

HENRY SMITH MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Alok Sharma MP  
Secretary of State for Business, Energy & Industrial Strategy  
Department for Business, Energy & Industrial Strategy  
1 Victoria Street  
London SW1H 0ET

20<sup>th</sup> April 2020

Dear Secretary of State

**Urgent targeted support for the UK travel industry**

Following representations from a number of constituents and constituency businesses, I am writing to stress the urgent need for targeted regulatory and financial support from the Government for the UK's travel industry. In particular, I strongly urge you to be responsive to the impending sector collapse by demonstrating decisive intervention regarding the temporary relaxation of EU and national consumer protection legislation, which was simply not designed to deal with the unprecedented global shutdown of travel that we are currently experiencing.

The coronavirus (COVID-19) pandemic has resulted in a severe liquidity crisis for UK travel businesses, particularly in my Crawley constituency which contains Gatwick Airport and many associated travel firms, with suppliers (such as airlines and hotels) holding on to customer money and preventing travel companies from being able to meet their obligation to provide cash refunds within 14 days. Without amendments to the UK Package Travel Regulations, the alternative is mass insolvencies of travel businesses, risking the jobs of hundreds of thousands of industry employees across the UK. I am concerned that this scenario would also result in customers facing even longer delays to receive refunds, as ultimately the Government and regulators would have to step-in to fill the void (through ATOL or other financial protection schemes). My fear is that UK taxpayers could be left with a bill of up to £4.5 billion.

Recognising the unprecedented nature of the situation, I am supporting ABTA – The Travel Association's proposal to make temporary amendments to the Package Travel Regulations as follows:

- That regulatory action should be taken to confirm the arrangements that refund credits should be allowed as an acceptable and enforceable alternative to immediate cash refunds, with all protections carried forward as part of the refund credit.
- That the 14-day window in the Regulations for refund payments should be extended to ease the burden of cashflow concerns. ABTA would propose that the CAA and BEIS Approved Bodies be given the flexibility to review and extend the period up until 31<sup>st</sup> March 2021, so long as insolvency protection remains in place under the relevant scheme of financial protection authorised by the Regulation.

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- That tour operators should not be responsible for providing refunds if these costs are not recoverable from the suppliers (for example, the hotel or airline). Where those suppliers cannot or will not refund, there needs to be an emergency Government consumer hardship fund to fulfil refund payments.

Crucially, ABTA's proposal will ensure that no customer loses money, as the existing consumer protection measures would continue to apply to any refund credit notice issued. The consumer will be able to redeem this at a later stage for either a cash refund, or an alternative travel booking. ABTA is very clear that this is not about consumers being denied refunds. It is right that customers receive refunds, but the current scenario has presented travel companies with an impossible situation.

As you will be aware, the European Commission has acknowledged the unprecedented nature of the situation and has issued clear guidance intended to provide some flexibility around the implementation of the Package Travel Directive and Passenger Rights legislation. A growing number of European countries, including Denmark, France, Germany, Italy, Malta, and Spain, have now taken the lead of the Commission, announcing temporary regulatory measures to preserve the future of their national travel industries. It is imperative for the survival of many travel companies, and thousands of their employees across the country, that the UK Government now also acts in this regard.

The situation is reaching crisis point, and further delay or prevarication will result in an outcome that favours nobody, causing many UK travel businesses to declare insolvency, increasing unemployment and delaying refunds for consumers by many, many months.

Thank you for your urgent attention in this matter.

Best wishes



**Henry Smith**  
**Member of Parliament**  
**Crawley Constituency**