

Flight Centre called out for 'horrible' customer service and delayed refunds

The findings of our COVID travel cancellation survey don't speak well of Flight Centre's treatment of customers.



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- Flight Centre customers describe being caught between the agency and travel providers and waiting many months for refunds or vouchers
- In May 2020, the ACCC persuaded Flight Centre to refund its steep \$300 cancellation fee to hundreds of customers, but the fee remains in its Ts & Cs
- Customers were also issued with vouchers that may expire before they can use them

In our COVID-19 travel cancellation survey of 4443 Australians earlier this year, more than a few would-be travellers praised the efforts of travel agents in trying to resolve their issues.

But one of Australia's largest travel agencies, Flight Centre, was an exception. The business, which also owns the brands Aunt Betty, Travel Associates, Student Universe, Universal Traveller and Jetescape Travel (trading as Byojet Travel), was the subject of a high number of consumer complaints in our survey, though some customers did report positive experiences.

Unhappy customers ; One consumer we heard from, Barbara*, says the agency was "horrible" to deal with, and it's a view that's consistent with what we heard from many other Flight Centre customers. (*Not her real name.) "Flight Centre was lovely when we paid \$20K upfront for our holiday, yet getting our money back took more than six months, multiple phone calls, emails and complaints," Barbara says. "They would often blame the supplier for delays in refunds, but I found they were holding onto funds."

Erin tells us Flight Centre "has been dishonest and unhelpful. They told us we would need to cancel, and offered a voucher, and did not explain that by accepting a voucher we were cancelling the flights and then would not be eligible for a refund. We have to travel by November this year or lose all our money, which equates to about \$7K between the group [of travellers]."

Flight Centre customers experienced extended runarounds and received conflicting information from call centres.

Flight or fight Another disaffected Flight Centre customer tells us: "At first it was 'no refunds'. Then it was 'you'll have to pay cancellation fees'. Then it was 'you won't have to pay cancellation fees ... but you might have to'. Then it was 'this isn't my problem, you need to talk to the provider directly if you want your money back'. Flight Centre purposefully made this an extremely difficult process in order to try and force their customers into either giving up, paying fees, or taking a credit when you didn't want one."

Samantha* tells us she booked through Flight Centre but Qantas cancelled the flight. "It took more than eight months for a refund," she says. "Flight Centre blamed Qantas, Qantas blamed Flight Centre. Pathetic!" (*Not her real name.) The refund process is non-existent at Flight Centre

Liz simply says "the refund process is non-existent at Flight Centre," a point that was echoed by a number of other customers.

Holding onto funds? Several others tell us that an airline had approved a refund but that Flight Centre held on to the money and made it very hard for customers to get it back. When customers were recompensed, it was generally in the form of a credit, not a refund.

One grounded traveller vented her frustration on our CHOICE Community forum, saying Hawaiian Airlines had approved a credit-card chargeback for a June 2020 flight, "but Flight Centre Port Melbourne contested it and my AMEX credit card was recharged".

When we talked to her in June, the Community member, Sarah, told us that Flight Centre overturned the chargeback without giving her any other form of refund, such as a voucher.

"They gave me nothing," she says. "I wanted a refund. It took more than 12 months to be issued with Virgin flight credits. I will never book anything with Flight Centre ever again." (The Hawaiian flight was managed via her Virgin booking.)

A grim overall picture The travel agents that did their best to assist clients in tough situations, according to our survey-takers, emerged as bright spots in an otherwise dark picture – one made all the darker by the alleged behaviour of Flight Centre.

Fewer than one in five (17%) of the 4443 would-be travellers we heard from say they received a full refund for their cancelled travel. Many of those who got credits or vouchers say the short-term expiration dates mean they probably won't be able to use them.

Many who did get some money back reported that the cancellation fees were unreasonable, especially given that customers often had no choice but to cancel due to the government's COVID-19 travel restrictions.

An overwhelming nine in 10 survey-takers (3865 of the 4295, or 90%) who responded to the question say the law in Australia should be changed to make it easier to get a refund

Pandemic lockdown was a trying time for the entire travel industry, but our survey indicates that go-betweens like Flight Centre could have done much better by their customers.

Flight Centre cancellation fees Aside from the many customer service issues we documented in our survey, Flight Centre also has some stinging terms and conditions that caught the eye of the market regulator during the 2020 COVID lockdown.

