




Memorandum

Date: September 26, 2023

Subject: INFORMATION: Audit Announcement | DOT's Oversight of Consumer Protection for Airline Ticket Refunds | Project No. 23A3007A000
Office of the Secretary of Transportation

From: Nelda Z. Smith 
Assistant Inspector General for Aviation Audits

To: General Counsel

As the air travel industry began to respond and recover from the effects of the COVID-19 pandemic, it experienced an increase in flight delays and cancellations as well as consumer requests for airline ticket refunds. In the early months of the pandemic, many passengers were reluctant to travel and sought airline ticket refunds, even if their flights were operating as scheduled. Airlines had trouble processing the significant volume of refund requests in a timely manner and were initially hesitant to provide the required refunds. This resulted in the Department of Transportation (DOT) receiving substantially more complaints¹ about airlines' failure to provide ticket refunds. Specifically, DOT received 89,518 refund complaints in 2020—the highest number on record—which comprised 87 percent of total consumer complaints.² While refund complaints have dropped since this peak, they remain significantly higher than pre-pandemic levels.

DOT's Office of Aviation Consumer Protection (OACP) reviews and responds to consumer complaints. It also educates passengers about their rights regarding airline services. This office ensures airlines comply with Federal consumer protection laws and regulations, having the authority to investigate and order airlines to stop engaging in unfair and deceptive practices.³

In July 2021, President Biden issued Executive Order 14036 on Promoting Competition in the American Economy. The order required DOT to take

¹ DOT's Office of Aviation Consumer Protection (OACP) defines refund complaints as problems in obtaining refunds for unused or lost tickets, fare adjustments, or bankruptcies.

² OACP's 12 consumer complaint categories are: (1) Refunds, (2) Flight Problems, (3) Baggage, (4) Customer Service, (5) Fares, (6) Reservations/Ticketing/Boarding, (7) Disability, (8) Oversales, (9) Discrimination, (10) Advertising, (11) Animals, and (12) Other.

³ 49 U.S. Code § 41712(a).

numerous actions to promote the interests of American workers, businesses, and consumers. In response to the Executive Order, in September 2021, OACP submitted a report to the White House Competition Council on DOT's progress addressing airlines' failure to provide timely refunds for flights canceled as a result of the pandemic.

Given DOT's responsibility to enforce consumer protection laws and the rise in consumers' airline ticket refund complaints in recent years due to the COVID-19 pandemic, we are initiating this audit. Our audit objectives will be to assess DOT's (1) process for reviewing consumer complaints for airline ticket refunds and (2) efforts to hold airlines accountable for providing timely refunds to consumers.

We plan to begin the audit in the coming weeks and will contact your audit liaison to schedule an entrance conference. We will conduct our work at DOT Headquarters and reach out to other stakeholders as required. If you have any questions, please contact me or Marshall Jackson, Program Director.

cc: DOT Audit Liaison, M-1