



Giving clearer information and greater protection to consumers when they book holidays

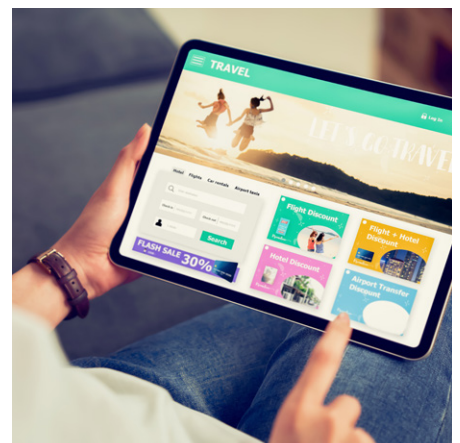


Key points

- Consumers are currently confused about the protection they receive when booking a holiday
- Most consumers questioned in a public poll don't know what a linked travel arrangement is, let alone what protection it provides them
- Sometimes consumers may think they are booking a package holiday when they are booking a linked travel arrangement (LTA)
- Package holidays and linked travel arrangements have different levels of protection, which consumers do not appreciate
- Most stakeholders questioned in a poll think that regulators don't understand LTAs
- There is almost universal agreement from stakeholders that LTAs provide less financial protection to UK consumers than package holidays and the vast majority think the definition of LTAs is problematic
- Most consumers questioned support a Government review of linked travel arrangements

CTSI's call to action

- Simplifying the wording and information provided to consumers from travel organisers (e.g. travel agents and tour operators)
- Reform of the 2018 Package Travel and Linked Travel Arrangements Regulations (PTR)
- Creation of a sector-specific offence of providing incorrect/false/misleading information to consumers (as it was in the 1992 regulations), rather than just relying on the Consumer Protection from Unfair Trading Regulations 2008
- Any holiday services where there is no financial protection must provide a clear warning so that consumers can make an informed choice



Background and summary

According to the Office for National Statistics, UK tourists are going on more holidays than they did 20 years ago, with two-week holidays largely being jettisoned in favour of one-week or 10-night breaks. Reports are that UK residents made 24.9 million visits abroad in the third quarter of 2022, more than three times during the same quarter of 2021. This large increase could be because of the easing of coronavirus (COVID-19) pandemic travel restrictions. Market intelligence analysts Mintel report that 59% of UK consumers booked their holidays in 2022 online via a laptop or desktop computer.

Linked travel arrangements (LTAs) were introduced as part of the revised 2018 Package Travel and Linked Travel Arrangements Regulations in a bid to provide consumers with more protection when booking holidays independently. A linked travel arrangement (LTA) is either sold online or in a travel agency and covers the purchase of individual 'travel services' which are then combined by a seller for the same trip or holiday. It's the **separate selection and purchase** of 'travel services' made during **a single visit to a shop or a trader's website**, where the traveller selects and pays for, e.g. a hotel and then, **without leaving the agent or the website**, pays separately for a flight.

If the consumer goes online and purchases a 'travel service' from one business and through a targeted link on this website they purchase a second 'travel service' from the linked website, then this also would be an LTA, as long as the second 'travel service' is purchased within 24 hours of the first. 'Travel services' include transport, accommodation, vehicle rental and other tourist services not inherently already included.

What is a package holiday?

An operator, agent or online travel agent (OTA) can sell a **package holiday** by combining at least two different types of 'travel service' for the purpose of the same trip or holiday. The business will also be responsible for insolvency protection and all elements of the **package holiday**.

There is no definition of an online travel agent but online is effectively digital, irrespective of the methodology of contact or sale. So, if a company uses an app on a phone to advertise and sell **package holidays**, they should comply with the Package Travel Regulations.

What is a linked travel arrangement?

A linked travel arrangement (LTA) is created in two different ways.

Firstly, if a consumer visits a travel agent or OTA, for example, and purchases a flight or other 'travel service', then without leaving the agency or website, decides to select and buy another 'travel service' such as accommodation in a separate transaction, then this will be an **LTA**. There is no time limit on this second 'travel service' booking so long as the consumer doesn't leave the travel agent's premises or the online travel agent website in between.

The second way is slightly different and involves a consumer visiting, for example, an airline's website to buy a flight. The airline's booking confirmation appears after paying for the flight, and there is an offer in the booking confirmation details to click through to another website to book another service the consumer may need for their holiday, for example - accommodation.

