



**DISSATISFACTION GUARANTEED**

**MITIGATING THE FINANCIAL AND HUMAN COST  
OF FLIGHT DISRUPTIONS**





INTRODUCTION

1.4 billion travellers will fly in and out of Europe this year on business or for leisure.

Around 8 million of them will be affected by flights delays and cancellations, of whom 2.1 million will be entitled to compensation at a cost to airlines of €1 billion.

However this is just the tip of the iceberg. In addition to the quantifiable cost of consumer rights the human cost of flight disruptions on business travellers and their employers is considerable.

Flight disruption is about much more than pure inconvenience; stress levels rise, vital productivity is lost and a poor traveller experience undermines travel policy compliance.

Thanks to European Commission Regulation No.261/2004, since 2004 airline passengers affected by a cancellation or denied boarding have been entitled to claim compensation. In 2009, the Sturgeon case from the European Court of Justice concluded that a delay greater than three hours has the same consequences for, and places the same prejudices on the traveller as a cancellation, finally opening the door to additional consumer rights protecting air travellers against further disruptions.

Yet just 4% of eligible passengers go on to successfully claim their entitlements; an estimated €4 billion currently lies unclaimed. Furthermore, air passengers are entitled to claim compensation for disruptions suffered up to six years ago. This, combined with the annual compensation pot of €1 billion, means the overall amount of claimable compensation is vast.

In this paper we will clarify the rights of the passenger to compensation and how to claim. We will examine why so few of those affected by flights disruptions claim, and why many of those whom do claim are dissuaded from doing so.

We will explain why corporates should encourage their business travellers to claim and how everyone – traveller, corporate and TMCs - can benefit as a result.



KEY FIGURES

- > **1.4 billion passengers** fly in and out of Europe every year on **12 million planes**

> **2.1 million are entitled to compensation** for delays, cancellations and denied boarding

> **37 eligible departure & destination airports across 28 EU countries** and...

- Albania

- Bosnia-Herzegovina

- Iceland

- Macedonia

- Montenegro

- Norway

- Serbia/Kosovo

- Switzerland
- > **Compensation per passenger** ranges from €250 (flights up to 1,500km) to **€600** (flights of 3,500km+); an **average of €400 per passenger**

> **€835 million annual compensation** cost to airlines

> An estimated **€4 billion in compensation lies unclaimed**



HOW BIG IS THE PROBLEM?

8 million airline passengers a year are affected by flight delays and cancellations. Even for those who are unaffected, media coverage makes these inconveniences one of the biggest downsides to business and leisure travel.

A 2015 *Which?* Survey found that problems with delays and cancellations are top of people’s holiday gripes. This will only get worse as airport capacity is squeezed ever tighter.

Passengers face a no win situation - on one hand, the busier the airport, the more likely delays and cancellations are. On the other hand, the smaller the airport, the more likely cancellations become due to an economic trade-off made by airlines. It can be cheaper to cancel a flight and rebook the passengers onto the next scheduled departure than to fly a half-empty plane. Alternatively passengers are scattered across the next two or so flights with fewer empty seats, causing hours, if not days, of extremely frustrating delays for these affected.

According to the Civil Aviation Authority (CAA), in Q2 of 2015 passenger numbers were the highest since records began. UK terminals handled 67 million passengers during that period, with European and domestic traffic up 5.4% and 4.7% respectively, year on year.

The CAA receives 400 complaints every day from travellers “*continuing to report difficulties in claiming compensation for delays and cancelled flights*”. 20,000 new cases were opened in 2015 alone from travellers deadlocked with airlines unwilling to pay compensation. This has led the CAA to consider creating a new aviation ombudsman to deal with the rising tide of complaints, although as yet no firm decision has been taken.

The number of complaints received by the CAA is evidence that, for the consumer, enforcing your rights remains an excruciatingly painful, complex and a long process, particularly for the less legally savvy.

Strikes and industrial action are one of the primary causes of delays, as Geoff Allwright, Industry Affairs Category Expert for Airlines and Airports for the Institute of Travel & Meetings (ITM) confirms.

