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**Secretariat memorandum**

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Confidential: Passenger compensation arrangements

**1 Purpose of report**

- 1.1 To consider recommendations for reform of passenger compensation on rail based services in London.

**2 Background**

- 2.1 London TravelWatch has been concerned that since the onset of major regular disruption to the National Rail network in London in late 2014, the current arrangements for refunding and compensating passengers for the delays they have experienced is no longer fit for purpose.
- 2.2 In particular, travellers within the London area, whose journeys are less than 30 minutes duration, can experience delays that double their journey time or more, but for which they are unable to claim compensation, or if they were eligible the refund available was so small as to not be worth their while claiming, resulting in a very low take up rate.
- 2.3 As a result London TravelWatch decided to press for:
- reduction in the eligible time period from 30 to 15 minutes for National Rail journeys in line with TfL practice; and
  - the introduction of an automatic refund process to compensate those directly affected by delays in a timely and cost effective manner (again in line with TfL practice).
- 2.4 Ministers have indicated a desire to move in this direction, although there are considerable legal and financial obstacles for train operators and government to be over come before it is likely that any change can be put forward.
- 2.5 In discussions, with Ministers and officials it has been suggested that London TravelWatch should suggest a way of revising the process of refunds and compensation. Paragraph three below explores these themes.
- 3 London TravelWatch proposal**
- 3.1 The following passenger compensation principles are normally applied to all National Rail and TfL compensation processes:-

- The eligible time threshold
- The quantum of recompense
- How easy is it to get hold of a refund?
- Who is eligible to be refunded?

### **3.2 Eligible time threshold**

- 3.2.1 Journey times can vary between people even when all services are operating normally. This is because some people break their journey for whatever reason, take a slower route etc. Delayed trains may also be to the advantage of some passengers, if the delay allows them to travel earlier than they otherwise might have done. Therefore any compensation scheme needs to be based on actual delays to trains and cancellations of services. The rail industry has a wealth of data on which trains are delayed and/or cancelled, and actual times of arrival. This data would need to be married to data from smart cards or bank cards to determine whether a passenger has been delayed or not, and therefore whether they would be entitled to any refund.
- 3.2.2 Where a journey has not been able to be completed due to major disruption the industry must have a mechanism to declare a service failure and then initiate refund arrangements.
- 3.2.3 Setting the time threshold at which compensation is paid, should be commensurate with the level service and journey times that are advertised by the operator. In London most rail and underground journeys are greater than 15 minutes in duration and are of a turn up and go nature (i.e. frequencies better than every 15 minutes), with no expectation of the passenger to know the precise timetable. A journey of 15 minutes duration, on a 15 minute interval service, but with a delay of 15 minutes resulting in a total journey time of 30 minutes or 100% deviation from that advertised, could be considered unreasonable and not meeting passenger expectations.

### **3.3 Quantum of recompense**

- 3.3.1 Passenger journeys are often complex and people may make a number of journeys per day that are not necessarily related to each other. Therefore, in terms of equity and ease of application, compensation should be based on the principle of applying it only to the journey which was delayed, and where a return ticket is bought the compensation should be proportionate to the total cost, and whether the journey was able to be completed, and whether there was significant detriment to the passenger as a result.

### **3.4 How easy is it to get hold of a refund?**

- 3.4.1 From our research the expectation of passengers is that compensation or refunds should be paid automatically, without the need for them to go through cumbersome and bureaucratic claim processes. The advent of smart ticketing and contactless bank cards makes this a much easier administrative proposition, and reduce the potential for fraud - a major consideration of train operators. Similarly, on longer distance journeys advance purchase tickets bought through websites using credit or debit cards, as has recently been launched by Virgin Trains West

Coast, can also be easily identified because the ticket is specific to a particular train.

- 3.4.2 However, many journeys will still be made using paper tickets and there will also be other circumstances when an automatic refund system will not be appropriate.

### **3.5 Who is eligible?**

- 3.5.1 Except for passengers who are eligible for free travel (e.g. Freedom Pass or staff related passes), any passenger who has purchased travel on the rail or TfL network is eligible for a refund proportionate to the fare paid and the delay incurred.

### **3.6 How would this work in practice?**

- 3.6.1 A series of scenarios outlined in Appendix A give some idea how this system might work.

## **4 Equalities and inclusion implications**

- 4.1 There are no equalities or inclusion implications arising from this report.

## **5 Prioritisation**

- 5.1 This issue affects most if not all rail and underground users at some point during a years travelling experience, and is a principle of cause of dissatisfaction amongst passengers. Therefore it scores highly in the prioritisation criteria.

## **6 Legal powers**

- 6.1 Section 248 of the Greater London Authority Act 1999 places upon London TravelWatch (as the London Transport Users Committee) a duty to consider - and where it appears to the Committee to be desirable, to make recommendations with respect to - any matter affecting the functions of the Greater London Authority or Transport for London which relate to transport (other than of freight).
- 6.2 Section 252B of the Greater London Authority Act 1999 Act requires London TravelWatch (as the London Transport Users Committee) to consider, and where it appears to it to be desirable, to make recommendations with respect to any service or facility provided by or for users or potential users of railway services provided wholly or partly within the "London railway area" as defined under the provisions of the Railways Act 1993.

## **7 Financial implications**

- 7.1 There are no financial implications arising from the report.

## Appendix A

Worked examples of compensation / refund processes.

