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ADM POLICY

L.A.M – Linhas Aéreas de Moçambique

Update: July2016

In accordance of the IATA Resolution 850m (Passenger Agency Conference Resolution Manual)

L.A.M – Linhas Aéreas de Moçambique, takes the opportunity to specify to our key partners in business the Recovery Policy concerning the Reservation and Fare Audit process and the related procedures of sending and settling ADM's (Agency Debit Memo), through a formal policy document to make its policy transparent.

You may already be well aware of the practices and fully compliant to the requirements but we wish to reiterate the points through a formal policy document. We seek your support and cooperation to implement our policy.

The ADM policy can be updated at any time that the airline consider necessary with prior notice. All resolutions agreed by the Passengers Agency Conference will be applied.

1. Scope

This policy is applicable to LAM staff and Agents selling TM inventory.

2. Distribution

- LAM website: www.lam.co.mz
- BSP Link
- AVITUM



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3. ADM INTRODUCTION/ LEGAL POSITION

ADM are a legitimate accounting tool for use by a BSP Airline to collect amounts or make adjustments to Agent transactions in respect of the issuance and use of Traffic Documents issued by or at the request of the Agent.

LAM will raise ADM on a Billing and Settlement Plan (BSP)/Airline Reporting Corporation (ARC) stock holder or non BSP/ARC non stock holder participating agents on incorrect ticketing/reporting and other prohibited practices for bookings which are not made in compliance with LAM booking and ticketing practices, resulting in revenue leakage and loss of revenue opportunity. Where applicable, LAM has used specific references from the relevant International Air Transport Association (IATA) resolutions.

Travel agents obligations are described in IATA resolution 824, in which is stated that the agents should issue tickets in compliance with Carrier's fares, fare rules, general conditions of carriage and written instructions of the carrier to the agent (e.g. memo, circular, manual, etc.). Airlines have the right to audit and send ADMs for all transactions that are not made in compliance with required booking and ticketing practices. LAM reserves the right to revise the amount and amend the ADMs issuance process. Unless the agent produces credible evidence, the agent owes the Airlines the amount shown on the ADM.

In cases where an IATA / ARC Agents chooses to have commercial relationship with non IATA / non ARC agents, this commercial relationship is fully the responsibility of the IATA / ARC Ticketing agent. The Ticketing agent is liable for malpractices involved and ADMs will be raised to the ticketing agent accordingly, regardless of their location. This includes:

- IATA / ARC Ticketing agents who issue tickets on behalf of a non IATA / non ARC where the booking has been made by the non IATA / non ARC agent.



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4. ADM POLICY - KEY POINTS

In compliance with IATA resolution 850M:

- ADM will be raised on TM traffic documents (068), issued by, or at the request of the agent, regardless of which airlines are included in the itinerary of the TM traffic document.
- TM mandates 100% e-ticketing issuance. Where a paper ticket is issued, TM may impose a charge that will be collected by ADM.
- To cover the cost of the audit process, TM charges an administrative fee of **USD25** or equivalent to each ADM, identifiable by the MF code. This charge will be reversed only upon full acceptance of the dispute for wrong ADM issuance by TM. TM reserves the right to revise administration fee with or without prior notification.
- An ADM may also be used as a means to collect penalty charge for each seat falling below the agreed materialization rate for group sales.
- TM will endeavor to provide as much information as possible on an ADM to ensure it is specific enough about the reason a charge has been raised.
- ADMs will be issued for each specific transaction; however, more than one transaction can be included in one ADM if the reason for the charge is the same for the same agent.
- For GDS misuse, ADMs will be raised if the total misuse amount of the billable misuses, listed herein (Duplicate Cost, Churning Cost, Fake name Cost, Invalid Flight Number Cost, Inactive Bookings costs, Invalid Class of Booking Cost, Other Misuse Costs.), equals or exceeds USD Fifteen (\$15) in any single audit month. The amount is subject to revision.
- If TM raises an ADM for non-compliance with fare rules, the general principle applied is to raise the fare to the next applicable fare.
- TM will only issue more than one ADM in relation to the same original ticket, if different, unrelated charges apply. This does not apply when an ADM is cancelled and raised again for the same reason but for a different value.