*“The biggest issue [for business travellers] over this last 12 months in Europe has been the effects of strikes by some major airlines causing major disruption. Some travellers have switched to more reliable carriers, and arranged meetings in countries that would not be affected by strike action. Low cost carriers could well have benefited in some markets.”*

But although the CAA receives plenty of complaints, its decisions are not legally binding on member airlines, with some still refusing to pay out. *“It can’t be right that air passengers have to go to court to get a concrete resolution to*

*their complaint,”* Iain Osborne of the CAA told the Telegraph in July 2015.

Tom Stone is Managing Director of Sirius Consulting and works with a number of multi-national corporates to streamline travel management costs and processes. He says the bleisure phenomenon – the convergence of business and leisure travel – is slowly improving awareness of air passenger rights.

*“Few have made the leap to the availability of compensation for business travel. Perhaps it doesn’t occur to business travellers because they think someone else will take care of it, or because it’s too complex. There are also different emotional reactions to business and leisure travel. Travellers tend to be more forgiving of mistakes over business travel.”*

Some corporates say they are affected so infrequently that the time spent internally tracking flight delays for reporting purposes would be better spent elsewhere and so no formal records are kept. However market data illustrates that delays and cancellations happen much more often than realised.

An easier (and less stressful) option is to refer the case to a specialist claims company like AirRefund, who then takes on the case on a ‘no win no fee’ basis. Only upon success will AirRefund retain a percentage of the compensation won.

AirRefund estimates that, of all flights disrupted, roughly two-thirds are related to delays and one-third to cancellations. The extent of denied boarding (also known as being ‘bumped’ from the plane) is not fully known because, as Chief Executive Officer Thomas Benita explains, *“we only find out if the customer tells us.”*

*“Airlines are not geared to handle these claims, and especially not in high volumes.”* says Thomas. *“The claims process varies between airlines and sometimes even within the airline itself. It’s not a joined up approach, which is why regulation has been imposed.”*

*“Compensation claims are also an ice-cold process in terms of customer relationship. It’s legal rather than customer oriented so can prove hard to understand and contradict if you are not a lawyer – not to mention very drawn out.”*

The good news for European travellers is that EU regulations are much broader and consumer orientated than those in any other region. In the US, although consumers are protected against denied boarding, carriers do not accept any responsibility for changes in flight schedules. AirRefund also covers the American market for denied boarding claims to ensure they can assist as many disrupted passengers globally as possible.



WHAT’S THE IMPACT OF FLIGHT DELAYS ON BUSINESS TRAVEL?

The impact of flight delays and cancellations can be measured in both financial and human terms. First, the numbers...

In 2013, research for the US Federal Aviation Authority carried out by the University of California, estimated that around 0.028% of national Gross Domestic Product (GDP) is lost due to the cost to businesses and individuals of delayed flights.

The UK’s 2014 GDP was estimated at over £2 trillion (£2,078.18 billion), putting the cost of flight delays to the domestic economy at £581 million per annum.

Research by the UK Airports Commission into the impact of delays has projected the benefits of airport expansion on delays, quantifying the benefit of a second runway at Gatwick on flight delays at up to £1.8 billion.

However the true impact of delays is also measured in terms of increased stress and detriment to employee well-being. With corporates ever-mindful of their Duty of Care obligations to their business travellers, this is an increasingly important issue for travel managers.

Stress

According to the Health & Safety Executive, stress affects one in five of the working population. It is now the single biggest cause of sickness in the UK; over 105 million days are lost to stress each year at a cost to UK employers of £1.24 billion.

In the US, a 2015 working paper from Harvard and Stanford Business Schools found that health problems stemming from job stress, like hypertension, cardiovascular disease, and decreased mental health, can lead to fatal conditions that wind up killing about 120,000 people each year—making work-related stressors and the maladies they cause, more deadly than diabetes, Alzheimer’s, or influenza.

In the Global Business Travel Association (GBTA)’s European Business Traveller Well-Being Study, 66% of business travellers reported their stress levels rose when dealing with air travel delays or cancellations.

*“This study highlights the importance of creating a travel policy that takes into account not just the cost of travel, but travel’s impact on employees,”* said Michiel Verhaagen, executive vice president sales EMEA of survey partner AirPlus International.

