



THE DRINK COUPON THAT MADE SOUTHWEST PAY \$1.65 MILLION TO LAWYERS

News / Airlines



A federal appeals court has upheld a settlement in which Southwest Airlines passengers got free drink vouchers but lawyers who sued the airline got \$1.65 million in cash.

The 7th Circuit U.S. Court of Appeals in Chicago last week upheld a lower-court ruling.

Southwest includes a drink coupon when passengers buy a higher-priced Business Select ticket. In 2010, the airline started requiring that passengers use the coupon on that flight instead of keeping it for later use.

Several passengers filed class-action lawsuits, pointing out that the coupons didn't have expiration dates. Southwest settled in 2013, with two lead passengers getting \$15,000 each and the lawyers getting up to \$3 million. A lower court cut the legal fees to \$1.65 million.

Two other passengers appealed, complaining that the lawyers got cash while Southwest customers received only new drink coupons. The lawyers also appealed, saying that they should get the full \$3 million.

Congress passed a law in 2005 to crack down on class-action settlements in which consumers get vouchers of little value while lawyers get cash. The appeals court said the potential for abuse is greatest when the vouchers force consumers to do business with the company that shorted them

in the first place. Still, it ruled that the Southwest settlement was fair.

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