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- TM will raise ADM via BSPLINK/ARC as per applicable BSP/ARC guidelines.
- TM complies with respective local BSP/ARC procedures in providing agents with a minimum period of notice in order to review ADM raised and dispute it.
- To adjust refunds, an ADM will only be issued within nine months of the BSP remittance date on which the document was settled. For any charge due beyond this period, TM will agree with the agent bilaterally the best settlement method.
- ADMs/ACMs may be processed through the BSP/ARC, for a maximum period of 30 days following default action taken against an Agent in accordance with IATA Resolution 818g, attachment “A”, Section 1.0
- For any ADM issued through BSP/ARC link, the date of issue is considered as the date of receipt by the agent. A daily monitoring of ADMs through BSP/ARC link is highly recommended to the agents.
- For non BSP/ARC cases, the ADMs shall be circulated by respective TM local office.
- ADM shall only be processed through BSP if issued within a nine months of the final travel date of the revenue document. In the event that final travel date cannot be established the ADM shall be processed within nine months of the expiry date document.
- All ADMs are disputable on BSPLINK within 14days of date issued. The ADMs that are not contested by BSP LINK cannot be disputed on the IATA website.
- The minimum ADM value is **USD 5** or equivalent. In case of persistent practice of under collection (multiple occurrences of underpayments of less than **USD 5** or equivalent) by the same agent, LAM, reserves the right to recover these underpayments. More than one ADM in relation to the same original ticket can be raised if different, unrelated charges apply.



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5. Scope of ADM Issuance

Following matrix defines different violations or non-compliance practices which will result in the issuance of ADM i.e. a debit will be raised to the booking/ticketing agent. These violations include but are not limited to the following:

a. Reservation Booking Designator (RBD) violation

Validation on booked vs. ticketed data where there is a mismatch between ticketed and booked RBD - **Fare difference between ticketed vs. booked RBD.**

b. Fare/sales violation

Validation for the compliance of fare and sales conditions on all purchased tickets (e.g. Fares & Fares conditions; Taxes & fuel surcharges; Minimum/ Maximum Stay; Advance Purchase Rules; Seasonality & flight applications; Booking Class & Waitlisted Segments; Commissions & Discounts (if applicable); Stopovers & Transfers; Rebooking fees; recalculation of Re-issue / Rerouting; Under collection of any private or published fares; routing; sale date validity; travel date validity/seasonality violation; booking flight condition; child/infant discounts and all other special discounts; date of birth check; expiry of fare; combination condition; baggage allowance check; Carrier plating violation: abuse of CIP/plating conditions on TM/OAL plate where the fare rule/fare note does not allow to do so, regardless if the ticket is auto or manually priced).

c. Fare violation for tickets issued with open/request status

Validation on purchased tickets with open/request status where confirmed reservation is required: **Fare difference to first higher fare where Wait List (WL) is permitted or fixed amount.**



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d. Refund violation

Validation on documents claimed for refund, duplicate refund check. Correct application of all refund rules must be adhered. Included, but not limited to this audit control is the correct calculation of: Over claim refunds; Missing cancelation fee; Double refunds.

The ticket validity is in accordance with fare/tariff validity counting from the date of issuance, whether to fly, reissue or refund.

Before that period the agent may refund the ticket according to the specific applicable fare rules.

After that period, all refund requests must be submitted directly to TM Refund Department.

Refunds may be processed via GDS (Direct Refund) or requested via BSP Link (Indirect Refund) the last ones being acted later by TM. Agents must pay close attention to ticket expiration and fare rules. All refunds that are subject to previous TM approval and are submitted for a Direct Refunds without it will be subject to ADM.

- **Direct Refunds**

Will be posted on agent's BSP or ARC report at the end of the reporting period. It is not allowed to change original form of payment if the refund value is incorrect and requires correction, the value difference will be charged with a minimum of **USD 25**.

In case of, a flight coupon submitted for refund is in the meanwhile or was previously refunded; apart from ADM an extra fee of **USD 100** will be charged.

- **Indirect Refunds**

Every time a refund is processed via BSP Link a fee of **USD25** will be charged. Refunds that have special exceptions due to commercial reasons must be documented by email up to the end of the month on which they were processed.

