

Mr Didier Reynders
Commissioner for Justice
Ms Adina Vălean
Commissioner for Transport
Mr Thierry Breton
Commissioner for Internal Market
European Commission
Rue de la Loi 200

B- 1049 Brussels

Ref.: BEUC-X-2020-017

2 April 2020

Subject: European consumer and passenger rights in the COVID-19 crisis

Dear Commissioners Reynders, Dear Commissioner Vălean, Dear Commissioner Breton,

I am writing on behalf of BEUC, the European Consumer Organisation, regarding European consumers who have booked package travel arrangements or flights that are now cancelled due to the extraordinary circumstances of the COVID-19 pandemic.

We call on you jointly - the Commissioners in charge of consumer protection and the travel, transport and tourism industry - to take European measures in a co-ordinated way, ensuring that both consumers and business can cope with the difficulties. This should allow businesses to maintain their economic activity while consumers can maintain their rights and thus, trust in the respective sectors.

The situation of European consumers and passengers – confusion, anger and economic difficulties

Many European consumers are hit by the crisis, not only because of the health risk, but also because of the economic consequences of confinement measures, due to which they have lost jobs and income or have otherwise lost money. According to our members' calculations, approximately half of European households have already lost money due to the crisis¹. Moreover, our members report that up to two thirds of all consumer complaints they have received in the past weeks have been about travel issues. Consumers are unclear about their rights due to confusion and unfair practices and are angry that they cannot get their money back.

We are fully aware that the travel, tourism and transport industry is one of several industry sectors under enormous pressure. So, we welcome the EU's on-going initiatives to facilitate national measures to avoid insolvency, protect employment and support a quick recovery of our economies. We underline, however, that it is not only businesses that are suffering but that consumers are also facing liquidity problems and many currently do not know how they will pay their rent or mortgages.

.../...

¹ 50% of households in Belgium, 50% in Italy, 46% in Portugal and 54% in Spain, calculation by our members - https://assets.ctfassets.net/iapmw8ie3ije/2JDHB8eOacMI1zpo1niyJP/b1f7a2014c0cc8a1b13f79c7d0977140/Press_Release_Living_with_the_coronavirus_the_consumer_perspective_on_the_COVID-19_pandemic.pdf

The EU consumer right to reimbursement risks becoming a consumer obligation to give industry interest-free credit

According to current EU law (2015 Package Travel Directive and the 2004 Air Passenger Rights Regulation, as well as other passenger rights legislation), consumers can claim reimbursement within 14 days or a short period of time if travel is cancelled due to extraordinary circumstances, like the current pandemic.

Given the problems the travel industry is facing, several Member States are unfortunately planning or have already decided to take national measures that would force consumers to postpone their reimbursement claim for several months and/or to accept (sometimes even non-insolvency protected) vouchers instead of the monetary refund.

We should be clear what this means: consumers are being forced to give an interest-free loan to the travel industry. This when consumers are in a situation where they would often need the money urgently themselves or maybe cannot make use of a voucher due to personal circumstances.

A European solution, yes, but the right one

In times of crisis, when people need protection and support, the EU should not seek to break down consumer rights, which are particularly precious in this situation. Instead we call on you, members of the College, to propose alternative measures to maintain on the one hand the liquidity and avoid the insolvency of the travel industry but also preserve the consumer right to a monetary refund.

Such measures have already been established, for example in Denmark², where the European Commission approved state aid to expand the existing package travel fund temporarily to cover reimbursement claims due to covid-19 cancellations, which are not included in the existing legislation and under Article 17 of the Package Travel Directive. Such a solution would be the most practical, most sustainable and most beneficial for both, industry and consumers.

Such a European or national fund(s) should also cover **reimbursement claims for flights** under regulation 261/2004, which does not provide for any insolvency or reimbursement protection schemes.

Whether such measures can be undertaken via national state aid, or even better via a **European travel emergency fund**, should be examined by the European Commission. BEUC and its members are strongly in favour of such an approach across the EU.

Consumers' trust

Finally, we would like to underline that consumer trust in the travel industry and its services is a key issue. Applying EU measures to **retroactively** reduce consumer rights, when consumers have booked their package travel arrangements under a given framework and paid a higher price for this protection, to now find out that their rights are no longer valid is not the right way forward. That is why it is necessary to also expand the scope with regards to insolvency protection in Article 17 of the Package Travel Directive.

Moreover, if consumers are to **start booking travel again** in the near future to help the industry recover, they **need to know** that in case of a 2nd COVID-19 wave, they are protected and will get their money back in case of cancellation.

² See https://www.ft.dk/ripdf/samling/20191/lovforslag/l145/20191_l145_som_vedtaget.pdf

We would like to re-assure you that our members agree to encourage consumers to **voluntarily** accept vouchers instead of money, as long as these vouchers are insolvency protected and valid for two years. The European Commission should also propose such measures.

We trust that you will take our concerns into account and remain at your disposal for any further information you might require.

Yours sincerely,

Monique Goyens
Director General

C/c:

- Cabinet Reynders and DG Justice
- Cabinet Vălean and DG Move
- Cabinet Breton and DG Grow