



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
On the Twenty-First day of August, 2012

Royal Jordanian Airlines

**Violations of 14 CFR 399.84(a), 399.85(b),
and 49 U.S.C. § 41712**

**Docket OST 2012-0002
Served August 21, 2012**

CONSENT ORDER

This order concerns violations by Royal Jordanian Airlines of 14 CFR 399.84(a) and 399.85(b) and the statutory prohibition against unfair and deceptive practices and unfair methods of competition, 49 U.S.C. § 41712, stemming from its failure to comply with the Department's rules requiring full price advertising and baggage fee disclosure. It directs Royal Jordanian to cease and desist from future similar violations and assesses the carrier \$70,000 in civil penalties.

Applicable Law

On April 25, 2011, the Department issued a set of rules designed to enhance protections for air travel consumers that, among other things, requires airlines to comply with the Department's full-fare advertising rule as written, which requires that the price advertised include all government-imposed taxes and fees and all airline- and ticket agent-imposed fees.¹ The Department delayed the effective date of section 399.84(a) from August 23, 2011, to January 24, 2012, and then to January 26, 2012.² The effective date of section 399.85(b) remained January 24.

¹ 76 Fed. Reg. 23110 (April 25, 2011).

² 76 Fed. Reg. 45184 (July 28, 2011) and 76 Fed. Reg. 82115 (Dec. 30, 2011).

I. Full-Fare Advertising

The Department's current full-fare advertising rule, 14 CFR 399.84(a), requires that advertisements specifying airfares and tour package prices with an air component state the entire price to be paid by the consumer. This rule ensures that consumers are not deceived and are given accurate and complete fare information on which to base their travel purchase decisions. Although charges included within the single total price listed, e.g., government taxes, may be stated separately or through links or "pop ups" on websites that display the total price, such charges may not be false or misleading, may not be displayed as prominently as the total price, may not be presented in the same or larger size as the total price, and must provide cost information on a per-passenger basis that accurately reflects the cost of the item covered by the charge. Violations of section 399.84 constitute unfair and deceptive practices and unfair methods of competition in violation of section 41712.

II. Baggage Fee Disclosure

Pursuant to 14 CFR 399.85(b), a covered carrier is required to clearly and prominently disclose on the first screen in which the carrier offers a fare quotation for a specific itinerary selected by a consumer that additional fees for baggage may apply and where consumers can view the applicable baggage fees. This rule, which entered into effect on January 24, 2012, ensures that consumers are not deceived and are given accurate and complete information on which to base their travel purchase decisions. Violations of section 399.85(b) constitute unfair and deceptive practices and unfair methods of competition in violation of 49 U.S.C. § 41712.

Facts

As a foreign air carrier, Royal Jordanian is subject to the prohibition on engaging in unfair and deceptive practices and unfair methods of competition set forth in 49 U.S.C. § 41712 and to the advertising requirements of 14 CFR 399.84(a). Royal Jordanian failed to meet the requirements of section 399.84(a) by advertising fares that did not include taxes and fees on its website. For a period of time between January 26, 2012, and late February, 2012, in response to consumer searches using the main booking path on its website, Royal Jordanian displayed a fare matrix that separately listed fares for outbound and inbound legs that failed to include the amount of additional government taxes and fees. By failing to advertise the entire price to be paid by the consumer when fares were first stated, Royal Jordanian violated 14 CFR 399.84(a), as well as 49 U.S.C. § 41712.

As a foreign air carrier, Royal Jordanian is also subject to the baggage fee disclosure requirements of 14 CFR 399.85(b). For a period of time from at least April 11, 2012, Royal Jordanian's website failed to meet the requirements of section 399.85(b) by failing to disclose on the first screen in which it offers a fare quotation for a specific itinerary that additional airline fees for baggage may apply and where consumers could see those fees. By violating section 399.85(b), Royal Jordanian also violated 49 U.S.C. § 41712.

