

## Air travel complaints fee proposal

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### Feedback:

While the intention behind charging air carriers a fee for handling complaints may be to encourage better service, this approach could have several harmful effects on airlines, which could ultimately backfire and negatively impact the overall industry and consumers. Here are the key concerns:

- 1. Increased Financial Burden on Airlines:** Charging airlines a fee for each complaint filed places an additional financial strain on carriers, particularly in a time when the aviation industry is still recovering from the significant challenges posed by the COVID-19 pandemic and ongoing economic volatility. Smaller airlines may find it more difficult to absorb these costs, potentially threatening their financial stability or forcing them to pass these expenses on to passengers through higher ticket prices.
- 2. Incentive to Settle Frivolous or Unjustified Complaints:** Knowing that each complaint incurs a fee, airlines may feel pressured to settle frivolous or unjustified claims simply to avoid the cost of the complaints process. This could lead to a culture where baseless complaints are rewarded, rather than resolved on their merits, undermining fairness in the system.
- 3. Reduced Resources for Customer Service Improvements:** Instead of encouraging airlines to improve service quality, the fee could divert financial resources away from proactive customer service investments. Funds that could have been allocated to improving the passenger experience—such as staffing, training, and technology upgrades—might instead be used to pay for complaints processing fees, which could lead to an overall decline in service quality.
- 4. Risk of Abuse and Manipulation:** A fee-based system could be vulnerable to abuse by individuals or groups who file excessive or duplicate complaints in order to impose costs on airlines. This could disproportionately affect carriers, particularly if there are insufficient safeguards in place to prevent exploitation of the complaints system.
- 5. Disproportionate Impact on Smaller Airlines and on foreign Airlines:** While larger airlines may be able to absorb the costs associated with complaints fees, smaller or foreign airlines with limited

margins could be disproportionately affected. This could create an uneven playing field in the industry, reducing competition and potentially leading to higher fares or fewer choices for consumers in certain markets.

6. Negative Effect on Industry Innovation and Growth: Airlines operating in highly competitive environments often work with tight profit margins. Any additional financial burden could stifle innovation and limit the ability of airlines to invest in new technologies, routes, or services. In the long term, this could negatively affect the overall competitiveness and growth of the Canadian airline industry.

7. Potential for Higher Costs Passed to Consumers: Although the fee is charged to the carrier, airlines may ultimately pass these costs on to consumers in the form of higher ticket prices or ancillary fees. This would negate any perceived benefit to passengers and could make air travel less affordable, especially for cost-sensitive travelers.

In summary, while the goal of improving accountability is important, charging airlines a fee for complaints could have several unintended consequences that would hurt not only the carriers but also the passengers and the overall industry. A more balanced approach would be to enhance direct resolution processes between airlines and passengers before resorting to costly formal complaints.