



Stronger EU protection for package holidays

How will it work in practice?

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Clear protection for better defined travel arrangements

Under the new EU rules, almost 120 million travellers buying combined travel arrangements will be protected. This is expected to **reduce damages to consumers by about €430 million a year**. This will be achieved thanks to:

- **A broadening of the concept of ‘package’**, now clearly including customised combinations of travel arrangements;
- **Clearer information to travellers** on the sort of travel product they are buying and the corresponding level of protection;
- **A new concept of ‘linked travel arrangements’** applying to looser combinations of travel services, which will ensure payments are protected in case the trader goes bankrupt.



Protection for customised packages

Thomas booked a flight to Thailand directly on the website of airline X. When booking, he was offered accommodation at a hotel. He selected both services and at the end of the booking on the airline’s website is charged a total price for both services.

His friend James bought a pre-arranged package offered by the tour operator Y including accommodation at the same hotel and a flight with the same airline.

However, when they arrive, the hotel is being renovated and there are no rooms available.

With the 1990’s rules...

Under the current rules, James would be able to turn to the tour operator Y to resolve the problem. However, it is very uncertain that Thomas’ holiday will be considered as a pack-

age, so airline X will not have to provide any help when Thomas encounters problems at the hotel.

With the new rules...

Under the new rules both tour operator Y and airline X will be considered as an organiser of a package and will inform James and Thomas at the time of booking by using standardised information that the trip or holiday will be considered **as a package under the EU Package Travel Directive** and that X and Y will be responsible for the performance of all travel services included in the package.

James can turn to tour operator Y, and likewise, Thomas will be able to ask airline X to resolve the problem, by making sure that he receives accommodation of the agreed or a higher quality.

Protection for linked travel arrangements



For linked travel arrangements, there will now also be protection, however just for situations where the provider of the first service goes bankrupt, i.e. providing a money-back guarantee and, where appropriate, repatriation. If the traveller's name, e-mail address and payment details are transmitted from the first website to the second ("click-through packages"), the full protection for packages will apply.

Maria purchased a return ticket to New York from the website of airline X for herself and her partner. When the booking was confirmed, she received an invitation to book a hotel room in New York through a link to a hotel booking website. Maria booked a hotel room on the linked website within 24 hours. While Maria and her partner are in New York, airline X becomes insolvent and the return flight is cancelled, although she paid for it at the time of booking.

With the 1990's rules...

Maria and her partner would have to make their own travel arrangements at short notice to get home and pay for them and won't be entitled to a refund on the money paid for the original tickets.

With the new rules...

Under the new rules, the trip will be considered as a **linked travel arrangement** and their repatriation will be covered by the insolvency protection which airline X will be obliged to have in place.

The new Directive will also ensure that when receiving the link for the hotel reservation Maria will be clearly and prominently informed that flight and hotel will not constitute a package so that the airline will not intervene if there are any problems in relation to the accommodation.

Additional protection for travellers under the new rules

Stronger cancellation rights for packages



With the 1990's rules...

Antonio booked a trip to Mallorca from a holiday company providing group holidays including accommodation, internal transport, and sports activities. Then, later in the year, he started a new job and decided he would be unable to join. Under existing rules, Antonio has the option to transfer his booking to another person, or cancel the holiday without any financial compensation.

With the new rules...

Under the new rules, Antonio still has the option to transfer his holiday to another person. However, with the new rules, he is also entitled to cancel his holiday for any reason by paying a reasonable cancellation fee to the holiday company.

Fairer and more predictable prices



With the 1990's rules...

Susie booked a package holiday to Japan with a tour operator. When she booked the trip, the tour operator told her the trip would cost EUR 1,700. The company then wrote to her saying that due to increases in petrol prices, and the changes in the exchange rate, the price would increase to EUR 1,850. The current EU rules grant a cancellation right if the price is increased significantly, but do not specify when that is the case.

With the new rules...

If the package organiser wishes to increase the price by more than 8%, as in the example, Susie has the right to cancel her holiday free of charge.

Additional benefits for businesses under the new rules

The new Directive will make **competition in the travel market fairer**, while **keeping compliance costs reasonable for all**. Cross-border trade will be facilitated by **establishing common EU-wide rules for packages** on pre-contractual information, compulsory content of package travel contracts, price changes, termination rights, and travellers' rights when something goes wrong. The new Directive will also introduce a system of **mutual recognition of insolvency protection**, accompanied by a structured cooperation mechanism between the Member States.

Increased harmonisation and modernisation of information requirements



With the 1990's rules...

Adventure Tours, a travel organiser based in Poland, when considering marketing packages to travellers in other Member States, including online, has to take into account different information requirements in all Member States it targets. It also has to inform travellers specifically on visa requirements for their Member State and on periods for obtaining a visa. Adventure Tours will also have to find out about different national rules regarding aspects such as the content of a contract, contract changes, including price changes, and travellers' rights if something goes wrong.

With the new rules...

With the new rules, Adventure Tours can operate on the basis of a uniform and exhaustive list of pre-contractual information requirements and on the content of a package travel contract. It will inform package travellers on their key rights through standardised information models contained in the new Directive. It will provide general information on visa requirements at the destination. There will be uniform rules on contract changes, including price changes and on traveller rights when something goes wrong. Adventure Tours will, therefore, find it easier to expand its activities outside Poland.

Mutual recognition of insolvency protection



SunFun Travel, a travel organiser based in Luxembourg uses airports in Belgium, France, the Netherlands and Germany for its flights and would like to offer its packages to travellers living in these countries. SunFun Travel has problems getting its insolvency protection scheme, contracted in Luxembourg, accepted by these other Member States. SunFun Travel has therefore so far not managed to expand its activities outside Luxembourg.

With the new rules...

With the new rules, SunFun Travel could extend its activities outside Luxembourg more easily, as Member States will recognise other Member States' insolvency protection schemes. The surveillance authorities in the other Member States are entitled to receive all relevant information from the authorities in Luxembourg regarding SunFun Travel's insolvency protection.