Questions posed by the consultation. (Our answers are in **bold**)

1. Do you think that domestic-only arrangements that do not include travel should be exempt from the regulations?

a) Yes b) No c) I do not know

No. Simplicity and consistency is key. Everyone must know exactly where they stand. At the moment, subjective interpretation takes place with domestic-only arrangements. The consumer and the travel company must know and understand their obligations.

Whilst repatriation is a lesser concern for UK holidays, other protections are common to travel abroad. Regardless of where a person is travelling, a consumer's pre-payments should be safeguarded until their travel is complete. The travel organiser should be unable to misappropriate pipeline money to fund the running of their business or paying staff or shareholders. Further, the ATOL and non-ATOL packages should be combined under one regime for the ease of the consumer and consistent policing.

2. If you offer or have considered offering domestic packages, what impact does the current regulatory regime have on your decision to put together domestic packages?

None. This incorrectly implies the current regulatory burden is high, which is untrue.

3. Would removing domestic packages that do not include a travel element from the scope of the regulations support businesses to:

a) offer more choice?

i) Yes ii) No iii) I do not know

ii). Trailfinders offer substantial protections to all bookings, it is hard to contemplate how this has a bearing.

b) offer lower cost options?

i) Yes ii) No iii) I do not know

Please explain your response, setting out how and to what extent this reform could lead to benefits or detriment to business.

ii)**This protection has such a small cost to the business and great benefit to the consumer, so it should have minimal effect on the cost.**

In the short-term there may be more choice as those that seek to embezzle client funds enter the market. It would ultimately be to the detriment of the consumer.

Which? have stated previously that consumers felt that domestic packages should not be excluded from protection. Which? reference Citizens Advice whose data shows there are more complaints about UK Holidays per year than holidays abroad.

4. What do you think the regulatory position on linked travel arrangements should be?

• kept as it is

• simplified by extending the scope of type A and removing type B

• something else

• I do not know

Please explain your answer, outlining potential impacts on businesses and consumers and any evidence that informed your position.

Linked travel arrangements should be simplified by extending the scope of type A and removing type B as it provides better consumer protection. Consumers should be at the forefront of the PTRs.

Just because you book a flight and hotel a day apart, it is still a package. This current loophole creates confusion and gives an opportunity for the unscrupulous to sidestep PTR obligations.

5. Would increasing flexibility in how businesses can get insolvency protection benefit businesses to meet their obligations under the regulations?

• yes

• no

• I do not know

No. It would support amoral businesses that use client funds as working capital as they could use inadequate bonding. <u>Bonding is not dynamic as liability changes and typically only covers a token of the amount of money at risk.</u>

Businesses that operate in the correct manner and safeguard Client funds until after the Client has completed their travel would likely, in an indirect manner, end up subsidising the less scrupulous as they do within ATOL's Air Travel Trust.

6. Would there be any risk associated with increased flexibility in insolvency protection, particularly for compliance and enforcement?

Undoubtedly, as the good will subsidise the bad. Insurance costs will rise as the bonding scheme will prove inadequate as it has time and time again within the ATOL scheme.

Moreover, when Travel companies fail – this would be outside of ATOL meaning the consumer will lose their holiday and their money. <u>Who will police Non-ATOL packages and will the tax payer be the insurer of last resort?</u>

7. In what other ways could the cost to package travel businesses of securing insolvency protection be reduced without compromising consumer protections?

It cannot. <u>The government need to realise that this is a situation where you cannot legitimately have your cake AND eat it.</u>

The issue is for those under capitalised companies that have misappropriated Client money and use bonds, or insurance to bridge a portion of the gap in their capitalisation. Trailfinders

safeguard all Client payments in trust until the Client is home regardless of whether it is a package or not, regardless of whether it is ATOL or not: As the only company to do this we can assert this is a successful model with minimal administrative costs and simple for the consumer to understand.