When a full refund has been authorized but the agent fails to cancel the flight segment before departure, TM reserves the right to raise an ADM for the full published fare of the respective cabin class.



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e. Reissue violation

All tickets reissued mistakenly due to:

- Missing rebooking/name change
- Fare difference not charge
- No show/Penalty Difference not Charge
 - **No show verifications:** It is within the travel agencies responsibility to clean their booked PNRs and to cancel all segments not ticketed or if the passenger is not going to travel. Reference: IATA Reso830a and the IATA Travel Agent 's Handbook
- Taxes difference charge
 - **Taxes not collected or wrongly collected:** refers to all taxes and an additional not charged in the issue or reissue of ticket
- Fare Ticket and Fare Booked discrepancy
- Authorized fare not Charge
- If a ticket has not been correctly revalidated, TM reserves the right to keep an administration fee of **USD 50.00** per segment
- If ticketing rules have been ignored or violated, TM reserves the right to raise an ADM for the full published fare of the respective cabin class
- Reissues due to schedule changes have to be authorized by TM; authorizations have to be given in a written form
- Other Information given previously by TM

f. Violation of IT / published fare rules

TM reserves the right to raise an ADM for the full published fare amount of the respective cabin class, in case of:

- IT Fare issued as a published fare
- Private fare issued with an unauthorized or unallocated tour code
- Published fare has been incorrectly changed to a private fare v.v
- Other airlines IT Fare issued on 068 stocks.



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g. Travel audit

Validation on flown coupon vs. ticketed coupon (e.g. comparison between RBD on both coupons, flight number/flight date mismatch, ticketed vs. flown routing, collection): **Fare difference between flown RBD to ticketed RBD.**

h. Additional audit checks

Violation of which will result in the issuance of ADM for entire value of the ticket (violated sector): dual utilization, Miscellaneous Charges Order (MCO)/over-utilization, utilization against void sales and un-reported sales, identification of no show passengers and blocking the future utilization for non-refundable cases as well as conversion of fare collected against such cases into revenue, collection of no show charges for refund transactions where applicable, MCOs issued for class upgrades, Excess Baggage Ticket (EBT)/MCO issued for excess baggage, Passenger Name Record (PNR) check for min/max stay condition in case of e-tickets, materialization rate for group sales.

i. Excessive Churning / Duplicate segments

Verification on agency rebooking a segment or segments canceled either by the agency or airline three (3) or more times in one PNR or across different PNRs: **To be invoiced if the total misuse cost is equal to or exceeds USD15 in any single audit month. The amount is subject to revision.**

j. Other misuse

Verification on agency with other misuse involved, which includes: fictitious bookings, invalid day of operation, reject overrides, invalid flight number, invalid city pair, invalid booking class, invalid open segment, and bookings with segment status HX/UN/NO/UC/US etc. otherwise known as non-productive segments, invalid waitlist class and fake names. Segments cancelled within 24 hours of departure if charged to airline will be recharged to agent: **To be invoiced if the total misuse cost is equal to or exceeds USD15 in any single audit month. The amount is subject to revision.**



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k. Origin & Destination (O&D) violation

Verification on bookings that do not follow the O&D logic and other various practices used to manipulate the system to accept bookings made against the married segment logic - **Fixed amount of USD300 per passenger**

l. Group bookings (Hidden group)

Verification on multiple individual ticketed PNRs created for large groups which expressly prohibited as against TM Group Policy and Procedures - **Fixed amount of USD300 per passenger**

m. Minimum Connecting Time (MCT) violation

Verification on bookings that undercut required MCT - **Fixed amount of USD300 per passenger**

n. Speculative bookings/ Fictitious names/ Dupe PNRs/ Dupe segments

Verification on bookings created in higher classes that are released close to departure to make seats available in lower classes, bookings created with fictitious names, bookings made when no definite passengers exists in anticipation of possible sale, verification on duplicate PNRs or duplicate segments, excessive waitlists – **Debit will be raised by fixed amount USD300 per segment and per passenger.**

o. Illegal Class Mix

A booking made with an illegal combination of classes in order to secure space that is not then ticketed at the correct price - **TM reserves the right to charge fare difference to first higher fare where mix class is permitted.**

p. POC (Point Of Commencement) violation

Creation of segment (s) not in the right booking sequence as per the journey passenger intends to travel, with the intention to circumvent TM inventory to obtain seats in RBD (s) which may have not been available when the same was requested – **Debit will be raised by fixed amount USD300 per passenger (minimum amount).**



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NOTE:

TM reserves the prerogative to recover the fare difference where deemed necessary, between the RBD booked and next available RBD that should have been booked when the same was requested from the right availability / booking sequence.