In 2015, Esther Greenglass, a psychology professor at York University in Toronto was reported as confirming that the stress of business travel can have adverse effects on employee health and well-being.

*“The constant strain of feeling rushed and under pressure can affect the whole body,”* she says, *“but headaches, mood swings and muscle tightness are only the beginning. Stress can also manifest itself cognitively, affecting focus and one’s ability to perform on the job.”*

*“People experiencing chronic stress make more mistakes and... reduce the person’s ability to cope effectively. Frequently being away from family can also lead to loneliness and strained relationships with family members”,* Professor Greenglass added.

Further, first-hand evidence comes from travel manager Alice Linley-Munro of Oil Spill Response. *“The knock on effect is tangible because if our travellers are delayed during the working week then it puts them out of commission for longer than expected. If they are delayed at a weekend we have to give them compensation leave which takes them out of the office. It also stresses travellers out because delays tend to be on the inbound journey when they’re just desperate to get home.”*

Airline reputation

REGION	2015 CANCELLATIONS	2015 DELAYS
USA	22,969	140,575
North America	25,709	164,780
Europe	8,080	98,708
Asia Pacific	18,774	201,747

Productivity

Research by Carlson Wagonlit Travel (CWT) shows that business travel related stress can put employees at increased risk of illness, result in lost productivity and even employee turnover.

CWT has developed its Travel Stress Index to quantify the financial impact of various factors including flight delays. They quote the example of a company saving £1 million a year by putting more travellers into economy class at a cost of £3 million in lost productivity as a result of traveller stress.

Their research shows that flight delays are the 4th highest ranked source of stress, after lost or delayed luggage; poor internet connection and flying economy on medium or long haul flights. Flight delays can not only cut into travellers time outside of work but lead to vital meetings being missed or preparation time lost.

The CWT Travel Stress Index calculated the overall impact of all stress factors to be 6.9 hours per trip of lost time or time unavailable to travellers to work or rest. The financial equivalent of this lost time is estimated to be \$662 per trip.

As the CWT report Stress Triggers in Business Travel says, *“Travelling smarter rather than less will be the way to find the optimal balance between the superficial costs of travel and the hidden ones.”*

Traveller experience

The traveller experience is an increasingly important factor in robust corporate travel policies. Unhappy travellers are unproductive ones, according to a 2015 study by economists at the University of Warwick.

They found that happiness led to a 12% spike in productivity, while unhappy workers proved 10% less productive. As the research team put it, *«We find that human happiness has large and positive causal effects on productivity. Positive emotions appear to invigorate human beings.»*

Environmental

There are environmental consequences too. Increased emissions as aircrafts spend time taxiing or in holding stacks; additional noise impacts on local residents when runways usage is stepped up to recover from delays.



According to [www.flightstats.com](http://www.flightstats.com), in 2015 there were 8,080 flight cancellations and 98,700 delays in Europe, with an average delay time of 21.04 minutes. The best performing carriers were KLM, Iberia and Lot Polish Airlines.

At the other end of the spectrum, in April 2015 the Daily Telegraph reported that during the five year period from 2009 to 2014, complaints to Thomas Cook Airlines increased by an incredible 4,000%, making it the CAA's most complained-about airline.

The rise was attributed in the main to the European Court's ruling in Sturgeon opening the door to passengers also being able to claim compensation for delays greater than 3 hours.

Later jurisprudence also ruled that some circumstances previously deemed 'extraordinary' (meaning the airline was exempt from paying compensation) by the airlines, such as bird-strikes or regular technical faults mostly due to long overdue maintenance or lack of it, are now deemed non-exceptional since they are part of the daily operating routine of all airlines meaning compensation is payable in these instances.

The carriers most affected have been charter airlines who have traditionally run delayed flights instead of rescheduling. By contrast Ryanair, regularly castigated in business travel circles, emerged well from the Telegraph survey against other airlines. In February 2015 the CAA reported it has received 30.2 complaints per million Ryanair passengers during 2014, compared to 42.4 for EasyJet, 66.9 for BA, and 109.5 for Virgin Atlantic.

One theory behind this is that passengers who pay very little for a no-frills flight expect disruptions of some kind and are less likely to complain. However the regulation makes it clear that it is every consumer's right to receive compensation in these circumstances regardless of the ticket cost.