1. Cancellation of 0823 Ravensbourne to City Thameslink arriving at 0856 (Monday to Friday) Thameslink service. Note not all stations on this line likely to be affected by this, as there is a skip stop service pattern at this time of day.

| <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>                                 | <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>                       | <b>Passenger using paper ticket</b>  | <b>Passenger using concessionary pass</b>   |
|--|--|--|---|
| Touches in at 0818   | Touches in at 0830   | No touch in necessary  | Touches in at 0818<br>(At this time only Disabled Freedom Pass holders can travel for free) |
| The alternative is the 0849 Ravensbourne to City Thameslink service that arrives at 0920   | Service is the 0849 Ravensbourne to City Thameslink service that arrives at 0920 | The alternative is the 0849 Ravensbourne to City Thameslink service that arrives at 0920 | The alternative is the 0849 Ravensbourne to City Thameslink service that arrives at 0920    |
| The delay is 24 minutes.   | No delay   | The delay is 24 minutes.   | The delay is 24 minutes.  |
| With 15 minute eligible time threshold a refund would be payable directly to the card used | No refund payable  | Passenger submits application for refund based on paper ticket and statement             | No refund payable   |

2. 0823 Ravensbourne to City Thameslink service is delayed by 12 minutes at Ravensbourne but arrives at City Thameslink 20 minutes late at 0916. Note not all stations on this line likely to be affected by this, as there is a skip stop service pattern at this time of day.

| <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>                                     | <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>  | <b>Passenger using paper ticket</b>  | <b>Passenger using concessionary pass</b>  |
|--|---|--|--|
| Touches in at 0818   | Touches in at 0830  | No touch in necessary  | Touches in at 0818<br>(At this time only Disabled Freedom Pass holders can travel for free)    |
| The train arrives at 0835 and subsequently loses more time arriving at City Thameslink at 0916 | Takes earlier but delayed train and arrives at City Thameslink at 0916.   | The train arrives at 0835 and subsequently loses more time arriving at City Thameslink at 0916                 | The train arrives at 0835 and subsequently loses more time arriving at City Thameslink at 0916 |
| The delay is 20 minutes.   | Arrives four minutes earlier than would have expected on the scheduled 0849 Ravensbourne to City Thameslink arriving at 0920. | The delay is 20 minutes.   | The delay is 20 minutes.   |
| With 15 minute eligible time threshold a refund would be payable directly to the card used     | No refund payable   | Passenger submits application for refund based on paper ticket and statement – operator agrees refund manually | No refund payable  |

3. Major incident on line at 0845 from Surbiton to Waterloo resulting in line closure for 20 minutes and subsequent knock on delays into the off-peak period up to 1100.

| <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>  | <b>Passenger on Oyster PAYG / Contactless / Travelcard</b>   | <b>Passenger using paper ticket</b>  | <b>Passenger using concessionary pass</b>  |
|---|--|--|--|
| Touches in before disruption begins   | Touches in as disruption coming to a close   | No touch in necessary  | Touches in – prior to 0930 only<br>Disabled Freedom Pass holders can travel for free   |
| Operator declares major incident  | Operator declares major incident   | Operator declares major incident   | Operator declares major incident   |
| If the delay is 15 minutes or more than normally scheduled for the journey then refund payable – including where passengers unable to board train because of crowding | If the delay is 15 minutes or more than normally scheduled for the journey then refund payable– including where passengers unable to board train because of crowding | If the delay is 15 minutes or more than normally scheduled for the journey then refund payable– including where passengers unable to board train because of crowding | If the delay is 15 minutes or more than normally scheduled for the journey then refund payable– including where passengers unable to board train because of crowding |
| With 15 minute eligible time threshold a refund would be payable directly to the card used  | No refund payable if the journey time is the same or better than normal scheduled time.  | Passenger submits application for refund based on paper ticket and statement – operator agrees refund manually   | No refund payable  |

Note: Passengers using Hampton Court, Thames Ditton and Berrylands more likely to be delayed more than 15 minutes as their normal scheduled service is only every 30 minutes.

4. 0930 London Euston to Glasgow Central (scheduled arrival at 1401) is delayed between Rugby and Stafford resulting in 40 minute delayed arrival at Warrington Bank Quay, but further problems result in the final arrival at Glasgow Central at 1503 – one hour and two minutes late).

| <b>Advance purchase ticket holders, bought by card for this specific train only for stations between Warrington Bank Quay and Lancaster</b> | <b>Advance purchase ticket holders, bought by card, for the specific train only for stations between Oxenholme Lake District and Glasgow Central</b> | <b> Holders of anytime, off-peak tickets, (and cash purchased advance tickets) not specific to this train for stations between Warrington Bank Quay and Lancaster</b> | <b> Holders of anytime and off-peak tickets (and cash purchased advance tickets) not specific to this train for stations between Oxenholme Lake District and Glasgow Central</b> |
|---|--|---|--|
| The delay is between 40 and 59 minutes  | The delay is over one hour   | The delay is between 40 and 59 minutes  | The delay is over one hour   |
| The eligible time period is 30 to 59 minutes delay – then refund is payable.  | The eligible time period is over 59 minutes delay – then refund is payable.  | The eligible time period is 30 to 59 minutes delay – then refund is payable.  | The eligible time period is over 59 minutes delay – then refund is payable   |
| Operator makes 50% refund directly to the card used to purchase the ticket  | Operator makes 100% refund directly to the card used to purchase the ticket  | Passenger submits application for refund based on paper ticket and statement – operator agrees refund manually – 50% of fare paid                                     | Passenger submits application for refund based on paper ticket and statement – operator agrees refund manually – 100% of fare paid   |