If the consumer decides to purchase the accommodation and makes a separate purchase **within 24 hours**, the combination becomes an **LTA**. Basically, there are two separate but linked purchases of a 'travel service'. The airline website, where the first purchase was made, is called the, 'facilitator', and only the 'facilitator' has to provide insolvency protection.

If a transport provider (say the airline) provides the first element, then repatriation is only provided if the transport provider (the 'facilitator') collapses while the consumer is on holiday. The problem for consumers is that if they purchase a flight, then a hotel separately and the hotel shuts (or goes into administration) the consumer will not be able to recover any of the money they paid for the hotel.

Package or LTA?

But it can be even more confusing, for example when a consumer goes onto an airline website to book a flight. A flight is chosen and paid for by the consumer. In the confirmation details, there is a link to another website selling a selection of hotels and the consumer clicks on the link. There are now two scenarios a consumer has in deciding whether to purchase, one leading to a **package**, and another to an **LTA**;

- when a customer clicks on the link and accesses the other website, their name, payment details and email address are automatically pre-populated and, as long as the consumer purchases the hotel **within 24 hours**, it will be a **package** with the airline providing all the protections required (insolvency protection and full responsibility for the package)
- when the consumer clicks on the link and accesses the other website, they decide to purchase a hotel **within 24 hours**, but because their name, payment details and email address don't automatically appear, it becomes an **LTA**, with the airline becoming the 'facilitator', providing only insolvency protection for itself. In this scenario, they do not provide full responsibility for the whole package, but only provide repatriation if the airline collapses whilst the consumer is abroad. No refund will be made if the hotel becomes unavailable.

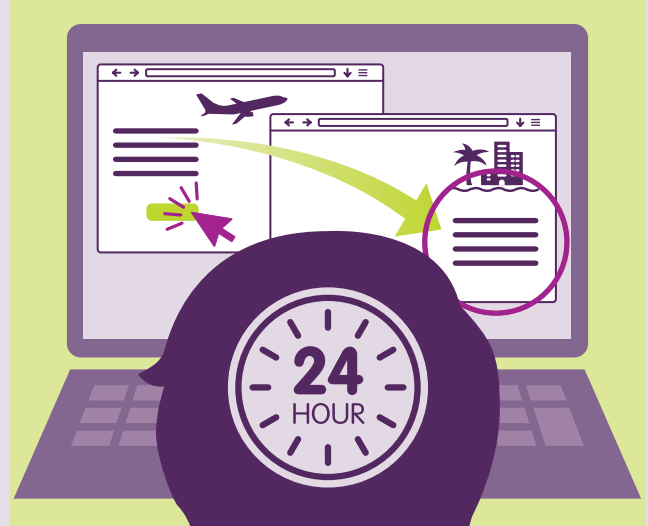


Package: Scenario 1



Buy at least two different types of 'travel service', combined and sold by an operator, agent or online travel agent (OTA). The business will be responsible for **full protection (for insolvency and all elements of the package holiday)**.

Package: Scenario 2



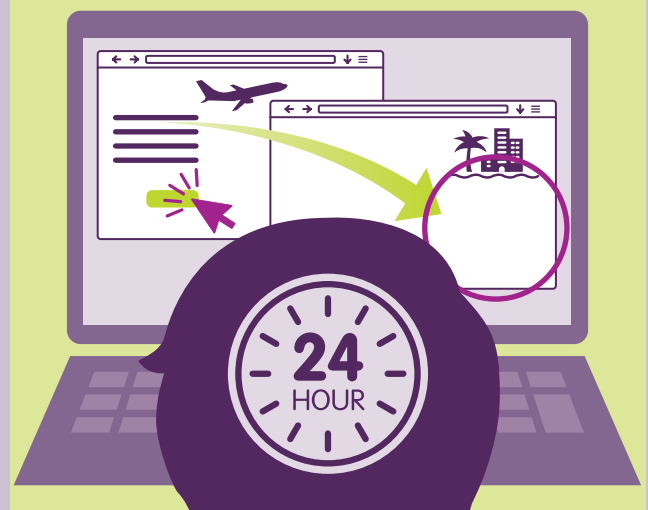
Buy a flight online, a link is provided to another travel service website (e.g. a hotel) with name, e-mail and payment details pre-populated. The second service must be bought within 24 hours. **Still a package with full protection.**

LTA: Scenario 1



Buy a 'travel service' in a travel agency or online. Without leaving the agency or website, decide to select and buy another 'travel service' in a separate transaction. No time limit, so long as the customer doesn't leave the website or travel agent. Only the original travel service provider has to provide insolvency protection and is **NOT responsible for all the elements of the holiday**.