It's not what you do...

Tom Stone of Sirius Consulting believes that the impact of flight delays on well-being and productivity can vary according to "what airlines do about it, how long the delay is and whether the traveller receives information in a timely manner."

This point is echoed by Alice Linley-Munro of Oil Spill Response. "One of my travellers was stranded in Bahrain overnight as his 01:00 flight was cancelled and no further information given. Although he was able to go back to our company apartment and return the next day he is now reluctant to fly with that carrier again."

"In contrast, we had someone in a similar position whose airline kept travellers up to speed with information regarding the delay and subsequent cancellation and presented him with a variety of options of what to do next, he was very happy with the service received and chalked it up to being 'one of those things'."

However, it is important to stress that assistance (accommodation, food and beverages) must be provided, free of charge, by the airlines regardless of the circumstances leading to the disruption, exceptional or otherwise. Not only do airlines sometimes fail to provide this assistance, others can mislead travellers, presenting assistance as a form of compensation when it is not. Where eligible, the financial compensation regulation still applies in addition to this mandatory assistance.

Stone also believes the impact on productivity varies according to who the person is and what they do.

"Someone who spends a lot of time on a lap top won't be as badly affected by delays because they can carry on working [as long as your battery lasts...]. But when you need to get to a meeting or event, the ramifications can be more serious. The distinction between circumstances no-one can prevent and delays caused by preventable reasons also affects the traveller's mind-set."



COMPENSATION CULTURE

In 2004 the European Commission Regulation No.261/2004 came into force, requiring airlines to compensate passengers for flight cancellations or denied boarding.

Five years later, the European Court of Justice ruled that flight delays of over three hours would also give rise to compensation. This protects passengers flying into Europe on an EU based airline, or out of Europe with any airline.

The purpose of the regulation is to protect the passenger and compensate for the inconvenience and personal stress that he/she has suffered. This is why the passenger who undertakes the flight is personally entitled to the compensation and not the employer who has paid for the ticket.

Is there a tax implication?

Any compensation secured is not subject to tax because it is paid by the airline to the passenger, and is not part of salary and therefore not treated as a bonus of any kind. However, it is the traveller's responsibility to ensure compliance with local laws.

When it comes to splitting the secured compensation with the employer, this becomes a revenue that has to be handled as any other revenue. The employee's share remains non-taxable.

Passenger entitlements - delays

Passenger compensation entitlements not only depend on the length of delay and the reason for the delay but also the flight distance. For example, the entitled sum increases as follows:

- > Up to 1,500 km > €250 euros
- > 1,500 – 3500 km > €400 euro
- > 3,500 km or more > €600 euros

In addition to the above sums of compensation, passengers are entitled to the following assistance:

- > Two free phone calls, faxes or emails
- > Free meals and refreshments (usually in the form of a voucher) appropriate for the length of delay
- > Free hotel accommodation and hotel transfers if an overnight stay is required
- > The ticket cost refunded in full if the delay lasts for five hours or more (but the flight is not cancelled) and the passenger chooses not to travel.

Cancellations

If a flight is cancelled, the carrier is legally compelled to offer a reimbursement of the full ticket cost or to re-route the passenger on the next available flight or on an agreed date, and to provide meals, refreshments or telephone calls.

A full ticket refund does not waive the airline's obligation to provide financial compensation to its passengers as defined by the EU regulation given that the prejudice (not being able to get from A to B at a given date / time) remains the same.

Where re-routing involves a next-day or later departure, the passenger is also entitled to overnight hotel accommodation. Passengers are entitled to compensation unless notified of the cancellation at least two weeks before departure, or if re-routing results in a delay at the destination airport of less than two hours.

Counting the cost...

Lost GDP	£581 million per annum
Lost time	\$662 per trip
Lost productivity	10%
Time off work	?

Denied boarding

Passengers who are denied boarding on an aircraft are also protected under the regulation providing that...

- > They have a confirmed booking
- > They check in on time or at least 45 minutes before the flight is scheduled to depart
- > They are departing from an EU airport or from a non-EU airport and flying into an EU airport on a ‘community carrier’ (an airline with its headquarters and main place of business within the EU.)

