

Quick Reference Guide for US Travel Agents

Agent Debit Memo (ADM) Policy of Lufthansa German Airlines



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Dear Travel Agent Partner,

In an effort to eliminate unnecessary cost and effort for you as an agent and to offer our customers the best possible service and availability, Lufthansa German Airlines carefully reviews all reservation activity, at the same time addressing avoidable GDS costs.

This document shall provide you with a transparent overview of the circumstances under which an ADM will be issued and explain the guidelines that Lufthansa applies to ensure the proper issuance of tickets, in compliance with tariffs, rules, general conditions of carriage and other instructions provided by Lufthansa, IATA and the GDS.

Infractions made and/or not corrected will result in an Agency Debit Memo (ADM), as per IATA-Reso 850m.

Please take a moment to review the booking and ticketing practices listed and explained below.

We thank you for your support and cooperation and look forward to assisting you in case of any further questions!

General Information regarding Lufthansa's ADM policy

- Lufthansa audits every booking with a LH segment and 100% of tickets validated on 220 LH ticket stock. This is in order to ensure the highest level of policy compliance and to provide equal and fair treatment to all agencies.
- ADMs are issued for ticket-, PNR- and/or booking related transactions. This includes previously made reservation transactions and ticket usage.
- If Lufthansa raises an ADM for non-compliance with fare rules, the general principle applied is to raise the fare to the next applicable fare. Any divergence from this principle and for non fare related ADMs (e.g. a fixed amount for changes to the ticket) is communicated to the agent in advance, e.g. through notes in the fare rules.
- Lufthansa provides ADMs four times a month via ARC Memo Manager.
- Lufthansa issues ADMs within 9 months after the last date of travel and makes all efforts to issue them quickly and accurately. However, in certain cases Lufthansa reserves the right to issue an ADM for up to 3 years, e.g. if a fully flexible ticket is first rebooked and then refunded at the end of the limitation period.
- For better overview Lufthansa includes only one ticket on an ADM; there are no multiple ticket ADMs.
- Lufthansa endeavors to provide as much information as possible on an ADM to ensure it is specific in its detail about the reason why a charge is made.
- A department or contact person with fax number and / or email-address will be stated on the ADM.
- Lufthansa does not issue an ADM if the total amount is less than 10 USD. Exceptions for this rule are made in certain cases, e.g. for tax corrections or unauthorized provisions. In case of persistent errors, this minimum value shall not be applicable.
- Lufthansa collects an administration fee of 25 USD for the issuance of each booking-, fare- and commission-related ADM. The administration fee for tax-related ADMs is 7 USD. This fee is to cover the cost of the audit process and will be issued as part of the memo.

ADM types issued by Lufthansa and tips & helpful hints how to avoid them:

ADMs are used by Lufthansa to adjust the amount collected on agency transactions, on Lufthansa travel documents, to the correct amount of said transaction. An ADM may also be used to collect amounts where a traffic document has not been issued, if agreed with the agent, e.g. for deposits for group sales.

Types of ADMs issued by Lufthansa include, but are not limited to:

- **Fare violations**

- Incorrect fare application and combinability (e.g. routing or sales restrictions)
- Incorrect fare value (under collection)
- Minimum / maximum stay, advanced purchase rules
- Seasonality, flight applications
- Codeshare flights not allowed
- Stopovers, transfers and surcharges
- Incorrect RBD (booking class), on LH and on other Airlines
- Incorrect Fare Basis
- Open or waitlisted sectors (where reservation is required)

A fare and tariff is only guaranteed when the fare was auto-priced by the system and the ticket was issued with ticket number, based on confirmed flights and ticket reported in ARC.

Autopriced and stored but not (yet) ticketed fares are subject to any price change. The ticketed fare remains guaranteed up to a voluntary first flight and/or itinerary change. Any change needs observation of the corresponding fare rule, which also applies to taxes which need to be reassessed in case of reissue/rerouting before departure.

