

Human vs. Machine: The Air Canada Chatbot Lawsuit and Its Implications for AI in Customer Service



Source: Unsplash (2020)

Background

Over the past decade, service industries have increasingly turned to artificial intelligence, particularly chatbots, as a means to enhance customer service and streamline operations. These virtual assistants are designed to handle a wide range of inquiries—from booking to after-sales support. While the integration of chatbots offers significant advantages, the following case of Air Canada raises concerns about their reliability.

Jake Moffatt, a passenger who visited Air Canada’s website to book a flight for his grandmother’s funeral in 2022, was promised a discount by the airline’s customer service chatbot that he never received (BBC, 2024). While browsing the airline’s website, Moffatt asked the chatbot about bereavement fares, which many airlines offer to support passengers who must travel in the event of a family member’s death (Pinsent Masons, 2024). He was then informed by the chatbot that passengers who “need to travel immediately or have already travelled” could submit their ticket for a reduced bereavement fare within 90 days of the ticket’s issue, along with a link to the airline’s Bereavement Fares Policy page (Forbes, 2024). With this confirmation, Moffatt booked his ticket and submitted an application for a bereavement refund after he finished travelling, only to find it declined, as the airline does not consider bereavement requests after travel has been completed (Pinsent Masons, 2024). As the airline refused to engage in further discussion regarding the terms of the bereavement refund, Moffatt decided to take the matter to court.

Challenges

Two years later, Air Canada was held liable by the British Columbia Civil Resolution Tribunal, which ruled the airline must pay US\$812.02 in court fees and damages to the grieving passenger (BBC, 2024). In its argument, the airline claimed it should not be held liable for information provided by one of its agents or representatives, and that the customer would have had the correct information regarding the airline’s policy with the link provided by the chatbot. This argument was overruled by the court (Pinsent Masons, 2024). While it is evident that AI is vulnerable to hallucinations—where it generates false information—the Air Canada case sets

a precedent for companies increasingly relying on AI and chatbots for customer interactions: they are liable for what their technology says and responsible for ensuring the accuracy of information generated.

Furthermore, authorities warn that despite their ability to resolve basic customer inquiries, the effectiveness of chatbots declines as problems become more complex (Forbes, 2024). While it is expected that the accuracy of chatbots will improve over time, travellers are advised to seek help from a human customer service agent for complicated or highly-contextualized inquiries (BBC, 2024).

Discussion Questions

1. Should Air Canada take full responsibility for the misinformation provided by its chatbot, or do customers also have a responsibility to fact-check the information they receive? Why or why not?
2. Apart from fact-checking the information they receive, what else can customers do to protect themselves from potentially wrong information or AI “hallucinations”?
3. How can airlines improve their chatbot technologies to minimize errors and enhance customer service?
4. How might advances in AI technology change the future of customer service?

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Keywords

- Airline
- AI chatbots
- Customer service
- Artificial Intelligence (AI)
- AI-generated information
- Legal precedent