Although the regulation applies to passengers departing from an airport within the EU on any airline, the same does not apply to a non-EU based airline flying from a non-EU destination. However passengers departing from an airport outside the EU travelling to an airport within the EU are covered if the operating carrier has a valid operating license granted by an EU state.

Court ruling 2015

***“The airline must ensure the maintenance and proper functioning of all aircrafts used for commercial activities. No component of an aircraft is indestructible; these situations are inherent in the normal operations of an airline. Therefore, when a flight is cancelled due to unforeseen technical errors, the airline remains obliged to pay compensation to its passengers.”***

Downgrading & overbooking

In cases of denied boarding due to overbooking, where a carrier expects to have to deny boarding to one or more passengers, it must first call for volunteers, offering benefits in exchange. If there are insufficient volunteers, the carrier can deny boarding to passengers against their will but must pay compensation and provide assistance.

Any passenger forced to fly in a lower class than the one booked (e.g. economy instead of business) is entitled to a refund of the difference in price between the two.

Exclusions

The main get-out clause for the airlines from paying compensation is to prove the delay or cancellation was caused by ‘extraordinary circumstances’.

These are situations beyond the airline’s control and include security risk, political instability and any severe weather that would make flying dangerous. ‘Extraordinary circumstances’ can sometimes include strikes or industrial action for those flights disrupted on the day but any knock on affect lasting longer than the day in question will be eligible.

The regulation does not explicitly define ‘extraordinary circumstances’. Instead, national courts throughout Europe have applied their own definitions on a case by case basis, thereby setting precedents for other air passengers. For example, bird strikes were deemed to be extraordinary circumstances until the courts ruled that bird strikes were now so common that they were no longer extraordinary. As such, airlines must now pay compensation in these instances.

For travellers booking with one airline but flying with another (i.e. a codeshare flight), the nationality of the airline operating the flight is key. For example, a delayed flight from New York to London operated by American Airlines but booked through British Airways is not covered by the regulation even if the e-ticket shows a BA flight number. However, the same flight operated this time by BA will be covered by the regulation.

Whilst not entitled to financial compensation for flight disruptions in these extraordinary circumstances, passengers are entitled to the same, non-financial assistance of meals, refreshments, accommodation and hotel transfers, again depending on the length of their flight and delay.

Flights delayed or cancellations due to technical issues are not excluded from compensation claims, following rulings in a number of legal test cases. This potentially opens the way to many new and historical claims, with passengers able to claim retrospectively up to six years.

Claiming compensation – the options

When confronted with delays, cancellations or denied boarding, passengers have three routes through which to pursue their consumer rights.

1. To complain to the airline direct. On average, airlines receive 400 complaints a week and, take contrasting approaches to complaints and their resolution.
2. If the airline refuses to provide assistance, passengers can contact the relevant regulatory authority for the host airline. In the UK, this is the Civil Aviation Authority. But remember – the CAA does not have any legal powers to force carriers to compensate their customers.
3. Contact a specialist compensation claims service such as AirRefund. AirRefund manages the entire claims process, monitoring flight delay and cancellation data to alert corporate clients’ travellers to claim entitlements, gathering appropriate documentation, submitting claims and winning cases.

More and more passengers are taking the third option, as AirRefund’s Thomas Benita explains. *“The claims industry is the only channel through which to drive higher ratios of claims to eligible cases via greater awareness of consumer rights across all stakeholders.”*

To drive that awareness, AirRefund is a member of RightsOnBoard, a European alliance of four major players in the claims market which has been created to champion consumer rights.

*“The attitude some airlines take towards compensation would not be replicated if we were talking about passenger safety”* says Thomas. *“This is about enforcing rights. Business travellers already forfeit a lot of personal time away from their families at nights and at weekends. When delays and cancellations eat into their time even further, they deserve to be compensated as the EU regulation provides.”*

Compensation payments

FLIGHT DISTANCE	HOW LATE ARRIVING	ENTITLEMENT
Up to 1,500km (932 miles)	3+ hours	€250 per passenger
Between 1,500km (932 miles) and 3,500 km (2,175 miles)	3+ hours	€400
More than 3,500km (2,175 miles)	Between 3-4 hours	€300
More than 3,500km (2,175 miles)	More than 4 hours	€600





## WHO BENEFITS?

According to EU Regulation No.261/2004, in cases where compensation can be claimed, the claimant (and recipient) is always the air passenger rather than the employer, even if the company has paid for the flight.

