT-OST-2016-0208, 89 FR 32832, Apr. 26, 2024. Redesignated by DOT-OST-2022-0089, 89 FR 65538, Aug. 12, 2024]

§ 260.11 Contract of Carriage provisions related to refunds.

A carrier must not include terms or conditions in its contract of carriage inconsistent with the carriers' obligations as specified by this part. Any such action will be considered an unfair and deceptive practice within the meaning of 49 U.S.C. 41712.

[DOT-OST-2022-0089 and DOT-OST-2016-0208, 89 FR 32832, Apr. 26, 2024. Redesignated by DOT-OST-2022-0089, 89 FR 65538, Aug. 12, 2024]