

Press release EGFATT

Limiting Prepayments on Packages: Limiting prepayment on package organiser will not protect consumer

The European Guarantee Funds' Association for Travel and Tourism (EGFATT) held its General Assembly in Antwerp, on the 23th of June. It deplores the differentiated treatment the European Commission will try to impose on the tourism industry. The new measures envisaged will first benefit service suppliers and airlines, not consumers.

Antwerp, 23 June 2023. During their General Assembly, the Members of EGFATT, the European Guarantee Funds' Association for Travel and Tourism, discussed the ongoing revision of the Package Travel Directive. This should also be accompanied by a text modernising passenger rights. Both proposals will be published after the summer break.

The European Commission is planning on limiting the prepayments travellers will have to provide when booking a package travel. At time of the booking, only 20% of the package should be paid upfront. The remaining 80% should be paid a month before departure. No similar measure is foreseen for other travel services.

EGFATT deplores that this measure is only limited to the package travel which is already protected by law against insolvency, while no similar limitation will apply to airlines tickets.

Mark De Vriendt, the Chairman of EGFATT, stated *"This world is upside down: those who protect prepayment have to limit it, and those who don't, can go ahead."*

From Travel Guarantee Funds' point of view, evidences show that the lowered risk for consumers created by a limitation of prepayment will be outweighed by the increased financial fragility of the travel companies selling package, in particular SME sized. More insolvencies are to be expected on the short/medium term.

Mark De Vriendt added: *"I am concerned that this measure will further fragilize intermediaries and that only the biggest will survived. On the long term, more concentration will further expose guarantee funds to macroeconomic disasters such as the Thomas Cook insolvency. There is no consistency in the measures proposed"*.

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About EGFATT

Formed in 2011 by organisations in charge of financial protection of travellers, EGFATT includes members from Belgium/Luxemburg (GFG), France (APST), Germany (DRSF), The Netherlands (SGR), Ireland (IAA), Switzerland (RG-GV) and Norway (RGF). CAA (UK) is an associated member, without voting right. Positions expressed in this Press Release represent those of our members from Belgium/Luxemburg, France, Germany, The Netherlands, Switzerland and Norway.

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