8. What are the risks and or benefits of keeping the regulations as they are?

The current PTRs at least ensure that there is regulated insurance that protects the risk. All the worst, recent failures in travel have been where a bond was meant to offset the risk of failure of an organisation.

9. What should we do concerning insurance cover for insolvency protection providers?

- relax territorial restrictions to allow supply by those regulated outside the UK, subject to protections being developed
- retain the requirements as they currently are
- something else
- I do not know

Please explain your answer, outlining:

- potential impacts on businesses and consumers
- the cost and quality of cover
- any evidence that informed your position

Something else. The clear answer to insolvency protection is to safeguard Client funds in trust or escrow until the Client has completed their travel.

10. How do we ensure non-UK based providers still provide good quality reliable services?

You cannot. Non-UK providers have different regulatory regimes and standards. If you start a compliance regime analysing and monitoring non-UK providers, you are creating an unnecessary cottage industry with additional cost. If you do not monitor them, you cannot ensure the provider is of the requisite standard.

11. What impact would doing so have on the cost and quality of cover?

Everything.

As well as losing control of the standard to which the market is regulated, this also moves business away from our domestic insurance market.

In short, it is a recipe for disaster. There is no way to ensure adequacy in this area if territorial restrictions are relaxed to allow supply by those regulated outside the UK. The risk of allowing companies to choose an insurance policy without approval was seen with the Thomas Cook failure and their public liability insurance, which left the Treasury and the taxpayer on the hook yet again.

12. What should be done to the ‘significant proportion’ criterion included in the current definition of other tourist services?

• the ‘significant proportion’ criterion be removed

• retain the definition as it is

• something else

• I do not know

Please explain your answer outlining any risks and or benefits, impacts on business and any evidence that informed your decision.

We should remove the ‘significant proportion’ criterion. Currently, there are too many exceptions, qualifications, and loopholes.

When two qualifying elements are sold together, package protection should be afforded to the consumer, regardless. There should be no secondary, subjective criteria. We should be covering more with protection and making it simpler to understand for consumers.

13. Is it clear what forms an ‘essential feature’ of the package, so consumers and businesses understand when a package has been created?

• yes

• no

• I do not know

No. See the answer to 12

14. What are the consequences and benefits of options 1 and 2 relating to the ‘significant proportion’ criterion?

There are theoretical benefits. None of which actually play out in reality. It is lip-service to improvement by creating a criterion open to discussion and debate.

15. Should the regulations be changed to require suppliers to provide redress to organisers within 14days?

• yes

• no

• I do not know

Yes. The same criterion should apply to suppliers that apply to travel companies. It is equitable and during the covid pandemic provided opportunity for some profligate travel companies to rationalise their obligations at the expense of the consumer.

16. Should any time limit for payment of redress apply only in narrower circumstances than regulation 29 (for example, only where the third party has cancelled or wholly failed to provide the relevant service)?

• yes

• no

• I do not know

No. Under the PTRS, travel organisers are liable for the performance of travel services that make up a package. This is good and right for the consumer. However, travel organisers should also always have the right to seek redress from third parties if the failings of the third party contributed to the payment of compensation. As soon as you allow suppliers to rationalise a reduction in responsibility for the consumer, some will do so.

17. What else could improve package travel organisers' ability to get timely and effective redress from suppliers?

This is a non-issue. Even in the pandemic Trailfinders recovered 99.9% of money from suppliers where we had pre-paid. Travel is about a travel organiser's relationships and contracts with both consumers and suppliers. If you choose the correct suppliers and safeguard Client money then redress on behalf of consumers is never a problem.

18. What are the difficulties of leaving legislation as it currently is?

No one is policing non-ATOL packages and looking out for consumers. The bar is already too low.

19. What are the benefits of leaving legislation as it currently is?

You have not made the situation any worse! By bringing all packages under one regime and ensuring Client pre-payments are safeguarded you have the opportunity to do much better.