LTA: Scenario 2



Buy an 'online travel service' (e.g. a flight). A link is provided to another website. You buy another 'travel service' in a separate transaction within 24 hours but name, e-mail address and payment details **NOT** pre-populated. The airline website, where the first purchase was made, is called the 'facilitator'.

Only repatriation protection for transport collapse when abroad, only the facilitator has to provide insolvency protection.

What's the latest?

CTSI suspects that consumers could be losing out by booking LTAs, which provide less protection than package holidays. But more importantly, our public polling evidence suggests that the vast majority of the public don't know what a linked travel arrangement is, with older people being less likely to understand and the number growing as the age of the respondents increase.

Our polling also suggests that legislators need to make the law as simple as possible for consumers to understand so that they are protected from being misled or losing money. The top five reasons given in our public poll for either not reading the terms and conditions, or only skim reading them when booking a holiday, are: too much information is provided and it puts consumers off, they are too complicated, consumers don't have time, all terms and conditions are more or less the same and finally that consumers have been on plenty of holidays without needing to read them.

Almost 1 in 5 (18%) of the public also felt they were more protected when booking a linked travel arrangement than when booking a package holiday, which isn't correct.

Given the above reasons, CTSI is calling for a review of the 2018 Package Travel and Linked Travel Arrangements Regulations (PTR), with LTAs either being reformed or scrapped. CTSI's public poll showed that almost 88% of respondents either supported a Government review of linked travel arrangements or didn't express an opinion either way.

There is widespread belief within the travel industry, trade associations and amongst consumers that the system is broken; it isn't working. CTSI's stakeholder poll reports that even travel organisers may not realise that they have created an LTA nor understand the obligations that fall on them to make the customer aware of what is (and is not) protected.

In short, customers are confused, businesses are confused and even regulators have concerns. Despite the good intention behind the revised 2018 Package Travel and Linked Travel Arrangements Regulations (PTR) to provide more protection to consumers, CTSI believes that this has not happened.

This is because:

- The language of the legislation (particularly in relation to the required 'Essential Information') is too complex
- There is a requirement for too much information to be provided so that consumers are deterred from reading them
- The definition of LTAs is too complex



- The legislation covers only package holidays and LTAs, which means there are no specific requirements for other holiday service providers

The recent public poll conducted on behalf of CTSI found that even after being given a definition of a linked travel arrangement, just over 73% of respondents said that they still found the difference between a linked travel arrangement and a package holiday a bit confusing or that they didn't understand at all.

In CTSI's recent stakeholder poll amongst consumer organisations, trade associations, independent travel experts, journalists, the travel industry and an enforcer, the vast majority of stakeholders either agreed or strongly agreed that LTAs provide less financial protection to UK consumers than package holidays.

The stakeholder poll also found that the vast majority of stakeholders:

- Either aren't sure, or think that regulators don't understand LTAs
- Are not aware (or are not sure) of a regulator ever having challenged an operator over the selling of a linked travel arrangement
- Believe that the definition of LTAs is problematic
- No stakeholder thinks that travel organisers realise when they have created an LTA or understand the obligations that fall on them to make the customer aware of what is (and is not) protected

Another of the issues relating to travel and holiday bookings is that the law requires that too much information is given to consumers, who then don't read it. Currently the Package Travel Regulations require a lot of information to be given to consumers, with the information required being itemised in 10 schedules. That immediately introduces complexity and confusion for organisers, retailers (high street and online) and consumers, and the wording is unnecessarily complex, even if all of this 'Essential Information' is actually provided to consumers (which CTSI believes is questionable). CTSI believes that 'Essential information' which is required for the protection of consumers should appear in a 'bold, precise and compelling manner'.

CTSI's stakeholder poll show a majority of stakeholders agree with most of CTSI's recommendations of what should be included in 'Essential Information' when booking holidays. However, there were some reservations about:

- whether compensation in the event of problems should be included in 'Essential Information' which the consumer may need prior to, or during, the holiday; and
- whether information with regard to unaccompanied minors should be included in 'Essential Information' which the consumer may need prior to, or during, the holiday:

Why is this important now?

Consumers can unwittingly fall into gaps in the legislation without realising it. CTSI suspects that consumers are losing out because they may think they are getting a lot more protection than they are (because they may think they've already effectively bought a package).