Important: Please note that entering a ticket designator and / or tour code does **not** inhibit the autopricing function! This is a – very common – misperception. The autopricing does work and the fare is automatically stored. What really happens is that a little “flag” is set in the ticket, indicating that the ticket has been “manually manipulated”. With this indicator, the GDS fare guarantee will not be honored by the GDS. However, as long as the fare and other amounts are calculated correctly no ADM will be issued!



- **Commission violations**

- Incorrect application
- Over-collection of commission (standard & supplementary)
- Discounts (e.g. seamen fares)

- **Service Fees, Surcharges and Taxes**

- Incorrect collection of taxes and surcharges
- Missing taxes/surcharges
- Wrongly altered taxes/surcharges
- Already used taxes refunded by mistake

- **Refund violations**

- Incorrect calculation of refund amount, taxes and fuel
- Incorrect application of cancellation penalty (e.g. in case of no-show)
- Incorrect calculation of refunds commission amount
- Incorrect form of payment on refunds (versus sale)

- **Exchange violations**

- Missing rebooking fee (calculated per transaction)
- Missing fee in case of name change/correction

Important: Please make sure that non-refundable amounts in the ticket are **not** used toward payment of tax increase or any other penalty, as any form of “netting” will result in an ADM over the non-refundable amount plus the administrative fee.

- **Uncollected change fees**

By changing a flight in a passenger booking record, the corresponding e-ticket shall be fare and flight adjusted **within** that change transaction. That guarantees an effective customer service with smooth check-in before flight departure and at the same time prevents the flight bookings from being cancelled due to ticketing deadline control.

Important: A flight change transaction performed **without** e-ticket adaptation for e.g. fare adjustment and/or change fee collection including ticket reissue or revalidation will become subject to ADM. Please note that based on the applying fare rule(s) a change fee may need to be collected for **each** change – even if the ticket is not reissued every time! In case of non-observance an ADM will be raised to collect the applicable change fees as per the fare rules.

- **Mishandling of Schedule changes**

While there is no specific ADM category for mishandling of schedule changes, incorrect ticket exchanges due to schedule changes are a significant reason for issuance of ADMs. Depending on which airline had the schedule change making a rebooking necessary, different procedures apply. To avoid unnecessary ADMs in those cases, below please find a short description of the possible scenarios and correct procedures. In case the **LH flight** had a schedule change, travel agents can offer the customer an alternative without prior approval, or waiver, from Lufthansa. “INVOL” rebooking without collection of change fee must be made within 14 days of the schedule change. This is to ensure that all customers are treated equally and allows for improved availability in case of long-term timetable changes. Lufthansa recommends that you communicate details of this deadline to your customers immediately after you receive the schedule change. Lufthansa has activated automatic revalidation after schedule changes on Lufthansa Tickets for all current Lufthansa code-share partner airlines.

Important: In some cases, the automatic revalidation will save you having to do a reissue and therefore constitutes a significant simplification of the process. In other cases, however, for example if a routing change has taken place, a manual exchange by the travel agency or by Lufthansa is still required.

In case **another airline** had a schedule change, a **waiver is required** for the rebooking you are not sure if the new rules apply, please contact your Lufthansa Service Team.

- **Missing waiver codes**

Lufthansa will **not** issue an ADM because a waiver code is missing on a ticket. However it is extremely important that you give your LH service team the correct ticket number after receiving a waiver.

Important: If the ticket number is not in the audit waiver system the ticket is automatically treated as if no waiver was given and the applicable fare rules will be applied. Please make sure that all information is correctly and completely provided to Lufthansa in order to avoid unnecessary ADMs.



