



WestJet vs. Air Canada (TSX:AC) Refunds: Is There a Winner in This Spat?

Description

Airliners around the world have been [hit hard by the COVID-19 pandemic](#). Late last year, **Air Canada (TSX:AC)** and its top international peers looked stronger than ever. Passenger traffic was surging, and airlines were more worried about training new pilots, as record revenues and profits steadily trickled in. At this point, we can repurpose a cliché; COVID-19 makes a fool of us all. Air Canada and the airline industry has been thrust into its greatest crisis since the years following the September 11th attacks and the height of the War on Terror.

Today, I want to explore the spat that emerged between Air Canada and WestJet over cancelled flights and refunds. This has become a sore spot for airlines with the COVID-19 pandemic squashing travel plans in Canada and all over the world. Could this consumer-centred battle result in wider policy change? Let's dive in.

An airline battle between WestJet and Air Canada

This week, WestJet announced that it would start providing refunds to passengers whose flights were cancelled due to the COVID-19 pandemic. WestJet said that it would begin contacting all eligible flyers with WestJet and Swoop on November 2. That will begin with flights that were cancelled on March 2020. Customers will have to wait to be contacted.

It is a big public relations win for the airline in 2020. The said that it was the first national airline to proactively refund customers during the pandemic. This claim drew the ire of its chief rival. Within minutes of WestJet's tweet, Air Canada said that it was WestJet that was catching up to its policy to refund refundable fares. It went on to state that it had already refunded \$1.2 billion in refundable fares to date.

More than anything, the spat illustrates the precarious position for airlines in late 2020. Like other sectors, airlines hoped that the last months of the year may bring about some degree of normalcy. Unfortunately, countries in the developed world have reintroduced restrictions. In Europe, Germany, the United Kingdom, and France have gone back into lockdown.

In this environment, WestJet and Air Canada have found themselves in an arms race to deliver cash back to consumers who have been forced to cancel travel plans. So, is there any reason to stash Air Canada stock, as travelers and investors prepare for a dark winter?

Should you buy stock in Canada's top airliner?

Earlier this month, I'd explained why Air Canada stock could [snap back just as quickly](#) as it had plummeted in the wake of the pandemic. Like other industries, a lot is riding on a viable vaccine being ready for widespread distribution in the months ahead. Some experts are hopeful that approval can be achieved before the New Year.

Another risk for Air Canada is a broader market pullback. North American markets are getting hit hard right now. If there is a second market correction, I'd suggest that investors should look to add Air Canada at a discount. Challenges will continue in the near term, but I'm still bullish on Air Canada for the long haul.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing

Date

2025/09/10

Date Created

2020/10/31

Author

aocallaghan

default watermark