However there is a sense of suspicion amongst some travel managers of their travellers' motives and the scope to use the compensation scheme as leverage.

As Alan Ryan of Sita Aerospace puts it, *"I never get to hear of what travellers do off their own back. I'm sure that some savvy travellers will take great delight in sending in letters of complaint and compensation for any delays. They are likely to be the first to complain to their line manager that the disruption has caused stress."*

Nevertheless there are tangible benefits to corporates who actively encourage their business travellers to pursue qualifying compensation claims, from improving engagement with travellers to meeting Duty of Care obligations and fulfilling their legal obligation to inform employees of their consumer rights.

### The AirRefund solution

AirRefund caters specifically for the needs of business travellers by creating a highly secure and stress-free fully digital process, whilst pursuing the maximum level of legally entitled compensation for flight delays, cancellations and denied boarding under the European Regulation.

AirRefund delivers a highly personalised and proactive service in five languages – French, English, Spanish, German and Italian – contacting eligible passengers within hours of a disruption, transforming a negative experience into a positive. The company sets the highest possible standards of customer care and user experience and has recently embedded its offering into the Concur travel management platform.

AirRefund operates strictly on a no-win, no-fee basis with two unique solutions to suit all. In the first, the traveller is the main beneficiary of any financial compensation, less AirRefund's commission. In this scenario, neither the corporate nor the TMC will directly benefit from the

compensation received but indirectly, by demonstrating a Duty of Care towards the employee.

In the second, recently launched in the UK and entirely subject to the traveller's acceptance, the compensation is shared. The traveller retains 50% of the secured compensation with the other 50% shared between AirRefund and the corporate, with AirRefund being responsible for the costs (and risks) involved in the claims process. For larger corporations, this incremental revenue could equate to tens or even hundreds of thousands of euros.

AirRefund is also the only claims company to offer partnership opportunities with a charity or NGO in order to collect donations that can enhance employees and employers' alignment with Corporate Social Responsibility objectives.

### Corporates

Many corporates believe that they, as well as their employees, should be entitled to compensation from flight delays and disruption. Although a bi-lateral relationship exists between the employee and employer, unless stated otherwise in an employment contract, the traveller is not bound to hand over all or some of the compensation won.

For that reason alone few corporates currently dedicate resources to managing the claims process in house but instead, increasingly are outsourcing to companies such as AirRefund where there is the opportunity to financially benefit.

The growing awareness of compensation entitlement amongst corporates is confirmed by Alice Linley-Munro, Global Travel Analyst at Oil Spill Response.

*"In the past week alone I have had to assist with two compensation claims by my travellers. In both cases I had to seek approval from our HR Director that the travellers could keep the entire compensation, the ad hoc ruling that came about was that if there were no additional costs to the company due to the delay (i.e. if the airline did their job properly) then the traveller could keep the money in its entirety."*

### TMCs

AirRefund can provide a seamless service to a corporate client's travelling workforce either via a TMC or OTA or through an SBT such as Concur Travel.

TMCs also have a legal obligation to keep travellers informed of their consumer rights, and can enhance their brands by providing an added-value service such as the handling of flight delay & cancellation compensation claims. The traveller experience is enhanced because of the scope to satisfy more traveller complaints, and to integrate claims data – via AirRefund – into client MI reporting.

Depending on flight volumes, TMCs also have an incremental revenue opportunity, through a revenue share model with AirRefund.

Sirius' Tom Stone sees parallels between the e-ticket fund process offered by many TMCs and the compensation claims process, *"especially if part of the money was flowing back to the corporate [as in the AirRefund model]."*

The Guild of Travel Management Companies (GTMC) is the UK's trade body for TMCs. It would encourage corporates to promote a flight disruption compensation service to business travellers. *"TMCs need to diversify to get away from reliance on transaction fees, it could be a value added service and an additional revenue stream"* said a spokesman.

