

ATIPAC

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NEWS RELEASE

ATIPAC WELCOMES ATOL REFORM

The Air Travel Insolvency Protection Advisory Committee (ATIPAC) has welcomed the Government's proposals to reform ATOL. It has long held the view that the current ATOL protection system had not kept pace with changes in the way holiday travel services are provided and consumers purchase them.

In its Annual Report the Committee supports the intention to introduce the secondary legislation needed to bring sales of flights sold with other elements such as accommodation within the ATOL scheme. It also recognises the importance of bringing in primary legislation so that the protection scheme can be extended to sales made by airlines.

John Cox, Chairman of ATIPAC, said:

“Today we publish our eleventh Annual Report, and we are delighted to welcome the publication of the Government's ATOL reform consultation document. We will seek to work with Government to achieve the greater clarity for travellers that is so urgently needed. One particularly important element of the proposals is the introduction of the ATOL Certificate, which will serve as a single document that consumers will come to recognise and expect when booking an ATOL protected holiday. This proposal on its own will add significantly to consumer clarity.”

The report also looks at the difficult trading conditions for the industry.

John Cox said;

“We expect trading in the travel industry to remain difficult during 2011/12, following two very challenging years for the industry and with continuing tight margins expected until at least 2012/13. The Committee continues to be concerned about the fragile state of the holiday market. It is worried about the relationship of GBP Sterling to other key holiday currencies and the high cost of aviation fuel; both these factors have a very significant impact on overall holiday costs. At present, the industry cannot see the position improving.”

The ATIPAC Annual Report is available on the ATIPAC website at www.atipac.org.uk

To interview John Cox, Chairman of ATIPAC please contact; Alexandra Blomley on 020 7453 6026.

Notes to Editors.

The Air Travel Insolvency Protection Advisory Committee was established by the Secretary of State for Transport in 2000 to keep under review and provide advice to the Civil Aviation Authority, the Trustees of the Air Travel Trust and the Secretary of State for Transport on the financial protection arrangements for air travellers and customers of air travel organisers. The committee's members include representatives of all the main travel trade bodies and independent and consumer representatives, as well as the CAA. Details can be found in the report.

The Air Travel Organisers' Licensing scheme (ATOL) is managed by the CAA. It gives comprehensive protection to holidaymakers from being stranded abroad or losing money when purchasing air holidays and flights from licensed tour operators. It is the only licensing scheme for tour operators that sell air holidays and flights. In holding a licence, tour operators meet European Package Travel Directive insolvency protection requirements.

If a licence holder fails, the CAA is responsible for ensuring customers are either repatriated back to the UK or receive a refund of payments made.

Repatriation costs and refunds are met by the Air Travel Trust Fund, the funds of which principally come from the ATOL Protection Contribution (APC) that each licence holder is required to make when it accepts a booking under its ATOL. In some circumstances a licence holder will have also provided a bond, which is used in the first instance to protect customers.

Results to March 2010.

In the year to 31 March 2011 there have been 29 ATOL failures, the same number as the previous year.

In the reporting period ATOL enabled 47,013 customers of failed tour operators to continue their holidays and travel home and refunded a further 145,809 who had made advance payments but had yet to travel.

The consultation document is available to view on the Department for Transport's website (<http://www.dft.gov.uk/consultations/dft-2011-17>), along with details of how to respond. The closing date for the consultation is 15 September 2011.