



ECC Dublin Consumer Monthly

July 2006

Its holiday season and Irish consumers are making a beeline for the sun. Every year we advise you to be cautious when signing timeshare contracts and to avoid all holiday clubs. We take a look at the differences between these packages as the European Commission draws up proposals to better protect consumers.

This month's query comes from an Irish consumer who was charged a cross-border handling fee of 1.75% on a credit card transaction made in the UK. He wonders if this fee is illegal under European internal market rules.

Mary Denise O'Reilly
Editor

1. What's bothering you? – Timeshare and Holiday Clubs

2. Consumer query of the month – Is it illegal to charge a cross-border handling fee on a credit card transaction in the EU?

www.eccdublin.ie: European consumer rights online

1. What's bothering you? – Timeshare and Holiday Clubs

Timeshare and Holiday Clubs are familiar to holidaymakers. Timeshare is the right to spend a set period of time (e.g. one week) in a holiday property each year for three years or longer. Timeshare contracts are regulated by the Timeshare Directive which was adopted in 1994. Since then a number of new products have come onto the market, such as Holiday Clubs. Holiday Clubs are marketed as clubs where members pay a knock-down price for holidays in exclusive resorts around the world. Holiday Clubs fall outside the scope of the Directive and allow some operators to take advantage of regulatory loopholes. Many complaints to ECC-Net, enforcement authorities and consumer organisations relate to these new products and to the resale of timeshare.

Because there are problems the European Commission is drawing up proposals to strengthen consumer protection. The Commission hopes to achieve its goal by;

- Extending the protection that consumers enjoy when purchasing classic timeshare products to the timeshare-like products and holiday clubs
- Ensuring appropriate protection of consumers entering into resale contracts and exchange systems
- Harmonizing fully the consumer protection provisions throughout the EU (right of withdrawal, administration and management systems etc) where appropriate
- Ensuring effective enforcement

- Enabling consumers to make informed choices

For further information on the Commission Consultation Paper log onto; http://ec.europa.eu/consumers/cons_int/safe_shop/timeshare/consultation_paper01_0606_en.doc

ECC-NET is participating in the consultation process and will be eager to see the Commission proposals scheduled for the end of the year.

2. Consumer question of the month – Is it illegal to charge a cross-border handling fee on a credit card transaction in the EU?

A gentleman emailed ECC Dublin to say that he was charged a cross-border handling fee of 1.75% on an Irish credit card transaction made in the UK. He wonders if this is against European internal market rules because it goes against the principle of free movement of goods and services.

It is not illegal to charge a cross-border handling fee on a credit card transaction outside the Eurozone.

EU Regulation 2560/2001 legislates for cross-border electronic payments and cross-border credit transfers up to a value of EUR50,000 within the Eurozone. Charges imposed for ATM, credit and debit card transactions and credit transfers must be the same as those imposed domestically. This regulation does not cover financial transactions outside the Eurozone.

In October 2005 the Financial Regulator published a Credit Card Cost Survey which, among other charges, lists the costs of using a credit card in a non-Eurozone country. You can view this survey and ten top tips on using your credit card abroad by logging onto www.ifsra.ie

If you wish to email your consumer queries to us please do so to info@eccdublin.ie

The European Consumer Centre is funded by the European Commission and the Office of the Director of Consumer Affairs.

Disclaimer: Whilst every effort is made to ensure accuracy, the European Consumer Centre cannot be held responsible for matters arising from any errors or omissions contained in this publication. The information provided is intended as a guide only and not as a legal interpretation.