

The performance of the Package Travel Directive and broader consumer protection issues in the implementation of passenger rights

The [original full study](#)¹ discusses the practical application of the Package Travel Directive (PTD) across ten EU Member States. The study reveals that the PTD requires updates to keep pace with evolving trends within the travel industry. Current definitions of 'package travel' are becoming outdated, demanding modernisation to allow it to resonate with contemporary travel dynamics. Additionally, the study probes into the industry's prevalent upfront payment systems, underscoring the necessity to strike a balance that serves operational needs and protects consumers. The digital transformation of travel presents new challenges, including maintaining transparency on platforms and navigating the complex world of online intermediaries. Alternative dispute resolution (ADR) methods emerge as effective in the study, particularly with regard to enlightening consumers about their PTD rights, fostering informed decisions and setting higher industry benchmarks.

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Background



At its core, the study underscores the directive's need for adaptability in response to the fast-paced changes within the travel industry. Traditional definitions of 'package travel' are being tested, necessitating a revision to ensure they align with modern travel practices and behaviours. Furthermore, potential travellers' experiences during the pre-contractual phase have been highlighted as an area of concern. The lack of clarity and comprehensive information when trying to book a travel package jeopardises the principle of transparency, which is vital for cultivating trust within the industry. As a

consequence, refining these processes is not only about enhancing consumer experiences but also about bolstering industry standards.

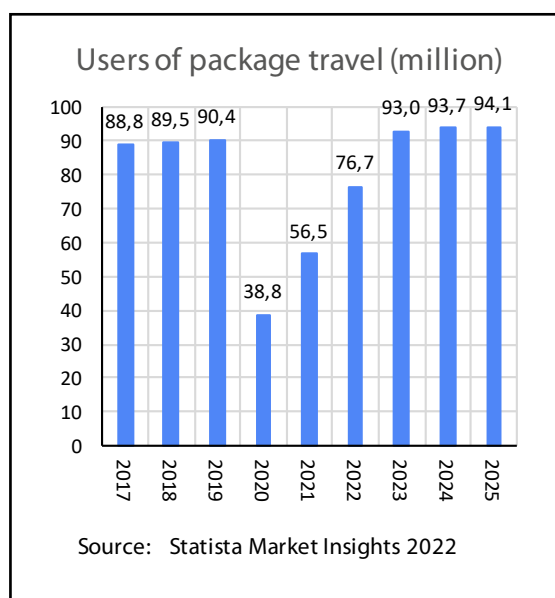
The study also critically examines the prevailing payment structures in package travel. In an industry ecosystem where upfront payments are common, finding a balance between operational feasibility and safeguarding consumer interests becomes paramount. The digitalisation of the travel sector, though advantageous, introduces its own set of challenges. These issues span from ensuring platform transparency to managing the intricacies of online intermediaries. On the enforcement front, while recognising the importance of traditional mechanisms, the study also sees the merits of ADR. The emphasis on consumer awareness is another pivotal aspect of the study. Well-informed travellers, familiar with their rights under the PTD, not only make better decisions but also help elevate the industry's standards.



Key findings

The EU's **travel industry definitions for 'package travel services' and 'LTAs'**² need revision due to rapid industry changes and the rise of multiple intermediaries. Existing definitions lack clarity in the era of modern travel arrangements. Central to this is the **significance of pre-contractual information**, which bolsters transparency and assists consumers in making informed decisions. To improve this, the study proposes a comprehensive form that incorporates text, visuals, and infographics, emphasizing elements like pricing and insurance. A particularly notable concern is **travellers' limited awareness of legal risks** associated with travel packages and LTAs, mainly due to the fact that travel organisers' websites often do not inform customers that they are protected according to the PTD. Instead, they should provide this information. The situation is worsened by ambiguous contractual terms. The study calls for clearer contract terms detailing all parties' rights and responsibilities. In terms of package travel prices, evidence suggests that the main channel through which the **PTD has had**

an impact on prices is through additional costs borne by package travel organisers passing to consumers through increased prices. In particular, misalignment in the allocation of risk within the package travel value chain means that package travel providers are facing potential large financial outlays. Risks of future price increases should be mitigated by the dispersion of risk across intermediaries (such as tour agents, payment service providers, and other online marketplaces) in the package travel value chain. This can be achieved by aligning the PTD with legislation applicable to other travel service providers such as the Air Passengers Regulation (APR). It is therefore advisable that the PTD framework clarifies the roles and obligations of travel organisers, intermediaries, and providers, ensuring that accountability and liability are properly allocated among them. Amidst disruptions, such as the Covid-19 pandemic, the common **practice of demanding upfront payments for travel packages is problematic**. The study suggests balancing the needs of travel organisers with consumer protection, through considering the use of mandatory insurance or public funds as safeguards. Clarity around vouchers, increasingly used during travel disruptions, is also necessary. **Online Travel Agencies (OTAs), pivotal in the travel industry, grapple with transparency challenges**, especially in dynamic packaging. The need for EU-wide guidelines for consumer protection is also underscored, as is ensuring authenticity in OTA user reviews. **Uniform protection of travellers' rights is crucial**, necessitating collaborations across national and regional authorities. Additionally, the **underutilised potential of Alternate Dispute Resolution (ADR) and Online Dispute Resolution (ODR) methods** is addressed, with a call for greater visibility and accessibility to solidify their industry role. Overall, the emphasis is on updating definitions, enhancing transparency, and safeguarding traveller rights in the evolving landscape of the travel industry.



¹ Cerulli-Harms, A., et al., 2023, The performance of the Package Travel Directive and broader consumer protection issues in the implementation of passenger rights, Publication for the committee on Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740097/IPOL_STU\(2023\)740097_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2023/740097/IPOL_STU(2023)740097_EN.pdf).

² Art. 3(5) of the PTD. 'Linked travel arrangement ('LTA') means at least two different types of travel services purchased for the purpose of the same trip or holiday, not constituting a package, resulting in the conclusion of separate contracts with the individual travel service providers, if a trader facilitates: (a) on the occasion of a single visit or contact with his point of sale, the separate selection and separate payment of each travel service by travellers; or (b) in a targeted manner, the procurement of at least one additional travel service from another trader where a contract with such other trader is concluded at the latest 24 hours after the confirmation of the booking of the first travel service.

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