The UK Government has indicated that they will be launching a consultation on changes to the Package Travel Regulations sometime in 2023. This is a rare opportunity to be able to influence legislation for the benefit of consumers. CTSI wants to take that opportunity.

CTSI believes that changes are needed to:

- Effectively give more protection to consumers, by making it absolutely crystal-clear whether they are booking a package holiday or not
- Spell it out to consumers that with the legislation as it is, if they are not booking a package holiday, but an LTA, then the protection they get will be different. But in any potential landscape without LTAs, consumers would need to know what their protection is so that they could make an informed choice about buying independently or a package. Consumers could then choose to buy a non-protected holiday (just as they choose to travel without travel insurance), but that choice must be made very clear to them; organisers such as travel agents and tour operators shouldn't pretend that consumers are covered when they are not

What is CTSI calling for

Information provided during the booking process needs to be clearer along with details of the protection consumers have when things go wrong. Holidays are the most expensive purchase a consumer is likely to make, after a property and a vehicle; so, especially in the midst of a cost-of-living crisis, it is particularly important that consumers are protected from making what could be a costly mistake.

Currently, consumers are confused about the protection they receive when booking a holiday; they may think they are booking a package holiday but they may in fact be booking a linked travel arrangement (which offers less protection), or even booking separate elements, which are totally out of the scope of the PTRs. In most cases, consumers don't even know what a linked travel arrangement is, let alone know what protection it provides them.

CTSI believes that LTAs, which offer less protection for consumers booking holidays than traditional package holidays, are not fit for purpose.



We are asking for:

- The Government to review Package Travel Regulation legislation to ensure optimum protection for consumers. This would include:

Either reforming or scrapping linked travel arrangements

- It is clear from both CTSI's public and stakeholder polls that LTAs currently are not fit for purpose. CTSI believes they should be either reformed or scrapped, so long as what it is put in their place means that consumers are not detrimentally affected

Simplifying the wording and information provided to consumers from travel organisers (e.g. travel agents and tour operators)

- This is particularly important regarding the 'Essential Information' to be provided, removal of repetition, and use of simple headings to make information given to consumers far more user (and business) friendly. Links to more detail can be provided, but the initial information needs to be short, clear and easy for the consumer to read and understand. Such information must be provided before a contract is entered into.

Currently 'Essential Information' which the 2018 regulations prescribe is set out in 10 legal schedules, which CTSI believe is way too complicated and lengthy for consumers. We also believe it is unlikely that all of this information is actually provided to consumers when booking a holiday, particularly if a holiday is booked over the phone. We have proposed (see diagram on page 8) what we believe 'Essential Information' should be included to help consumers.

- Any holiday services where there is no financial protection must give a bold warning as to the implications of this, so that the consumer can make an informed choice. The principal requirements will continue to relate only to packages, but there would be the warning requirement for all non-packages.

The 'Essential Information' provided could be preceded by a clear and simple warning, such as: "You are entering into a package holiday agreement and, as such your flights and/or accommodation are protected in the event of insolvency. Please be aware that, if you are not booking a package, your flights and/or accommodation are not necessarily protected in the event of insolvency." The consumer could be asked to confirm that they understand before proceeding with the booking.

- Clarification up-front when something ceases to be a package because extra services have been agreed after the contract has been entered into.

Creation of a sector-specific offence of providing incorrect/false/misleading information to consumers

