EU Regulation For Passenger Rights Celebrates 10th Anniversary With Over 3.5 Billion GBP In Unclaimed Compensations

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The air passenger rights regulation passed by the European Commission in 2004 guarantees up to £490[1] per passenger for delayed arrivals and cancelled flights.

Airlines have paid out compensation to just 2% of eligible passengers, says passenger rights specialist refund.me.

refund.me, which has processed cases from more than 100 countries, sees airlines becoming increasingly compliant.

Approved by the European Commission in 2004 and implemented the following year, EU Regulation EC 261/2004 is designed to curb airline abuses and cement passenger rights. The wide-reaching regulation, which applies to all flights leaving the EU (including foreign carriers) and all flights entering the EU operated by EU carriers, guarantees compensations of up to £490 (€600) for worldwide passengers for each flight delay of 3 hours or more.

After nearly a decade of citing poorly justified “extraordinary circumstances” to avoid compensation payments, airlines appear to have turned the corner on both service and post-service quality.

refund.me, an award-winning passenger rights specialist with a global network of expert lawyers, estimates passengers left more than £385 million unclaimed a year since EC 261 was implemented. In 2012, that number came down to about £355 million, and in 2013 to £240 million. Total compensations available to passengers who suffered delayed or cancelled flights within or from and to the EU over this time amount to over £3.5 billion.

“We noticed a consistent and deliberate disregard for passenger rights that could result in hundreds of euros for millions of passengers worldwide. Our hassle-free service, offered at the lowest commission rate in the sector, gets passengers more for their delays and cancellations,” adds refund.me Founder and CEO Eve Buechner. “Last year alone we processed more than 10,000 claims.”

This points to encouraging trends in an industry where consumers have long accepted that punctuality and care were more suggestions than rights.

On the one hand, awareness of passenger rights has increased, as airlines and airports must now share information with passengers more openly. Moreover, the growth of start-ups such as refund.me, which assumes the hassle and financial risks of taking on the legal Goliaths that are airlines, has further encouraged passengers to claim their right. On the back of its industry-low 15% no-win, no-fee commission, refund.me increased its claims processed twentyfold last month compared to March 2013.

Likewise, the emergence of refund.me as an intermediary between passengers and airlines has in many cases made passenger rights more attainable and transparent. Because refund.me’s sector-leading technology filters out non-eligible cases, the start-up only brings valid claims to the airline. This in turn has led many of the more than 240 airlines refund.me has dealt with to settle claims faster and out of court to avoid incurring further costs.

What is more, airlines have improved their service. refund.me believes unclaimed compensations were down to approximately £240 million last year in large part because airlines made more efforts to maintain delays within the legal limits. Some airlines now have more aircraft on standby or move to pre-emptively smooth things over with passengers by offering vouchers, miles and accommodation more willingly.

With more than £3.3 million in claims processed at a 94% success rate in 2013, refund.me has made a sizable dent in airlines’ armour that is encouraging them to provide better service rather than pay up later. Combined with increased awareness by passengers and improved cooperation and service by the airlines, the industry is making great strides toward a balance between airlines and their customers that ensures passenger rights are respected.

Despite this, a recent proposal to review EC 261/2004 made by the European Parliament could jeopardise the good progress made thus far. The proposal would significantly increase the delay

threshold that triggers compensation, currently set at 3 hours. The Parliament is considering increasing it to 5, 7 or even 12 hours and tying it to the distance travelled. This would effectively nullify the progress made in the last few years and set passenger rights back to their standards of 10 years ago.

“The airline industry has made significant progress in improving passenger rights in the last two years. Passengers are more aware of their rights and airlines have become more compliant and offer better service as a result. It would be disappointing to undo this progress. It would lead to more delays, more cancellations and more stranded passengers,” commented Ms Buechner.

While EC 261/2004 continues to be the most comprehensive passenger rights regulation in the world, the US, Israel, Turkey and India also have similar, though less extensive and lesser-known, regulations.

In the US, for example, the Department of Transportation (DOT) has established compensations of up to $1,300 for Involuntary Denied Boarding (IDB)[2] – though not for delays or cancellations. By some estimates, passengers could be collecting upwards of $330 million a year. However, most passengers opt to voluntarily forfeit their seat in exchange for perks such as vouchers, cash or loyalty points. In fact, the latest US DOT’s Air Travel Consumer Report showed that the average rate of IDB is less than 1 passenger out of every 10,000.

refund.me is currently developing an add-on to its mobile app that will instantly calculate the compensation claim for IDB on US domestic flights. This will allow affected passengers to make an informed decision of whether to accept the airline’s offer to forfeit their seat, or decline it and claim a cash compensation later.

Likewise, refund.me is developing functions in its online platform and mobile app that will allow passengers on flights in Israeli, Turkish or Indian jurisdictions to file quick, hassle-free claims against airlines.

“Our goal continues to be helping passengers worldwide,” added Ms Buechner. “Adding specific services for key travel markets such as the US, Israel, Turkey and India will hopefully have a similar effect as in the EU – to push airlines to improve their service.”

-ENDS-

Notes to Editors:
About refund.me
refund.me is an international service provider that helps passengers enforce their claims to compensation for flight delays, cancellations and missed connections quickly and easily. Thanks to its specially developed, high-precision Advanced Business Logic System (ABL) system, claims can be submitted through the website or the free mobile app. refund.me can quickly enforce claims of up to €600 according to EU Regulation 261/2004.

refund.me operates on a sector-low “no-win, no-fee” commission of 15% (plus VAT).

This start-up created in August 2012 has made it its mission to make passenger rights worldwide transparent and attainable. Under its current services, refund.me also helps bus, ship and rail passengers file and enforce their claims under the relevant EU regulations (EU 181/11, EU 1177/10, EU 1371/07). With regard to air travel, passenger rights have been enforced for thousands of customers in 101 countries and more than 240 airlines. The corporate headquarters of refund.me are located in Potsdam, Germany. Its head US offices are located in Palo Alto, California.

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