

**GUIDELINES ON ADMs AND PROCEDURES TO DISPUTE ADMs
UNDER THE IATA PASSENGER AGENCY PROGRAMME
FROM 1 JANUARY 2008**

The provisions on issuing and processing Agency Debit Memos (ADMs) are laid down in Resolution 850m and the procedures to dispute ADMs in Resolution 818 Attachment A § 1.7.11.1(xvi) and § 1.7.12. Those resolutions are contained in the Travel Agent Handbook (Resolution 818 Edition effective 1 January 2008), which is no longer delivered by CD-ROM, but which each agent can download from <http://www.iata.org/whatwedo/travel-tourism/tah.htm>.

ADMs

The nature of an ADM is an accounting tool (Res. 850m §1.2).

The purpose of an ADM is to notify an agent that unless there is some justification to the contrary, the agent owes the issuing BSP airline the amount shown on the ADM for the reason indicated (Res. 850m §1.1).

The circumstances in which ADMs are to be used are to collect amounts or to make adjustments to agent transactions in respect of the issuance and use of Traffic Documents issued by or at the request of the agent (Res. 850m §1.2). IATA Accredited Agents execute an Agreement in the form of Resolution 824. This Passenger Sales Agency Agreement covers transactions performed by the agent on behalf of the airline. It follows that an ADM raised by an airline must stem from an action taken by the agent under the Passenger Sales Agency Agreement on behalf of that airline.

Alternative use of ADMs may exist where it has been agreed through consultation with the agent or with a local representation of agents or through the local APJC (Res. 850m §1.2).

ADM issue

Airlines have undertaken to publish and communicate in writing their ADM policies to agents in advance of implementation (Res.850m §2.1).

ADMs can only be processed through the BSP if issued within 9 months of the final travel date. Any debit action initiated beyond this period must be handled directly between the airline and the agent (Res. 850m §3.1).

If there is an administrative cost associated with the raising of an ADM, it must be communicated to the agent (Res. 850m §4.3).

Airlines must provide agents with the phone or fax number and email address of a person or department that has knowledge of the concerned ADM (Res. 850m §4.4).

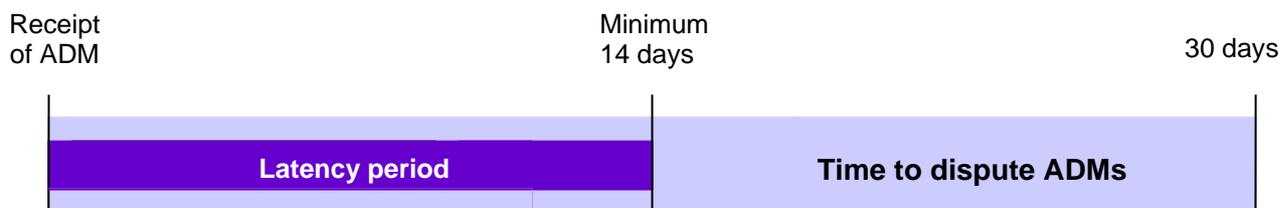
Where possible, electronic BSP functionality must be used by the issuing airline (Res. 850m §4.5).

Dispute

Agents have the right to dispute an ADM for reason (Res. 818 Attachment A §1.7.12.1). Some airlines may not enable agents to raise ADM disputes through BSPlink, but in such case the right to raise a dispute by other means remains.

An agent has a minimum of 14 days to review and dispute an ADM prior to its submission to BSP (Res. 818 Attachment A §1.7.12.2 and Res. 850m §4.6). This period is sometimes referred to as the latency period or the minimum dispute period. It has been extended in certain markets to 30 days. If an ADM is disputed during this period, it must be suspended from the BSP process.

Whatever the latency period, ADM disputes can be raised within 30 days of ADM receipt in all markets (Res. 850m §4.7.1). However, if an ADM is disputed after the latency period, it will be processed through BSP.



ADM disputed during the latency period: OUTSIDE THE BSP PROCESS

Such ADM must be recorded as disputed by BSP, it must not be included in the BSP billing and it must be suspended from the BSP process. The settlement of the dispute is between the agent and the airline concerned (Res. 818 Attachment A §1.7.12.3 and §1.7.12.4).

Only if the airline and the agent agree that the purpose of the ADM was correct or that the ADM needs adjustment, the airline will submit to the agent and the BSP the original or adjusted ADM as agreed, to be processed through BSP (Res. 818 Attachment A §1.7.12.4(i) and §1.7.12.4.(ii)).

The airline has 60 days from receipt of the dispute notice to settle the dispute (Res. 850m §4.7.1.1). If the dispute is not resolved within this time limit, despite consultation between the airline and the agent, the ADM will be definitively withdrawn from the BSP process. It can still be resolved bilaterally between the airline and the agent (Res. 818 A 1.7.12.6 and 1.7.12.7).

ADM disputed after the latency period: PROCESSED THROUGH BSP

The ADM will remain in the BSP process; it will be included in the BSP Billing and processed for payment (Res. 818 Attachment A §1.7.12.5 and Res. 850m §4.11).

Any subsequent dispute will be dealt with directly with the airline. The dispute may result in an ACM (Resolution 850m §4.11).

If it is established that an ADM is not valid it must be cancelled (Res. 850m §4.8). Where an ADM is withdrawn by the airline, any administration fee that may have been levied will be withdrawn or refunded to the agent. The airline cannot charge an administrative fee associated with that refund (Res.850m §4.9).

If the agent and the airline agree, a disputed ADM may be referred to the Travel Agency Commissioner¹ to be resolved. The reference is not for review under Resolution 820e but for guidance and voluntary mediation (Res. 850m §4.10).

If an agent persistently fails to settle amounts properly owing against ADMs, he can be put into default and submitted to review (Res. 818 Attachment A §1.7.11.1 (xvi)).

General rules of the Passenger Agency Programme also applicable to ADM disputes

Under Resolution 818 Attachment A §1.10.5(a) the agent may at any time register the existence of a dispute with the Agency Administrator over a specified amount due to one airline in the BP billing. Provided written evidence of such dispute is provided by the agent to the Agency Administrator the Agency Administrator will ensure that no irregularity or default action will be applied. Under this rule, when a BSP billing includes an ADM on which there is a dispute between the agent and the airline, the agent may deduct the amount of the ADM from the BSP billing, where it has not already been taken out of the BSP billing by IATA BSP management.

If the Agency Administrator has not followed correct procedures to the agent's direct and serious detriment, the agent may refer the case to the Travel Agency Commissioner¹ for review under Resolution 820e § 1.1.10. The decision of the Travel Agency Commissioner is binding on the parties, subject to review of the decision by arbitration if invoked by the agent.

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¹ See the Travel Agency Commissioner website : <http://www.travel-agency-commissioner.aero/>