

PRESS RELEASE

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Air Canada must pay higher denied boarding compensation to passengers, federal regulator rules

Ottawa, May 28, 2013 – Air Canada’s current denied boarding compensation of \$100 is unreasonably low, and the airline must increase the amount of compensation it pays to passengers who are denied boarding on domestic flights, according to a ruling of the Canadian Transportation Agency (CTA) released yesterday.

According to the CTA, while overselling flights is a reasonable industry practice that benefits both the travelling public and airlines, passengers who are denied boarding must be adequately compensated, and \$100 in cash is not a reasonable compensation for the inconvenience caused by denied boarding. The CTA also recognized the importance of compensating passengers based on the length of the delay caused by being denied boarding.

The decision, which upholds a complaint by Gábor Lukács, a Halifax mathematician and passengers’ rights advocate, orders Air Canada to explain within 30 days why it should not adopt the US regime or a regime proposed by Lukacs for compensating passengers for denied boarding.

In sharp contrast to Canada, both the US and the EU have their denied boarding regimes, requiring airlines to pay substantial compensation to passengers who are delayed due to an oversold flight. In the US, the compensation is \$650/200% of the airfare for delays less than two hours, and \$1,300/400% of the airfare for delays over two hours. In the EU, the compensation ranges from 125 to 600 EUR, depending on the length of the flight and the delay caused to the passengers.

The Canadian Transportation Agency is a quasi-judicial body that is empowered to regulate the airline industry.

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