



# Stronger EU protection for package holidays

*How does it work in practice*

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Věra Jourová  
Commissioner for Justice,  
Consumers and Gender Equality



Directorate-General for  
Justice and Consumers



## Clear protection for better defined travel arrangements

From 1 July 2018, new EU rules protect almost 120 million travellers buying combined travel arrangements. This **reduces damages to consumers by about €430 million a year**. This is achieved thanks to:

- **A broadening of the concept of ‘package’**, clearly including customised combinations of travel arrangements;
- **Clearer information for travellers** on the sort of travel product they are buying and the corresponding level of protection;
- **A new concept of ‘linked travel arrangements’** applying to looser combinations of travel services, which will ensure payments are protected in case the trader goes bankrupt.



*Protection for customised packages*

Thomas booked a flight to Thailand directly on the website of airline X. When booking, he was offered accommodation at a hotel. He selected both services and at the end of the booking on the airline’s website is charged a total price for both services.

His friend James bought a pre-arranged package offered by the tour operator Y including accommodation at the same hotel and a flight with the same airline.

However, when they arrive, the hotel is being renovated and there are no rooms available.

### **With the 1990’s rules...**

Under the old rules, James would have been able to turn to the tour operator Y to resolve the problem. However, it was very uncertain that Thomas’ holiday would be considered

as a package, so airline X did not have to provide any help when Thomas encounters problems at the hotel.

### With the new rules...

Now both tour operator Y and airline X are considered as organisers of a package and will inform James and Thomas at the time of booking by using standardised information that the trip or holiday is considered as a **package under the EU Package Travel Directive** and that X and Y are responsible for the performance of all travel services included in the package.

James can turn to tour operator Y, and likewise, Thomas is able to ask airline X to resolve the problem, by making sure that he receives accommodation of the agreed or a higher quality.

### Protection for linked travel arrangements



For linked travel arrangements, there is now also protection, however it is just for situations where the provider of the first service goes bankrupt, i.e. providing a money-back guarantee and, where appropriate, repatriation. If the traveller's name, e-mail address and payment details are transmitted from the first website to the second ("click-through packages"), the full protection for packages applies.

Maria purchased a return ticket to New York from the website of airline X for herself and her partner. When the booking was confirmed she received an invitation to book a hotel room in New York through a link to a hotel booking website. Maria booked a hotel room on the linked website within 24 hours. While Maria and her partner are in New York, airline X becomes insolvent and the return flight is cancelled, although she paid for it at the time of booking.

### With the 1990's rules...

Maria and her partner had to make their own travel arrangements at short notice to get home, pay for them and wouldn't be entitled to a refund on the money paid for the original tickets.

### With the new rules...

Now, the trip is considered as a **linked travel arrangement** and their repatriation is covered by the insolvency protection which airline X is obliged to have in place.

The new Directive ensures that when receiving the link for the hotel reservation, Maria is clearly and prominently informed that flight and hotel do not constitute a package so that the airline will not intervene if there are any problems in relation to the accommodation.

## Additional protection for travellers

*Strong cancellation rights for packages*



### With the 1990's rules...

Antonio booked a trip to Mallorca from a holiday company providing group holidays including accommodation, internal transport, and sports activities. Then, later in the year, he started a new job and decided he would be unable to join. Under old rules, Antonio had the option to transfer his booking to another person, or cancel the holiday without any financial compensation.

### With the new rules...

Antonio still has the option to transfer his holiday to another person. However, he is now also entitled to cancel his holiday for any reason by paying a reasonable cancellation fee to the holiday company.

*Fair and predictable prices*



### With the 1990's rules...

Susie booked a package holiday to Japan with a tour operator. When she booked the trip, the tour operator told her the trip would cost EUR 1,700. The company then wrote to her saying that due to increases in petrol prices, and the changes in the exchange rate, the price would increase to EUR 1,850. The old EU rules granted a cancellation right if the price increased significantly, but did not specify when that was the case.

### With the new rules...

If the package organiser wishes to increase the price by more than 8%, as in the example, Susie has the right to cancel her holiday free of charge.

## Additional benefits for businesses

The new Directive makes **competition in the travel market fairer, while keeping compliance costs reasonable for all**. Cross-border trade is facilitated by **establishing common EU-wide rules for packages** on pre-contractual information, compulsory content of package travel contracts, price changes, termination rights, and travellers' rights when something goes wrong. The new Directive also introduced a system of **mutual recognition of insolvency protection**, accompanied by a structured cooperation mechanism between the Member States.

*Increased harmonisation and modernisation of information requirements*



### With the 1990's rules...

Adventure Tours, a travel organiser based in Poland, when considering marketing packages to travellers in other Member States, including online, had to take into account different information requirements in all Member States it targets. It also had to inform travellers specifically on visa requirements for their Member State and on periods for obtaining a visa. Adventure Tours also had to find out about different national rules regarding aspects such as the content of a contract, contract changes, including price changes, and travellers' rights if something goes wrong.

### With the new rules...

Now, Adventure Tours can operate on the basis of a uniform and exhaustive list of pre-contractual information requirements and on the content of a package travel contract. It informs package travellers on their key rights through standardised information models contained in the new Directive. It provides general information on visa requirements at the destination. There are uniform rules on contract changes, including price changes and on traveller rights when something goes wrong. Adventure Tours will, therefore, find it easier to expand its activities outside Poland.

*Mutual recognition of insolvency protection*



SunFun Travel, a travel organiser based in Luxembourg used airports in Belgium, France, the Netherlands and Germany for its flights and wanted to offer its packages to travellers living in these countries. SunFun Travel had problems getting its insolvency protection scheme, contracted in Luxembourg, accepted by these other Member States. SunFun Travel had therefore not managed to expand its activities outside Luxembourg.

### With the new rules...

Now, SunFun Travel can extend its activities outside Luxembourg more easily, as Member States recognise other Member States' insolvency protection schemes. The surveillance authorities in the other Member States are entitled to receive all relevant information from the authorities in Luxembourg regarding SunFun Travel's insolvency protection.