Thursday 20 June 2024

Mr R Krammer
Head of Corporate Finance at Aviation & Travel Finance, CAA
Via email - Susie.Talbot@caa.co.uk

Dear Reiner

Your 19 June letter is heavy on what the CAA cannot do, but ignores what they or the ATT can and should do to encourage greater safeguarding of Client money.

For a very long time the CAA have accepted reform of ATOL is much needed and stated that it requires legislation. However, the CAA have consistently failed to act, we still await the CAA's final suggestions for ATOL reform. Yet, when it suits, the CAA find a way - such as the anti-consumer IOU's (RCN) and the shady 'Agent for the consumer' 50% APC discount.

You differentiate between the decisions of the CAA and the ATT which is disingenuous given that the trustees of the ATT are all CAA employees.

You mention that the accredited bodies are paid £1.25 pp to take on risk and administration.

You seem unaware there is also a £1.75 version of this service charge. Using the accredited bodies in this way has been the best thing the ATT and CAA have done as they have not made any calls on the ATT. Without this scheme the ATT would likely have been bust years ago.

The proposal we discussed, which you appear to have misunderstood, was simply to add a third level of service charge of £2.50, paid to the accredited body when all money is kept in trust until travel is complete. This is a greater removal of risk from the ATT and should be welcomed by the trustees.

I am sure you will agree this does not require legislation and sits entirely within the purview of the CAA and through them the ATT trustees who are employed by the CAA.

ATOL reform is long overdue, but as an interim measure ahead of the September 24 renewals, there should be three levels of service charge to the accredited bodies to encourage a further removal of risk:

£1.25 payment: All Client payments in trust and only used to pay suppliers. The accredited body take responsibility to fulfil or refund any failures. (As now)

£1.75 payment: All Client payments in trust and only used to pay suppliers, plus insurance in place. The accredited body take responsibility to fulfil or refund any failures. (As now)

£2.50 Payment: All money is safeguarded in trust until all travel is complete. The accredited body take responsibility to fulfil or refund any failures. De minimus risk.

It is then a matter for the ATOL holder and the Accredited body to agree their own financial arrangements for the responsibility the accredited body take on.

This solution is neat and pragmatic and can be put in place within weeks. What possible objection could the CAA/ATT have?

Yours sincerely

Toby Kelly
<u>CEO</u>

Cc: Rob Bishton, Chief Executive, CAA
Sir Michael Gooley CBE, Founder and Executive Chairman, Trailfinders
John O'Dowd, Legal & Regulatory Director, Trailfinders
Ms M K Fuller, ATT trustee
Ms T K Martin, ATT trustee
Mr J A Spence, ATT Trustee

(The CAA website suggests Paul Smith is still an ATT trustee, but we had understood he has been removed)