- **Other violations such as but not limited to:**

- Invalid / no ticketing agreement
- Use of fake / manual ticket numbers
- Invalid or incomplete ticket designator data
- Non compliance with group agreements
- Charge backs and unreported tickets
- Transactions that were not reported by the agent on time through ARC

Overview dispute procedure:

- An agent can dispute an ADM issued by Lufthansa via ARC Memo Manager, within 30 days after issuance in accordance with IATA Reso 850m.
- Lufthansa will handle rejected or disputed ADMs in a timely manner. The dispute will be reviewed within 45 days of receiving it. The status will always be reflected in ARC Memo Manager.
- If Lufthansa rejects the dispute, an explanation for the rejection will be sent to the agent via ARC Memo Manager.


Agent Credit Memos (ACMs):

The above also applies for ACMs (Agency Credit Memos) with the exception that there is no general ACM-fee applied.

The time limit to dispute an ACM in ARC Memo Manager is 7 days for ACMs while it is 30 days for ADMs.

Additional tips and helpful hints how to avoid automatic cancellation of PNRs:

Lufthansa has automated processes in place to cancel certain types of bookings that have not materialized and are not handled in a proper manner. This is to ensure the best possible seat availability for our valued customers. Below please find a list of tips and helpful hints what you can do to “clean up” your bookings and avoid automatic cancellations:



DO'S & DON'TS

<ul style="list-style-type: none">✓ Remove any excess segment/booking, especially those that will not be used in case of waitlist confirmation.✓ Fare information can also be obtained very simply with passive segments (for Lufthansa these are so-called 'non-billable action codes'). The result for you is the same as in a PNR with active segments: Transfer time-dependent taxes are correctly calculated, travel schedules can be produced – until 'Best Buy' everything works just as in the previous active test bookings.✓ When making a name change, observe the ticketing rules!✓ Observe ticketing time limits (TTL).✓ Delete “inactive” segments with following status codes: HX (holding cancelled) UC (unable/flight closed) UN (unable/flight cancelled) NO (no action taken)	<ul style="list-style-type: none">✗ Do not create duplicate bookings for the same passenger.✗ Do not make reservations with fictitious names, or enter false ticket numbers.✗ Do not make fake bookings to obtain fare information!✗ Do not make any invalid name changes.✗ Do not block space by making many individual bookings instead of the established group procedure.✗ Avoid excessive and repeated booking and cancelling of segments, also referred to as “churning”.
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Additional information regarding Married Segment Violations

Lufthansa booking class inventory varies according to specific Origin-Destination cities requested. The Lufthansa booking policy requires connecting flight segments to be booked from a single availability display from point of Origin to point of Destination. Flight segments sold together are designated as “married segments” and must not be separated. Rebooking or cancellation of any one of the married segments must, at the same time, be applied to the connecting flight segment.

Married segment logic provides Lufthansa the capability to control changes made to the initial sale. Should a partial cancellation be required, Lufthansa may allow the cancellation depending on availability.

Lufthansa married segment procedure:

1. Book according to passengers travel pattern, i.e. Origin & Destination (O&D) from the current availability display, multi segment O&D's will be married automatically
2. When rebooking, cancel the entire O&D and
3. Rebook all newly selected flight segments of a married O&D in one entry

Lufthansa strictly forbids the practice to “un-marry / divorce” flight segments to circumvent the Married Segment Control Logic. The applicable compensation fees for proven manipulations of reservations (as of August 2011) are listed below and are related to broken/cancelled segments (in EUR or equivalent in local currency):

- Economy Class (short-haul or continental flights)
EUR 150 per passenger **and** per broken segment of the O & D
- Economy Class (Intercontinental flight)
EUR 250 per passenger **and** per broken segment of the O & D
- Business Class (short-haul or continental flights)
EUR 250 per passenger **and** per broken segment of the O & D
- Business Class / First Class (Intercontinental flight)
EUR 400 per passenger **and** per broken segment of the O & D

Lufthansa reserves the right to implement additional checks, as well as to change the fee amount for these and other compensation fee situations.

IATA resolutions supporting the Lufthansa policies stated in this document:

Please note that all defined terms in the following IATA Resolutions shall have the meaning as mentioned/defined in the respective IATA Resolution.

