

Parliament extends "package" holiday traveller protection

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Holidaymakers putting together their own "package" holidays from travel services sold on the internet or elsewhere need extra protection, as they are unlikely to get the same "all-in" cover as those buying from traditional travel agents, say MEPs.

A draft law to be voted on 27 October should ensure that travellers are not stranded if an airline or travel operator goes bankrupt, protect them against sharp price increases or flight time changes and specify their rights in unforeseen circumstances.

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Background

Why are the rules being updated?

The current EU rules on package holidays date back to 1990. Since then, the growth in cheap flights and internet sales has significantly changed the way travellers plan and buy holidays.

The updated directive would clarify the rules to take account of new buyer behaviour and broaden the definition of package holidays to encompass most types of travel arrangements made up of various elements, so as to protect holidaymakers in the event of problems.

In 2011, online travel sales accounted for around 35% of all travel bookings. In March 2013 alone, nearly 183 million citizens visited an on-line travel website.

Although 23% of EU travellers still buy their package holidays in the traditional way, more and more people make their own holiday arrangements on the internet through commercially linked traders. Such “online travel service combinations” now account for 23% of the holiday market, or roughly 118 million trips a year.

However, this new buying behaviour has made the current directive outdated, often leaving consumers in a legal grey area where it is no longer clear whether their holiday arrangements constitute a legal “package”. Also, practices that differ between member states can make it difficult for travellers to know their rights.

As a result, 67% of EU citizens mistakenly think that they are protected when buying these “new packages”, when in fact they are not. Overall, EU citizens lose €1 billion a year due to lack of holiday protection, the average cost to travellers being almost €600 compared to less than €200 for traditional packages.

Background

Scope of the directive

The new rules would cover two types of contracts: package deals (pre-arranged by tour organiser or customised by the traveller) and linked travel arrangements.

Package holidays consist of two or more elements - such as flights, accommodation or other services (car hire, guided tours or theatre tickets) - bought from one single trader or offered by different traders at a total price.

Linked travel arrangements, the concept of which would be introduced by the new rules, consist of two or more elements bought from different traders, who prompt consumers to book additional travel services through a targeted link or similar. The second service should be bought within 24 hours after booking the first one.

MEPs secured a provision that "click-through" deals in which a traveller's name, payment details and e-mail address are transferred between traders and a second contract is concluded within 24 hours after first service was booked, should be considered to be a "package" deal.

Given that linked travel arrangements do not offer the same level of protection in all cases as do traditional packages, MEPs also inserted an obligation for traders to clearly inform customers before concluding the contract if they are buying a package or a linked travel arrangement.

The difference in protection is that unlike a package holiday, "linked travel arrangements" could not be transferred to another traveller, and their sellers would not need to provide the same pre-contractual information. However, someone buying a linked travel arrangement would still be protected if a service provider goes bust and would also have the guarantee of repatriation.

MEPs secured a provision that business trips arranged by an organiser through a general agreement should be excluded from new rules, as such agreements usually offer separate protection for travellers

Background

Information requirements

Before the contract is concluded, the traveller should get a standard list of relevant information which should include, inter alia, the destination, departure and return dates and times, the number of nights included, the official category of accommodation booked, the total price of the package and an indication of additional costs which the traveller may still have to bear.

The trader should also give information on whether the trip is generally suitable for persons with reduced mobility. Where relevant, the traveller should also be informed of the minimum number of persons required for the journey to take place and the deadline for cancelling the trip if this number is not reached.

Background

What if the traveller cannot go or wants to cancel?

A traveller would be entitled to transfer a package to another traveller provided that (s)he notifies the organiser at the latest seven days before the start of the trip. However, any expenses in relation to the transfer of the journey should be paid by the traveller or the person taking over the holiday. The organiser will have to inform the customers about the actual cost of the transfer which should be reasonable.

Travellers should also be able to cancel the contract at any time before the start of the package, provided they pay appropriate termination fee. Free of charge terminations with a full refund of any payment made are also possible in the event of unavoidable and extraordinary circumstances occurring at the place of destination (floods, terrorist attack or outbreak of serious disease).

Background

What happens if the price or the flight times change?

Prices could be raised after the sales contract has been concluded only if fuel prices, taxes or airport fees go up and the traveller is informed about it at the latest 20 days prior to the start of the package. MEPs clarified that if the price increases by more than 8% (the Commission proposes 10%) travellers should be able to cancel the contract without paying a termination fee and to get their money back, or be offered an equivalent package.

The same possibility to cancel the trip without a fee and be refunded would apply if organisers significantly change the key characteristics of the travel services - flight times, trip dates, category of the hotel and etc

Background

What happens if the travel organiser goes bust?

Travellers' repatriation should be ensured if their travel organiser goes bust while they are on holiday and carriage of passengers is part of a package deal. If possible, they should have the option of continuing their trip at no additional cost before travelling home.

Member states should ensure that their insolvency protection schemes are effective and able to guarantee prompt repatriation and immediate refunds to the travellers affected.

Background

Who is liable in the event of a problem and what assistance could the traveller expect?

Package holiday organisers would be responsible for the performance of the travel services included in the contract, unless national legislation also expressly provides that the retailer may also be deemed liable. Before buying the package the consumers will have get clear information on the company responsible.

Therefore travellers in difficulty should be able to get help during their holiday even if the travel organiser is not at fault. Assistance should include information on health services, consular assistance or helping to find alternative travel arrangements. If the difficult situation is caused by the customer's negligence or intent, then organisers may charge a reasonable fee for the assistance provided.

In the case of a linked travel arrangement, each organiser is responsible for his own part of the contract.

Background

What happens in the event of "unforeseen" circumstances?

If "unavoidable" and "unforeseen" circumstances, such as natural disasters or a terrorist attack, make it impossible for the traveller to return home on time, the organiser would have to bear the cost of accommodation, if possible of the same quality as originally booked, for up to three nights. If there longer periods of assistance are specified in relevant EU passenger rights rules, these rules would apply.

Background

What happens next?

If the updated rules are approved in EP plenary on 27 October, Member States will have two years to transpose them into their national laws and then additional 6 months to put them into effect.