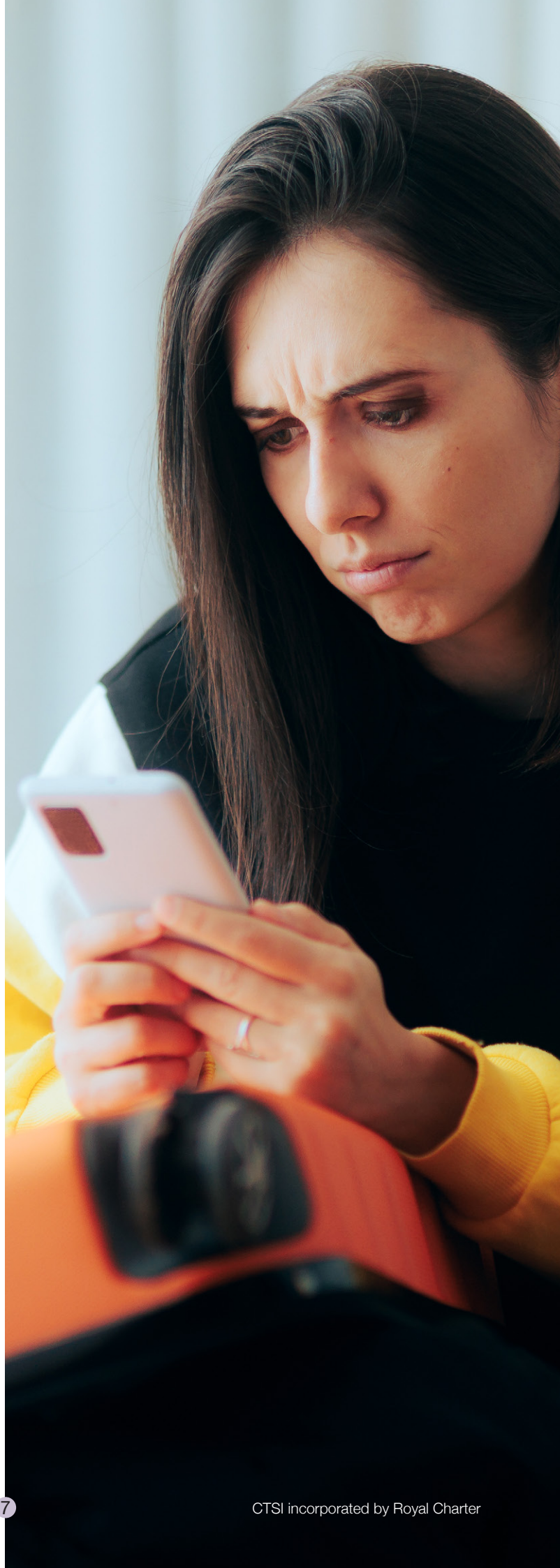
- ▶ Introducing a sector-specific offence of providing incorrect/false/misleading information to consumers needs to be created (as in the 1992 regulations), rather than just relying on the Consumer Protection from Unfair Trading Regulations 2008. This could be included in the forthcoming Digital Markets, Competition and Consumer Bill. CTSI's recent stakeholder poll found that 72% of stakeholders agree that a sector-specific offence of providing incorrect or misleading information to consumers when booking holidays should be created.

Increased enforcement and penalties for trading standards for breaches of the Package Travel and Linked Travel Arrangements Regulations

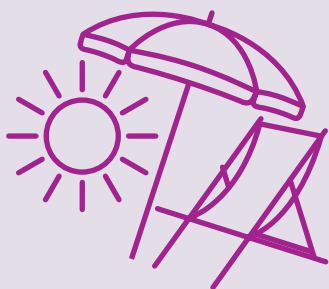
- ▶ Currently Trading Standards and the Civil Aviation Authority (CAA) are joint enforcers of the 2018 PTRs. The CAA focuses on flight-inclusive packages only (the ATOL regime) and Trading Standards enforces the rules on both packages and LTAs.

The Government is currently considering enhancing powers of the Competition and Markets Authority (CMA) to rule on breaches of general consumer law and directly impose fines without the need to go through the courts; this can be used if in relation to issues concerning the holiday industry. CTSI believes that the same powers – of enforcing consumer law without having to go to court - should be given to trading standards for the breach of PTRs. Trading standards would then have the power to:

- Decide whether a business has breached consumer law (such as the Package Travel Regulations);
- Direct the business to stop the infringement and to provide redress to consumers (such as compensation); and
- Order the business to pay a financial penalty



CTSI believes that the following ‘**Essential Information**’ should be provided in the following simplified format to ensure that it is read and understood by consumers:



Information relating to the holiday itself

Full details of the holiday

•

Full details of the organiser and retailer, including address, telephone number and email address

•

Total price (itemised as applicable) and how and when payment is required

•

If there is a minimum number of people required for the trip, that number and when the consumer will be notified

•

Passport and visa requirements

•

Information about insurance, and the costs of cancellation/termination



Information which you may need prior to, or during the holiday

Emergency contact details

•

Transfer of the package (with costs)

•

Termination of the contract by the consumer (with costs)

•

Your rights if details of the package change after it has started

•

Compensation in the event of problems

•

What will happen in the event of insolvency



Information with regard to liability and protection of your money

Details of any special requirements

•

Details of the protection if the travel service provider goes bust and who provides the protection. For example, will the consumer be brought home free of charge?

•

Who to contact in the event of problems while away

•

Information with regard to unaccompanied minors

•

Details of complaints procedures

•

Responsibility for additional services provided during the holiday