In particular, its exorbitant \$300 cancellation fee for international flights was called out by the Australian Competition and Consumer Commission (ACCC), which received numerous complaints about the practice. Only after the ACCC threatened legal action did Flight Centre agree to refund fees in May 2020.

Only after the ACCC threatened legal action did Flight Centre agree to refund fees in May 2020. It was a move that seemed to call into question the fairness of some of Flight Centre's terms and conditions, since the ACCC's standard line is "whether consumers are entitled to a refund for travel bookings cancelled due to government restrictions will depend on the terms and conditions of their booking".

But despite Flight Centre bowing to ACCC pressure in mid-2020, when we checked its terms and conditions in July 2021 they still listed a \$300 cancellation fee for international flights, capped at \$600 per booking.

Other eyebrow-raising T&Cs It doesn't stop with cancellation fees. Flight Centre's terms and conditions have a few other features that caught our eye and sail close to the wind of being unfair contract terms. They include:

- If you book through Flight Centre but have to cancel the booking for any reason (including those outside your control, such as pandemic-related border closures) you won't get your money back until Flight Centre recoups it from the respective third-party travel provider, which may take 12 weeks or longer. But we've seen cases of refunds or vouchers not being issued for eight or even 12 months.
- If a Flight Centre-affiliated travel provider cancels your booking and offers you a refund, Flight Centre can deduct a variety of fees from the refund at their discretion before you receive what's left of it.
- Flight Centre can change its terms and conditions at any time without notice, but the terms and conditions in effect when you booked your travel will still apply. At the same time, Flight Centre doesn't make previous versions of its terms and conditions available on its website, making it hard for customers to cross-check them if they need to.
- Customers issued with Flight Centre vouchers currently have to use them by 31 December 2022, which may be too soon to travel, particularly overseas. (Flight Centre says "it will continue to review the expiration date of the term as we evaluate the impact of travel restrictions due to COVID-19". You can also request a refund for a travel credit between 31 December 2021 and 31 December 2022.)

Some Flight Centre customers waited for eight or even 12 months for a refund or credit for cancelled flights.

Bonus-driven company culture? It's possible that some of the treatment customers were subjected to stem from the workplace culture at some Flight Centre outlets.

The company is currently embroiled in a court case in which former employees allege they were paid below their award rates and could only make up the difference through bonuses based on sales.

Flight Centre made the entire process [of trying to get a refund] an exceedingly difficult and frustrating one
Flight Centre customer Gemma

More turbulence And in 2018, the ABC reported that about 200 current and former Flight Centre staff had come forward with reports of bullying, sexual harassment and low pay. Could it be that unhappy staff members don't feel inspired to help their customers?

That would align with the experience of one of our survey-takers, Gemma*.

"Flight Centre made the entire process [of trying to get a refund] an exceedingly difficult and frustrating one," Gemma says.

"When they actually responded to calls or emails, staff frequently gave inconsistent and/or incorrect information. They also used threatening, intimidating bullying tactics to try to force customers to give up the fight, and I know many did." (*Not her real name.)

Flight Centre responds: We're doing our best in tough times A Flight Centre spokesperson told us the company is doing the best it can under trying conditions that are affecting the whole travel sector, pointing out that its Australian operations "have secured more than \$1.4 billion in refunds for customers from airlines and other suppliers globally, in addition to helping tens of thousands more rearrange their travel plans. The company has now repatriated more than 20,000 Australians during the most challenging period in our, and our industry's, history".

Flight Centre has secured more than \$1.4 billion in refunds for customers from airlines and other suppliers globally, in addition to helping tens of thousands more rearrange their travel plans....Flight Centre spokesperson In response to our questions about delayed refunds and other remedies, the company says refunds must come from third-party travel suppliers before they can be returned to customers, a process that depends on each supplier's terms and conditions.

"While many customers recognised the extraordinary, constantly changing and highly confusing situation that was unfolding globally and were happy with the service that was provided to them, clearly some people were unhappy and frustrated with the options that were initially available to them," the spokesperson says.

"The company and its people understood this frustration, publicly thanked customers for their patience and worked hard to seek positive resolutions. Unfortunately, not everyone received what they wanted or felt they were entitled to given the circumstances."