TM reserves the right to recover the fare difference when mismatch between NETT paid and fare calculation amount.

6. ADM Dispute

- TM shall endeavor to handle rejected or disputed ADMs in a timely manner in compliance with applicable IATA resolutions and regulations. Where an agent has disputed an ADM within the latency dispute period provided the dispute was sent to the address notified on the ADM in question, TM will endeavor to handle rejected or disputed ADMs in a timely manner in compliance with applicable IATA resolutions and regulations. The travel agent can dispute the ADM as per the “Latency period” applicable in respective BSP/ARC country/market practice.
- TM shall examine the reasons for the dispute and approve where it is proved that the charge was wrong/not due and/or evidence to the contrary is provided.
- For any un-resolved disputes, TM reserves the right to deduct the disputed amount from applicable Productivity Link Bonus (PLB).
- TM expects travel agents not to dispute an ADM where the reason is valid and evidence to the contrary is not available and to raise all disputes as per applicable BSP/ARC guidelines. If the dispute is invalid or evidence to the contrary is not available, administration charge of **USD25** per ADM will be applicable.

7. Booking/Ticketing Agents’ and TM Responsibilities

This section is to clearly define the role and expectations from Booking/Ticketing agents as well as Airlines.



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7.1 Booking/Ticketing Agents' Responsibility:

- Proper issuance of tickets, in compliance with Tariffs, Rules, General conditions of carriage and instructions provided by the Carrier. Travel Agent's obligations are described in IATA Resolution 824.
- Inform passengers, where required, that the Airline reserves the right to make inspections concerning the use of Traffic Documents and to demand, if needed, the payment of the difference between the fare paid and the applicable one. In case of refusal, the Airline reserves the right to deny board the passenger.
- Advise passengers that the Airline will honour every flight coupon only when correctly used, following the right sequence and from the point of origin as per fare calculation shown on the ticket. Any irregular use of ticket or flight coupons sequence will invalidate the entire Traffic Document.
- Re-issue ticket if changes pertaining to flight/date/booking class are made after ticket issuance and whenever the payment of a charge or a difference is needed. Ticket to be reissued irrespective of Additional Collection (ADC) or no ADC.
- Inform passengers that the Airline reserves the right to collect any difference in taxes implemented by the respective Government Authorities.
- Check passenger's eligibility for typological fares (e.g. Child, infant) or Tour Operator (TO) fares, before issuing a ticket and to inform the passenger that the proof of eligibility may be requested by the Airline at any time. The Airline reserves the right to settle with the customer or alternatively an ADM shall be raised on the Travel Agent (e.g. in case of passengers holding tickets with special TO fares without being eligible to travel with such fares).
- To train their staff in ADM procedures; their purpose and the dispute period that exists.
- To ensure that when an ADM is disputed, the response is specific in detail and the relevant supporting information is sent to TM to the address indicated on the ADM.
- Not to dispute an ADM where the reason is valid and evidence to the contrary is not available.



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- To raise all disputes as per BSP/ARC guidelines applicable.

7.2 TM Responsibility

- Try to minimize irregularities in issuing/managing tickets through audits.
- Provide as much information and detail about the reason a charge is being made in order to ensure its accuracy.
- To avoid recurrence of irregularities, agree with the Agent concerned the most suitable corrective action if the volume and types of anomalies are deemed to be above average. TM will attempt to address these issues bilaterally with the agent concerned.

- **CONTACT AND INFORMATION REQUESTS**

For further inquiries related to fare audit ADMs/ACMs, please contact dcrt@lam.co.mz

Tel: 00 258 21468728 or your local LAM – Linhas Aéreas de Moçambique sales office.

The airline contact details provided in the ADM should not be used for any dispute communications.