In reference to the **IATA Resolution 824, §3.1** the agent is authorized to sell air passenger transportation on the services of the carrier and on the service of other carriers as authorized by the carrier. The sale of air passenger transportation means all activities necessary to provide the passenger with a valid contract of carriage etc.

IATA Resolution 824, §3, 3.2: All services sold pursuant to this agreement shall be sold on behalf of the carrier and in compliance with carrier's tariffs, conditions of carriage and the written instruction of the carrier as provided to the agent. The agent shall not vary or modify the terms and conditions set forth in any Traffic Document used for services provided by the carrier, and the agent shall complete these documents in the manner prescribed by the carrier.

IATA Resolution 852: Selection of validation carrier, for the issuance of documents on behalf of the carrier and in compliance with the carrier's validation principle; the agent shall comply with the instructions issued by the ARC and the ticketing carrier in relation to the issuance and reporting of electronic tickets.

IATA Resolution 890, §1- 4: The agents shall comply with the resolution and instructions issued by the ARC Manual and the ticketing carrier in relation to acceptance of cards.

IATA Resolution 049x, Fare Changes, resolved that,

- 1) Transportation shall be subject to the fares and charges in effect on the date, on which full payment is made, for travel on the specific dates and journey shown on the ticket.
- 2) Provided no voluntary change is made to the originating flight, no increase in fare effected through a change in fare level, a change in conditions governing the fare, or cancellation of the fare itself, shall apply.
- 3) In the event of a voluntary change to the originating flight, the fares and charges for the passenger's journey shall be recalculated in accordance with the fares and charges in effect on the date on which the change is made and is reflected on the ticket.
- 4) In the event payment is made prior to confirmation of reservations for the originating flight, the fares and charges for the passenger's journey shall be recalculated in accordance with the fares and charges in effect on the date on which the confirmation is made.

IATA Resolution 830a, §1: Practices such as listed herein, in other applicable Resolutions, or in carriers written instructions, but not limited thereto, violate the governing conditions referred to above. They can result in action being taken, e.g. charging the agent with the difference between the fare applied and the fare applicable to the service in accordance with Member's tariff.

IATA Resolution 838: change of traffic documents by agents is only allowed when authorization of the airline has been given.

Role of the travel agent – how to prevent ADMs and keep the related efforts to a minimum

With this document, Lufthansa has provided a comprehensive and transparent overview of the reason for and cases in which ADMs will be issued. Detailed and up-to-date information is made available via [eXperts](#), [Star Partners](#), and the [travel agent portal](#). Also travel agents are welcome to contact their Lufthansa contact person in case of doubt!

Lufthansa counts on you as a valued travel agent partner to:

- train agency staff in correct ticketing procedures to avoid ADMs and also educate them about ADM-related processes
- ensure that when an ADM is disputed, the response is specific in detail and the relevant supporting information including contact details are provided
- to raise all disputes within the ARC dispute period (according to Resolution 850m)
- not to dispute an ADM where the ADM reason is valid and evidence to the contrary is not available
- notify Lufthansa of any ADM that is in question with a GDS. Lufthansa will suspend collection efforts for up to 90 calendar days - after this period, the Agent must pay the ADM and seek reimbursement from the GDS
- pay their ADMs on time (payments are due within 30 calendar days of ADM issuance, unless in dispute; disputes are due within 60 calendar days from the ADM issue date):
 - after 45 calendar days, Lufthansa will begin contacting the Agent to collect any unpaid, undisputed ADMs
 - after 90 calendar days, any undisputed, unpaid ADMs will be deducted from applicable incentive payments
 - after 180 calendar days, if Lufthansa has not received compensation for an ADM, it may be sent to an outside collection agency

Lufthansa reserves the right to inhibit an Agency's ability to view, book and ticket Lufthansa inventory and/or terminate the Agency Compensation Agreement, due to frequent violations of the booking & ticketing policy and/or failure to pay any outstanding fee(s).

We thank you for taking the time to review this document and your continued support of Lufthansa!