



**PRESS RELEASE**  
**13 Nov 2009**

## **Leading travel firm clarifies its protection following Travel Republic court case**

Leading independent travel company Travel Counsellors is highlighting the importance of providing all encompassing financial protection to customers following the Civil Aviation Authority's (CAA) court case against Travel Republic this month, which failed this week as the judge ruled that the travel company did not breach ATOL regulations.

The test case was brought by the CAA after Travel Republic refused to take out an ATOL license, claiming it was selling flights and accommodation separately. The claims arose from the collapse of the XL Leisure Group in September 2008, with the CAA claiming these flights had been sold as part of a package holiday and should have been covered by a single ATOL licence held by the company. As they were not it meant customers were left with accommodation booked that was not covered by an ATOL and the customers lost their money for that part of the holiday.

Travel Counsellors is concerned that this verdict may result in even more consumers wrongly believing they are protected when they are not, as more people continue to book tailor-made travel arrangements through travel agents and on-line travel websites that may not be covered under an ATOL license.

Travel Counsellors' founder and chairman David Speakman comments; "The verdict of this case will lead to many travel providers questioning whether they in fact need an ATOL to protect their customers when booking component parts for a tailor-made package, without explaining the consequences of this to their customers. This in turn will lead to even more confusion amongst customers about whether or not they are protected. It is crucial that as a customer focused travel company we can offer the reassurance that unlike ABTA agents and other travel agents we can financially protect all component parts or anything that the customer buys from us. It's a reassuring guarantee in what has become a minefield within the travel industry."

The protection offered by Travel Counsellors through its own Trust Fund since 2004 is completely free of charge and covers anything the customer chooses to book including hotels, low cost airlines, scheduled flights and car rental. It covers all bookings including those that are tailor-made also known as 'dynamically packaged'.

The company has always argued that customers should receive all-encompassing travel protection for any arrangements they want to make, not just ATOL protection on what defined as a 'package' holiday. ABTA also no longer guarantees financial protection for the customer. Following the collapse of XL Leisure group the CAA had to replenish the Air Travel Trust Fund by increasing the ATOL Protection Contribution from £1 to £2.50 per person last month, but Travel Counsellors disagrees in principle with customers having to pay so much money to protect their travel purchase and also points out that regardless of the increase many holiday bookings will still have no protection at all – a fact that had been further highlighted by this case.

Mr. Speakman adds; "The CAA are now under pressure to take action to ensure this loophole is not exploited further and that customers are clear as to whether or not what they are booking is financially protected. In the meantime we are proud that unlike other companies we can offer complete financial peace of mind to our customers through our own trust, which was introduced to ensure everything booked through our agents was financially protected – no if's or but's. What the industry now needs is a drastic review of the customer protection system in order to restore customers' faith in the UK travel industry."



## ENDS

**About Travel Counsellors:** Travel Counsellors is the world's largest home-based travel company with turnover at the end of its last financial year (Oct 31 2009) of £260 million. Founded in 1994 it currently has over 1,100 travel consultants who work from home with the support of over 170 staff at the company's UK headquarters in Bolton and overseas offices. The company operates in the UK, Ireland, the Netherlands, South Africa, Australia, Canada and the US. In the UK, the Travel Counsellors Trust financially protects everything booked by the customer free of charge. Travel Counsellors was the winner of the prestigious Queen's Award for Enterprise in 2003-2008, the technology category of the 2005 CBI Growing Business Awards and was voted Travel Agent of the Year by readers of the Guardian, Observer and Guardian Unlimited in 2006, 2007 & 2009.

### **For further information contact:**

Victoria Fox

Tel: 00 44 1204 536 191

E-mail: [victoria.fox@travelcounsellors.com](mailto:victoria.fox@travelcounsellors.com)

### **Travel Protection – Some Common Questions Answered**

#### **What is the Travel Counsellors Trust Fund?**

On September 1 2004, Travel Counsellors introduced its Trust Fund, which is independently administered by the Barclays Bank Trust Company. The Travel Counsellors Trust guarantees 100% financial protection so that in the event that a supplier collapses or if TC Ltd failed and the customer does not receive what they have paid for, then the customer is guaranteed to get their money back.

#### **What does financial protection mean?**

The Trust is a scheme of financial protection covering the cost of what the customer has paid for. It does not include:

- The cost of an alternative flight or holiday; or
- The cost of returning a customer back to the UK if a supplier were to go bust when the customer was on holiday (unless the customer has booked an ATOL air package).

#### **In summary, what are the benefits of the Trust?**

1. The customer is 100% guaranteed to get their money back if they do not receive what they have paid for.
2. This financial protection is free of charge.
3. The Trust covers everything. There are no loopholes, unlike with ABTA and ATOL.
4. ABTA members may not offer the customer any financial protection and ABTA itself no longer guarantees financial protection for the customer.
5. Because we have the Trust, if an ATOL holder goes bust and the customer were to rebook with us, we can refund the customer from the Trust, rather than the customer having to claim from the CAA and wait for their money.
6. The Trust also guarantees that if Travel Counsellors was to go bust then the customer would get their money back.
7. Travel Counsellors also has its own ATOL licence so if that if the customers books a package with us including a flight, then the customer is ATOL protected. Some internet companies do not offer ATOL protection and the customer will not have that protection if they create their own dynamic package using different websites on the internet.

#### **More on ATOL financial protection**

Thomson and First Choice have highlighted the fact that they sell ATOL packages. The CAA's ATOL scheme provides excellent protection but only if the holiday bought is actually ATOL protected. Many ATOL holders fail to make it clear that not everything they sell is covered by their own ATOL and not everything the customer may want may be covered by ATOL. ATOL protection covers all air package holidays and all charter flights. It also covers scheduled flights if they are booked through a consolidator.



But ATOL does not cover scheduled flights or low cost flights booked directly with the airline nor does it cover accommodation only or car hire for example. Many customers discovered after the failure of the XL Group in September 2008, the 'other services' were not protected by the company's ATOL or any other form of protection.

### **More on ABTA financial protection**

ABTA provides protection against the failure of an agent in circumstances where there has been no fraud and where the supplier can be forced to provide the holiday booked. It allows companies that act as Principal to provide protection in a number of ways, including trust accounts but companies may choose to provide no protection at all so long as the booking conditions make it clear. ABTA members can offer their customers protection for anything that is not protected by any other scheme (such as ATOL) through the ABTA Protection Plan, but the customer will have to pay a charge for this. ABTA no longer offers customers guaranteed financial protection.