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New Federal Rules to Guarantee Cash Refunds for Canceled Flights

The Biden administration enforces mandatory refunds and clearer fee disclosures, benefiting travelers including those from the USVI

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A United Airlines jet at the Cyril E. King Airport on Wed. April 24, 2024. By. V.I. CONSORTIUM

The Biden administration announced new rules on Wednesday that mandate airlines to automatically provide cash refunds for canceled flights and disclose fees like checked baggage costs early in the booking process, ensuring clearer transactions for travelers, including those from the U.S. Virgin Islands.

Under these regulations, airline passengers, who are already entitled to refunds for canceled or significantly altered flights, will now face less hassle in reclaiming their money. The new rule specifies that a domestic flight change exceeding three hours, or six for international flights, qualifies as "significant," entitling passengers to a refund.

Transportation Secretary Pete Buttigieg emphasized the change, stating, "Passengers deserve to get their money back when an airline owes them—without headaches or haggling." This clarification addresses long-standing ambiguities that became especially problematic during the Covid-19 pandemic when frequent schedule revisions were common.

Additionally, the rules enhance transparency around extra fees, requiring airlines and travel sellers to disclose costs such as baggage and change fees from the outset of the booking process. This move is part of a broader initiative by President Joe Biden to eliminate surprise "junk fees" across various industries, a commitment he highlighted in last year's State of the Union address.

The trade group Airlines for America, representing major carriers, noted that while its members already exceed current consumer protection standards, the number of refund-related complaints surged during the pandemic but has since diminished.

Another provision includes entitlements for passengers who decide against traveling due to government-imposed travel restrictions or health advisories concerning serious communicable diseases, who will now receive travel credits or vouchers.

These changes by the Department of Transportation are set to take effect in six months, promising enhanced consumer protection and financial transparency for all airline passengers.