

# Rules on Fare Advertising and Displaying in Hong Kong

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# Overview

- Hong Kong Aviation Market
- Applicable law?
- Guideline by the Civil Aviation Department
- Responsible Government Bodies
- Complaints against online booking platforms



# Applicable Law

- Hong Kong does not have a piece of comprehensive legislation to regulate advertising practice
- But, *Trade Description Ordinance* deals with unfair commercial practice that omit material information or provide material information in an ‘unclear, unintelligible, ambiguous or untimely manner’.
- Criticism: the definition of “false trade description” should be extended to cover misleading indications as to the price of goods, services, accommodation and facilities.

## Guidelines by the CAD

- On 21 Sept 2018, the CAD announced a new set of price display requirements for the sale of airline's air tickets at their direct sales outlet to enhance transparency and enable consumers to make informed choices.
- Requirements have taken effect from 1 November 2019.

## Guidelines by the CAD

- Clear display of total “must pay price” at all times throughout the booking process in each quotation/ transaction
- Elements of “must pay price”: applicable airfare, passenger fuel surcharge (if levied by the relevant airline), Air Passenger Departure Tax, Passenger Security Charge and Airport Construction Fee.
- The information must be displayed at all times throughout the booking process in each quotation/transaction.

# Guidelines by the CAD

- Provide a breakdown of the final price to show all “must pay” elements of the ticket fare in each quotation/transaction
- If there are optional price supplements in addition to “must pay” ticket fare, each of them must be offered on an opt-in basis (e.g. extra baggage allowance, travel insurance)

# Guidelines by the CAD

- Support from stakeholders: Travel Industry Council and the airlines have agreed on the price display requirements
- But, the above guidelines only apply to direct sales outlet.
- Problems relate to price display/ advertisement persist in third party sales system e.g. travel websites

# Responsible Government Bodies

- The **Consumer Council** has historically received complaints against online flight booking which often relate to discrepancy of services between third party platforms and airline.
- **Travel Industry Council** In 2012 the TIC published Directive that amends the regulations governing advertisement of air tickets. Members shall ensure that all airfares advertised are true and based on adult fares.
- **Competition Commission** (established in 2015)

## Popular :

Deodorant

Moisturisers

Dehumidifiers

Milk Powder

Air purifiers

Home

## Complaints against Online Flight Booking Fast on the Rise - CHOICE# 446 (December 16, 2013)

16 December 2013



Booking airline flights online is increasingly the norm rather than the exception nowadays. But it is not without its rising share of dissatisfied consumers.

In the first 10 months of this year, the Consumer Council has received 336 cases in total of consumer complaints in relation to online purchase of air tickets - a significant 233% increase over the corresponding period last year (101 cases).

Online flights booking is no doubt fast and convenient but it does sometimes create communication problems that could easily lead to misunderstanding and disputes.

In one case, the complainant (a Mr. Sze) was attracted by the offer of low-fare tickets to Japan by a budget airline, which he intended to purchase for family travel two months later. The website information indicated that any change of travel date would be free, and cancellation was \$800 per ticket. He subsequently bought 5 tickets at a total cost of \$20,320.

# Complaints against online booking platforms



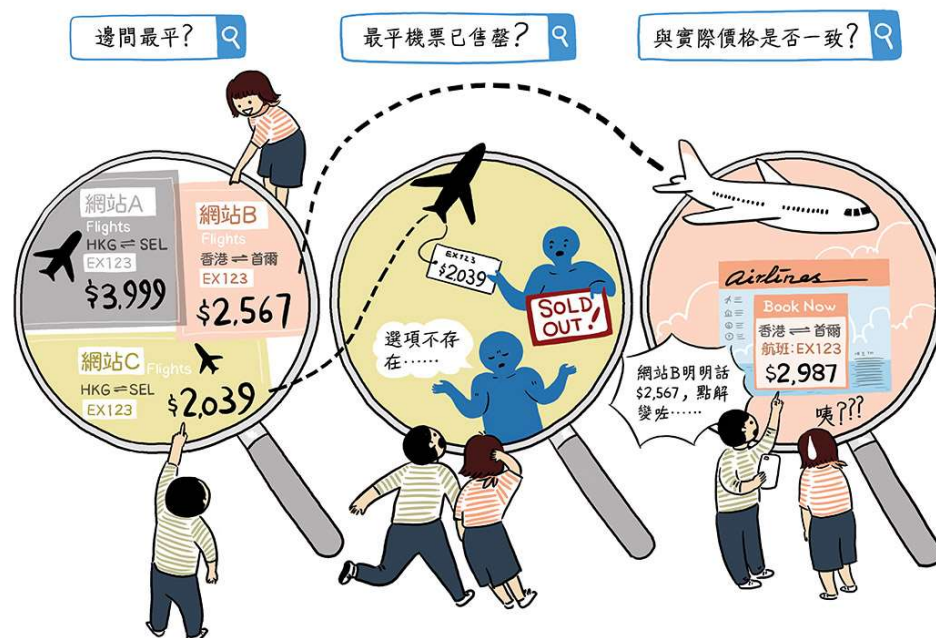
→ The Consumer Council has received complaints against online flight booking.

[https://www.consumer.org.hk/ws\\_en/news/press/470/flight-booking-sites.html](https://www.consumer.org.hk/ws_en/news/press/470/flight-booking-sites.html)

# Complaints against online booking platforms

- “Drip pricing” approach is not uncommon and could be misleading.
- For instance, on one website, top of the search results of airfares from Hong Kong to Toronto was offered at \$6,958 and the next offer was \$10,155. The top listed offer looked as if cheaper but actually taxes and surcharges totalling \$6,061 were not included. When airfare, taxes and surcharges all added up, the final fare of this top-listed offer was \$13,019. For the second one on the list, when taxes and surcharges were summed, total fare was found to be in fact cheaper at \$12,240.

# Complaints against online booking platforms



[https://www.consumer.org.hk/ws\\_en/news/press/509/flight-search-comparison-sites.html](https://www.consumer.org.hk/ws_en/news/press/509/flight-search-comparison-sites.html)

- Consumer Council revisited the issues of airfare display and advertising on comparison websites.
- These practices appear to be unregulated and often misleading, which can potentially harm consumers' effect.

# Summary

- Hong Kong lacks a regulatory body that monitors fare advertising and displaying.
- The Civil Aviation Department primarily deals with airlines not online platforms.
- The Consumer Council plays an advisory role.
- The Hong Kong Competition Commission may intervene.

Thank you!

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