### Challenges

AirRefund Chief Executive Officer Thomas Benita denies that the claims sector is extending the compensation culture evident, for example, in personal injury claims.

*"This is about making citizens more aware of their rights. They are buying the promise from an airline that they will be taken from A to B at a specific time. If they do not deliver on that promise they should be penalised by paying compensation."*

In reality, other than predictable airline resistance, there are few challenges facing corporates who want to make a compensation claims service available to their travellers. The means to resolve each one are in the employer's hands.

*"Some organisations have more generous policies than other when it comes to emergencies; allowing employees to book themselves a hotel room overnight if the flight is delayed"* says Tom Stone. *"However travellers tend to have problems with TMC 24 hour services, so they need a mechanism for urgent cases to get immediate help."*

Stone does not see any reluctance amongst travel managers to encourage complaints about preferred suppliers. *"Social media drives lots of feedback (good and bad), so greater awareness of delay-related compensation may increase feedback. The question is whether employees will inform travel managers about their claims because they fear they may be asked to hand over the compensation."*

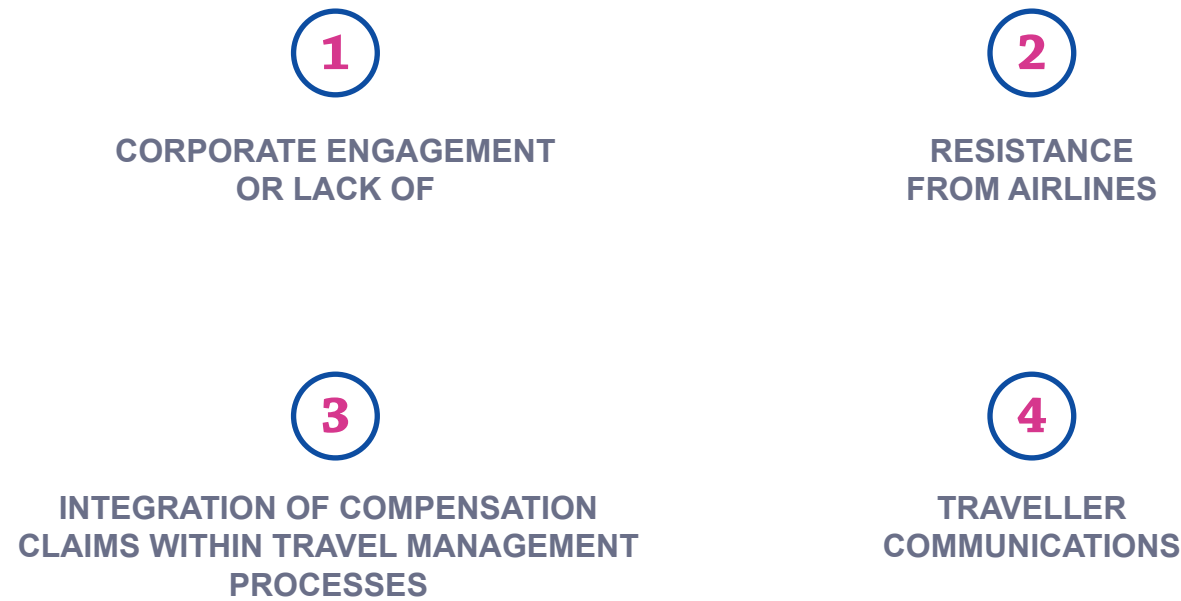
Alice Linley-Munro agrees that travel managers should be promoting this type of service within their travel programmes, *"because being proactive about promotion of it will show the travellers that the care shown to their travel goes beyond the moment they touch down at home."*

*"A lot of our people travel so frequently that they regard delays as inevitable. But if the travel manager says 'hey, you can get something back for your trouble' it would deepen our working relationship and reassure them that we're taking steps to compensate them when things go wrong."*

*"There need to be rules in place about it, but our experiences have made us aware that we need something in our travel policy to cover this. Promoting the service may take up the travel manager's time but as long as the traveller is the one doing the legwork to get the claim submitted, it's a win-win."*

CONCLUSIONS

The principal challenges to driving awareness of these consumer rights amongst business travellers are as follows :



Advice for corporates

Corporates should be doing more to meet their duty of care obligations and fulfil their legal obligation to inform employees of their consumer rights.

