

## **Guidelines on Overbooking by Air Carriers**

*Overbooking in air transportation is relatively common. Overbooking can be unintentional (for example through administrative or communication failure) or deliberate (to respond to the potential impact of “no-shows” and ensure a viable level of occupancy). From an economic and environmental perspective the practice of deliberate overbooking makes sense, provided that there is adequate restitution in the relatively few cases where it leads to denied boarding. However, from the ethical perspective denied boarding as a consequence of overbooking may be perceived as a breach of contract (tempered by the fact that the practice of deliberate overbooking and the possible consequences of denied boarding are generally spelled out in the conditions of carriage of the air carrier or tour operator, or in applicable legislation). Denied boarding as a consequence of deliberate overbooking may also be considered as discriminatory in that it is based on a concept designed to meet the needs of one type of traveler while impacting another.*

*The following Guidelines on Overbooking by Air Carriers have therefore been developed for the guidance of passengers, air carriers and other interested stakeholders in tourism:*

- 1. The practice of deliberate overbooking, incorporating redress in cases where overbooking leads to denied boarding, should be acknowledged, provided there is an appropriate balance amongst ethical as well as economic and environmental considerations*
- 2. Air carrier policy and practices regarding overbooking, and air carrier, tour operator and/or government provisions regarding compensation for denied boarding as a result of overbooking, should be transparent and avoid geographical or other conflict in application under different regimes*
- 3. Provisions regarding compensation for denied boarding as a result of overbooking should minimize distortion of market equilibrium*
- 4. Provisions regarding compensation for denied boarding as a result of overbooking should be based on the principle of first call for volunteers as espoused in ICAO guidelines (Doc 9587), by the European Union (Regulation (EC) No 261/2004) and by the United States (14 CFR Ch II, Part 250 – Oversales) and the qualifying conditions therein (regarding documentation, meeting check-in and security requirements, etc)*
- 5. Consideration should be given, in all practices of denied boarding, to the concepts of:*

- (a) a system of priorities for denying boarding or offloading (with due consideration to aged or infirmed passengers, to unaccompanied children, to passengers with connecting flights and similar special cases);*
- (b) a system of volunteers in the first instance for denying boarding or offloading, on a basis of negotiated compensation, incrementally progressive where necessary, aimed at eventual accommodation of all passengers through either boarding or voluntary compensation;*
- (c) involuntary denial of boarding only in extreme cases, with liquidated damages specified at a level sufficiently high as to discourage its need and right of legal redress identified as an alternative;*
- (d) public disclosure of applicable regulations and air carrier practices, particularly as regards a) through c) above, whether these be governmental or contained in individual air carrier or tour operator conditions of carriage;*
- (e) awareness by passengers, tourism service providers and National Tourism Administrations of the policies and practices of air carriers.*

*6. Tourism service providers should work closely with air carriers to minimize the impact of denied boarding on their operations and their clients.*