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New Jersey Lawsuit Claims Airline Unfairly Sets Different Requirements For Each Customer Seeking To Redeem His Frequent Flier Miles

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Many businesses offer loyalty programs or rewards programs to customers to incentivize their customers to make repeated purchases from them. Customers typically earn and accumulate points from each purchase that can subsequently be redeemed for discounts on future purchases, gift certificates or other prizes. One such business that commonly provides loyalty programs is the airline industry. Numerous airlines offer rewards programs known as frequent flier programs to their customers. Customers who enroll in the program accumulate frequent flier miles from flights booked with the airline that can later be redeemed for a variety of benefits, including free flights, free hotel rooms, seat upgrades and other perks.

A recent lawsuit filed by two New Jersey residents contends that one airline uses an unfair policy for determining the number of frequent flier miles needed to earn rewards that contravenes its representation to its frequent flier members. On October 8, 2013, two members of United Airlines' MileagePlus rewards program filed a complaint against United Airlines in the District Court of New Jersey alleging that United attempted to charge each of them a different number of frequent flier miles for the exact same reward. According to the Complaint, in August 2012, the litigants were arranging a trip to Japan, and one of them sought to pay for a three-night stay for a hotel room there by using his United miles. When he attempted to book the hotel room through United's website, United informed him that he needed 40,750 miles for the room. Although he had less than 40,000 miles, the other litigant had greater than 40,750 miles, and so just a few minutes later, she attempted to book the same hotel room for the same three nights through United's website. United, however, informed her that she needed 44,550 miles for the room. United then charged her a fee to purchase the additional miles needed for the hotel room.

When the litigants contacted United to complain, United allegedly advised them that it uses a formula to calculate the number of miles needed to earn an award that is based on the number of miles held by the customer. The litigants claim that United's disclosure is contrary to its publicized representation to customers that "the amount of mileage necessary to redeem each award will be set by United and published to the members." The litigants are seeking to pursue their Complaint on a class-action basis on behalf of all MileagePlus program members who were denied the benefits of the program. The Complaint asserts a myriad of claims against United, including one under the New Jersey Consumer Fraud Act, which if successful, may potentially entitle the litigants (and any class members) to an award of treble damages and attorney's fees.

Any companies that offer loyalty programs or rewards programs to customers should keep themselves apprised of the proceedings in this lawsuit and ultimate resolution of this lawsuit. Even prior to the resolution of this lawsuit, companies should review their loyalty program policies to ensure generally that they are fair to all customers alike. If a company represents that rewards are exchanged for the same number of points regardless of the customer or the number of points held by the customer, the company should ensure that such a policy is actually being effectuated to avoid potential complaints or litigation.

Attorney

- Daniel J. Kluska