Mitigation

Once the Department advised Royal Jordanian that its website was not compliant with 14 CFR 399.84(a), Royal Jordanian states that it immediately responded to the Department, undertook steps to cure the violation and further states that it is now fully compliant with the regulation.

With respect to 14 CFR 399.85(b), Royal Jordanian claims that it did not realize that its website did not comply with this regulation as it had conflated this regulation, which relates to all baggage fees, with 14 CFR 399.85(a), which relates only to fees for the first and second pieces of checked baggage and carry-on baggage. Royal Jordanian claims that because it does not charge a fee for the first or second piece of checked baggage or for carry-on baggage, it had not been aware of any lack of compliance on its part.

Decision

The Enforcement Office has carefully considered the information provided by Royal Jordanian but continues to believe enforcement action is warranted. The Enforcement Office and Royal Jordanian have reached a settlement of this matter in order to avoid litigation. Without admitting or denying the violations described above, Royal Jordanian, consents to the issuance of this order to cease and desist from future violations of 14 CFR 399.84(a) and 399.85(b) and 49 U.S.C. § 41712 and to the assessment of \$70,000 in compromise of potential civil penalties otherwise due and payable pursuant to 49 U.S.C. § 46301.

The compromise assessment is appropriate considering the nature and extent of the violations described herein and serves the public interest. It establishes a strong deterrent to future similar unlawful practices by Royal Jordanian and other carriers.

This order is issued under the authority contained in 49 CFR Part 1.

ACCORDINGLY,

1. Based on the above information, we approve this settlement and the provisions of this order as being in the public interest;
2. We find that Royal Jordanian Airlines violated 14 CFR 399.84(a) by failing to state the entire price to be paid in airfare advertisements;
3. We find that Royal Jordanian Airlines violated 14 CFR 399.85(b) by failing to clearly and prominently disclose on the first screen in which the carrier offers a fare quotation for a specific itinerary selected by a consumer that additional airline fees for baggage may apply and where consumers could view the applicable fees;

4. We find that by engaging in the conduct described in ordering paragraphs 2 and 3, above, Royal Jordanian Airlines engaged in unfair and deceptive practices and unfair methods of competition in violation of 49 U.S.C. § 41712;
5. We order Royal Jordanian Airlines, and all other entities owned or controlled by, or under common ownership and control with Royal Jordanian Airlines, its successors, affiliates, and assignees, to cease and desist from further violations of 14 CFR 399.84(a) and 399.85(b) and 49 U.S.C. § 41712;
6. We assess Royal Jordanian Airlines \$70,000 in civil penalties in compromise of civil penalties that might otherwise be assessed for the violations found in ordering paragraphs 2, 3, and 4 above. Of this total penalty amount, \$35,000 shall be due and payable in five equal installments of \$7,000 each, with the first installment due and payable on or before September 14, 2012, the second installment due and payable on or before October 14, 2012, the third installment due and payable on or before November 14, 2012, the fourth installment due and payable on or before December 14, 2012, and the last installment due and payable on or before January 14, 2013. The remaining portion of the civil penalty amount, \$35,000 shall become due and payable immediately if Royal Jordanian Airlines violates this order's cease and desist provision within one year following the date of issuance of this order or fails to comply with this order's payment provisions; and
7. We order Royal Jordanian Airlines to pay the penalty through Pay.gov to the account of the U.S. Treasury. Payments shall be made in accordance with the instructions contained in the Attachment to this order. Failure to pay the penalty as ordered shall subject Royal Jordanian Airlines, to the assessment of interest, penalty, and collection charges under the Debt Collection Act and to further enforcement action for failing to comply with this order.

This order will become a final order of the Department 10 days after its service date unless a timely petition for review is filed or the Department takes review on its own motion.

BY:

SAMUEL PODBERESKY
Assistant General Counsel for
Aviation Enforcement and Proceedings

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