

The Supreme Court ruling of Lipton and Another v BA Cityflyer Ltd

29 August 2024  Olivia Jay

The case of Lipton and another v BA Cityflyer Ltd involved two passengers who were denied boarding on a flight from London City Airport to Florence due to a technical fault with the plane. The passengers brought a claim against BA Cityflyer Ltd for compensation under EU Regulation 261/2004.

The airline argued that the technical fault was an extraordinary circumstance, which exempted them from the obligation to pay compensation. However, the court ruled in favour of the passengers, holding that the technical fault was not an extraordinary circumstance and that the airline had failed to provide the passengers with the necessary information about their rights. The court awarded the passengers compensation of €250 each, plus interest and costs. The ruling clarifies the scope of the extraordinary circumstances defence under EU Regulation 261/2004 and emphasises the importance of airlines supplying clear and accurate information to passengers about their rights.

Impact on Insurers:

This ruling clarifies the scope of the extraordinary circumstances defence under EU Regulation 261/2004, which has a direct impact on the insurance policies that airlines and insurers offer to passengers.

The Supreme Court ruling makes it clear that routine maintenance issues are not extraordinary circumstances, and that airlines cannot use them as a defence to avoid paying compensation to passengers. This means that insurers may have to pay out more compensation claims to passengers who have been affected by flight delays and cancellations due to maintenance issues.

Insurers may also need to review their policies and procedures to ensure they are providing clear and accurate information to passengers about their rights under the EU Regulation. Failure to do so can result in costly legal claims and damage to the insurer's reputation.

Furthermore, the ruling highlights the importance of proper maintenance procedures and the need for airlines to invest in regular maintenance checks to prevent technical faults from occurring. Insurers may need to consider the impact of maintenance issues on flight delays and cancellations when underwriting policies for airlines.

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