



# FACTSHEET

## How a revised Package Travel Directive can regain consumers' confidence in the tourism industry

The Directive on Package Travel and linked travel arrangements ('PTD') provides important protection for holidaymakers. It sets clear rules if something goes wrong, protects against tour organiser insolvency, and grants strong cancellation rights. However, the recent Thomas Cook bankruptcy and COVID-19 crises highlighted important shortcomings. In 2022, the [Commission](#) plans to review whether the PTD still ensures robust and comprehensive consumer protection at all times.

### Key issues to include in the revised Directive

#### BETTER ENFORCEMENT

The PTD's enforcement provisions are vague and have led to a fragmented landscape within the EU<sup>1</sup>. This led to [thousands of consumers](#) being harmed by tour operators' practices during the pandemic<sup>2</sup>. [15 Member States](#) also breached EU law by allowing traders to postpone refunds or impose vouchers on consumers, many of whom are still waiting for their cash reimbursement. The PTD should introduce short deadlines to deal with consumers' complaints and make participation in alternative dispute resolution schemes mandatory. Their decisions, as well as enforcement bodies', should be binding on traders. Traders failing to comply with consumer rights should face sanctions, e.g., fines based on turn-over<sup>3</sup> and periodic penalties for not complying with deadlines.

#### RETHINK THE 'FULL PRE-PAYMENT' BUSINESS MODEL

Successive crises have shown the need to review the package holiday sector's business model of full consumer pre-payments. Therefore, BEUC welcomes that the Commission is [considering](#) further limiting holidaymakers' pre-payments. Maximum percentages for pre-payment and payment schedules are needed. This would limit the risk for consumers and would also make insolvency protection cheaper for travel organisers.

#### CLARIFYING INSOLVENCY PROTECTION

Consumer protection when tour operators go insolvent is a key element of the Directive. However, there have been [widespread problems](#) implementing this at national level. This impacted consumers during the Thomas Cook bankruptcy and led to [legal uncertainties](#) during the pandemic. Reviewing and clarifying these rules will be essential.

The reviewed PTD should define how to set up insolvency protection schemes to avoid the above reoccurring. These schemes should kick in as soon as the bankruptcy is officially recognised/declared. Vouchers and reimbursement claims should also be protected when cancellation is not due to insolvency (e.g., unavoidable and extraordinary circumstances).

<sup>1</sup> Articles 24 and 25 PTD.

<sup>2</sup> E.g. forced vouchers, wrong/partial information about refund rights etc.



## MINIMUM VALIDITY RULES FOR VOUCHERS

Currently, if a package travel contract is cancelled by the tour operator or the consumer due to ‘unavoidable and extraordinary circumstances,’ travellers can get a monetary reimbursement within 14 days<sup>3</sup>. The Directive is silent on vouchers. The revised PTD should codify the Commission’s voucher [Recommendation](#), to ensure minimum validity rules. They should be voluntary, insolvency protected and come with a minimum validity time.

## NO DEROGATORY RULES IN CRISIS TIME

Any proposal to incorporate derogatory rules in crisis periods, such as prolonging reimbursement periods or imposing vouchers on consumers, must be rejected. Furthermore, any new bookings made during the pandemic, should be subject to the usual PTD rules. Finally, the legal value of official travel warnings (subject to numerous interpretations during the pandemic), should be clarified and harmonised. It should be clear that any official travel warnings in the consumer’s country of residence or destination must be considered sufficient for travellers to benefit from a full refund of the package, without penalty. This would provide more legal certainty for both travellers and tour organisers.

## CLARIFYING THE RIGHT OF WITHDRAWAL

Currently, holidaymakers can terminate their holiday without fees if ‘unavoidable and extraordinary circumstances’ occur at the destination or its immediate vicinity. But this was subject to dispute during the pandemic: the Directive only specifies that travellers can cancel “before the start of the package” but does not give a time frame. Traders took advantage and refused to fully reimburse consumers, considering withdrawal requests based on official travel warnings premature. A defined period (e.g.30 days) for the declaration of withdrawal based on unavoidable and extraordinary circumstances would be a big improvement.

## A RETHINK ON LINKED TRAVEL ARRANGEMENTS (LTAS)

LTAs are complex and consumers are often unsure whether their booking is a package or an LTA. This has led to abuse. Simplification and clarification is needed. The Directive should prescribe a liability regime for LTA contracts. This would stop companies promoting LTAs, when they are actually selling packages as this impacts consumer protection. The PTD should also provide an information obligation for standalone products (e.g., flights).

## CLEARER RULES FOR BOOKINGS VIA ONLINE INTERMEDIARIES

Consumers increasingly use online booking intermediaries for standalone tickets and package holidays. However, neither the PTD, nor passenger rights regulations deal with intermediaries and do not establish clear responsibilities. COVID-19 has [demonstrated](#) many problems, with consumers ‘ping-ponged’ between different parties and waiting months to be reimbursed. The revised PTD should introduce [clear liability rules](#) for the different parties.

## A COHERENT REVIEW OF THE PTD AND THE AIR PASSENGER RIGHTS REGULATION

The PTD allows consumers to cancel their package and receive a full refund “in the event of unavoidable and extraordinary circumstances”<sup>4</sup>. Currently, this right does not exist in the Air Passenger Rights Regulation. This leaves consumers at the mercy of airlines’ terms and conditions and/or goodwill, creating a disparity regarding the right to reimbursement depending on the service booked (package vs single air service). [Insolvency rules are also needed](#) to ensure consumers can get their money back if an airline goes bankrupt.

<sup>3</sup> Article 12(2) & (4) PTD.

<sup>4</sup> Article 12(2) PTD.