

Press Release

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Travel voucher chaos continues: several EU countries and travel industry still flouting EU law on travel refunds

Nine months into the COVID-19 crisis, EU countries, airlines and tour operators are poorly implementing the <u>European Commission's recommendation on vouchers</u> and are still widely flouting EU consumer law on reimbursement for cancelled travel, BEUC reveals in a <u>report published today</u>.

The pandemic and subsequent mass cancellations of travel bookings have led to widespread breaches of consumer and passenger rights law by the travel industry. Many EU countries also introduced national emergency measures during the first wave of the pandemic allowing tour operators and sometimes airlines – in direct contradiction with EU law - to force vouchers on consumers or postpone the statutory deadline for cash refunds.

In response to these repeated breaches of EU consumer law, the Commission published a recommendation on vouchers in May 2020, advising Member States how to make vouchers more attractive for consumers, so that they would voluntarily choose them instead of a cash refund. The Commission in particular urged Member States to introduce schemes to protect all 'COVID-19 vouchers' against the insolvency of tour organisers or carriers. The Commission also launched infringement proceedings against 11 EU countries that amended or suspended travellers' rights. BEUC and 11 of its members reported some major airlines to consumer protection authorities for breaching passenger rights.

Despite the recommendation on vouchers and infringement proceedings, most countries with unlawful legislation applied it until the end of its validity period, BEUC's report reveals. Further, to our knowledge, no country used the flexibility provided by the EU's temporary framework for State Aid to protect vouchers for stand-alone cancelled services (air, rail etc.) because of the pandemic. Bulgaria, Croatia, Cyprus, Lithuania and Slovakia still have national emergency measures harming travellers. In addition, several airlines unlawfully do not refund unused vouchers for cancelled flights.

BEUC Director General Monique Goyens said: "Nine months into the pandemic, many consumers are still being left in the dark, wondering if or when they will be able to get their money back for travel cancelled due to COVID-19. This is simply unacceptable. These consumers have had their rights trampled over and will continue to wait for their money back until the end of the vouchers' validity period, in some cases until early 2022. Consumers cannot be used as cheap credit to bail out the travel industry. With the new travel restrictions introduced to fight the pandemic, we must avoid a new voucher saga in the near future. We welcome the continued efforts by the European Commission to remedy the situation, but it is the Member States that must finally respect EU law, otherwise consumer confidence in the travel industry will be undermined even further."



BEUC recommendations:

- Countries that still have national emergency measures in force imposing vouchers instead of refunds, or that delay monetary refunds to which consumers are entitled, should comply with EU law and implement the European Commission recommendation on vouchers as quickly as possible. The future Portuguese Presidency of the EU should launch an in-depth discussion between EU countries on how to implement the recommendation on vouchers and to clarify the legal uncertainties regarding pre-imposed vouchers on consumers
- Countries need to clarify the status of travel vouchers previously imposed on consumers during their unlawful national emergency measures. These consumers have had their rights denied and will continue to await their monetary reimbursement until the end of validity of the voucher (sometimes until early 2022)
- The European Commission should continue infringement proceedings against the four countries still failing to comply with EU travel legislation Bulgaria, Croatia, Lithuania and Slovakia (and reconsider its decision to drop proceedings against Cyprus) and launch new ones, where necessary.
- The airline industry has received €37bn of government bailouts in Europe since the pandemic started. Countries should use the flexibility provided by the EU's 'Temporary Framework for State Aid' to ensure that any further State Aid is conditional on ensuring that consumers can exercise their rights to a monetary reimbursement
- The European Commission should regularly publish a dedicated report on the implementation of the recommendation

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