- > Travel policies should be converged with HR policies to embrace every aspect of the travel experience.
- > CSR should be aligned with employees' concerns to create positive outcomes from bad experiences.
- > Corporates should be more-proactive in communicating consumer rights to their employees as part of talent-retention strategies. Flight delay and cancellation compensation entitlements should be included in employee well-being policies.
- > Flight disruption information can enhance travel policies. Performance reports for airlines can give corporates a more informed choice of carriers and greater leverage with suppliers.
- > Free loyalty points do not represent compensation. The law states that disrupted passengers are entitled to financial compensation. It's also known that some airlines will offer loyalty points to a lesser value than the compensation to which the passenger is legally entitled.

Advice for travellers

As in all walks of corporate life, business travellers have to take responsibility for their actions, especially in the arena of claiming flight delay compensation.

- > Travellers must comply with their travel policies at all times
- > Travellers and employers are in a win/win situation but should follow the compensation rules and ensure that their employers do the same.
- > Travellers do not have to accept delays or cancellations. If the airline offers vouchers instead of cash, it is your choice whether to accept or not. The regulation clearly states that the airline must offer to pay compensation in cash.
- > If the airline refuses to compensate, citing extraordinary circumstances, and you don't agree (e.g. your flight is cancelled due to weather conditions, but other flights are departing from the same airport), challenge the airline.
- > Contact a specialist compensation claims service such as AirRefund.

Advice for others

Corporates and their travellers are just two stakeholder groups in the compensation claims process. Others have a role to play too.

- > Trade and Consumers associations should join the RightsOnBoard alliance to champion consumer rights at European Commission level
- > The European Commission should not forget that it is a body elected by citizens to protect their rights
- > The EC should never be in airlines' pockets - even under the (fallacious) threat of job losses in the sector

Support for driving up successful compensation claims is growing. According to Geoff Allwright, Industry Affairs Category Expert for Airlines and Airports for the Institute of Travel & Meetings, his body "will welcome a more robust process for recovering monies that are due to corporates and travellers, as a result of delays and cancellations.

As Thomas Benita points out, "If airlines did what they were supposed to in advising passengers of their legal rights, companies like AirRefund would not be needed. Airlines are already making provision to pay out compensation. For example, Ryanair already charges €2.50 from every ticket sale for a EU261 levy to cover compensation pay-outs. Passengers are therefore already being charged under this EU261 levy – but are simply not receiving their legally entitled compensation."

ACKNOWLEDGEMENTS & INFORMATION SOURCES

AirPlus  
Airports Commission  
AirRefund  
Civil Aviation Authority  
CWT - Stress Triggers in Business Travel  
CWT - Hidden Costs of Business Travel  
Fastcompany.com  
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The Guardian  
Guild of Travel Management Companies  
Health & Safety Executive  
Institute of Travel & Meetings  
The Telegraph  
Toronto Globe & Mail  
Travelmole  
University of Warwick  
US Federal Aviation Authority/University of California

About the author

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Mark Harris joined the business travel industry in 1990 and has been a Director of TIN since 2005. A former Marketing Director of Expotel and First Option, and Head of Marketing at ITM, he was voted the Business Travel Industry’s Personality of the Year in 2006. TIN’s output to date has included 40 white papers, five editions of the Meetings Industry Report and six Serviced Apartments Industry Reports. A regular moderator at industry conferences he is also one of the driving forces behind The People Awards and The Serviced Apartment Awards.

For more information visit [www.the-tin.com](http://www.the-tin.com)



Travel Intelligence Network



## Know your rights

If you are flying **from or to an airport in Europe**,  
you can be entitled to a monetary compensation in the event of:



### Delay

Your flight is delayed by more  
than 3 hours



### Cancellation

Your flight is cancelled less  
than 14 days before departure



### Denied boarding

... most probably because  
of overbooking

\*If the airline is deemed responsible, minimum compensation fares apply – European Union regulation n°261/2004

  
Delay is money

[www.airrefund.com](http://www.airrefund.com)