

Guidance on the New Package Travel and Linked Travel Arrangement Regulations 2018

Version one – 3 July 2018

1. Introduction

The new regulations came into force on 1 July 2018. These new regulations significantly expand the scope of the existing Package Travel Regulations and businesses are advised to check their products and their arrangements with other businesses to ensure that they are compliant with the new regulations.

There are three important changes in the new Regulations

1. Motor vehicle hire is now a separate distinct element
2. The circumstances in which a Package is deemed to have been created have been significantly expanded to include dynamic packaging and when a single company sells two or more elements.
3. A new form of Package has been introduced called a “Linked Travel Arrangement”, whereby a targeted offer is made to a customer when they make a purchase.

This guidance is aimed at providing small businesses with a quick and easy explanation of the new legislation and how it might impact their activities. If you need more detailed advice, you strongly are advised to consult the full BEIS guidance on the interpretation of the new regulations.

2. Do the Regulations Apply to Me?

The Regulations apply when there is a linkage between two or more of the following four elements:

1. Transport
2. Accommodation
3. Motor vehicle Hire
4. Other Tourism Service (this can include anything from tickets to an attraction, a meal in a restaurant, or a spa treatment to a round of golf)

Depending on the circumstances, any sale linking two or more of these elements could either constitute a Package or a Linked Travel Arrangement. It is important that you read both Part One on Packages and Part Two on Linked Travel Arrangements in order to determine whether you are impacted by the new regulations.

PART ONE: PACKAGES

3. When is a Package Formed?

There are a range of different circumstances where a package is deemed to have been formed. The following are the main circumstances but if you are in doubt, you should refer to the full BEIS guidance, are the main circumstances

1. You work with another business to provide a package that combines two or more elements.
(This is the traditional Package whereby two operators work together to develop a package that is then sold to the customer for an inclusive price. For example, you sell accommodation and a ticket to an attraction to a customer for an inclusive price)

2. Your business sells, or allows the customer to book or buy, two or more of the four different elements at the same time. This includes two main situations:

- **You have a website, or provide a service, that allows the customer to purchase two or more elements supplied by different companies using a single payment.**

This includes sites like Expedia where the customer can select a range of products, put them in a basket and make a single payment at the checkout. It also covers situations where the customer makes a booking which will be paid at a later date or you discuss the customers' needs, find the elements they want and send them an invoice that covers the total cost.

- **Your business sells two or more different elements to customers.**

This applies in situations where a business, such as a hotel, sells products to its visitors on the premises such as restaurant meals, spa treatments, gym use or a round of golf in addition to accommodation. Other circumstances would include pubs providing accommodation and meals, or a B&B hiring bikes to customers.

This covers two different situations

- Specific offers your business puts together such as a "romantic weekend package" at a hotel which includes accommodation and a meal, or a "New Year's eve special" which includes entrance to a party with accommodation.
- Self-packaging by the guest where, either by phone or through your website, they book a room and another service such as a spa treatment or meal in the restaurant at the same time.

Important Note

If the different elements cannot be booked separately, then a package has not been formed. For example, staying at B&B is not a package because it is not possible for the customer to buy either the bed or the breakfast component separately.

4. Exemptions

There are four exemptions that apply:

1. You are exempt if the duration of the package is less than 24 hours and doesn't include accommodation (examples would include a coach trip to see a Westend show, or a rail pass that includes entrance to an attraction)
2. You are exempt if you organise packages occasionally on a not-for-profit basis for a limited group of travelers (an example would be teachers organizing school trips for their pupils, or someone in a club organising a trip for their members)
3. Companies making bookings through framework contracts with business travel agencies (this relates to situations where large companies have a contact with a Travel Agency to undertake all their business travel arrangements)
4. When the element, "Other Tourism Service", is combined with one other element, a Package is only deemed to have been formed if the "Other Tourism Service" makes up "a significant part" of the package. What constitutes a "significant part" of the package is a bit of a grey area but there are two main tests:
 - The "Other Tourism Service" constitutes over 25% of the cost of the package
 - The "Other Tourism Service" is deemed to be an essential element of the package. (for example, if you sold a combination of accommodation and a round of golf on a local as a "weekend golf break", then the round of golf would be an essential element regardless of whether it was more than 25% of the total cost. However, if you simply listed a ticket to a local attraction as one of the benefits you sold a weekend stay, this would probably be deemed not to be an essential element.

5. What do you need to do if you are Selling Packages?

If the products that you are selling are Packages, then there are a number of requirements with which you have to comply. But first you must determine whether you are an "organiser" or a "retailer".

- **Organiser:** this is the business that combines the elements to form the package, or allows the customer to do this.
- **Retailer:** this is a business that sells packages combined by an organiser.

In most situations, the Organiser will also be the Retailer by combining the elements and selling them to the customer. While the retailer is required to be the point of contact for the customer, the regulations make the Organiser responsible for the performance of the package and for rectifying any problems that the customer may encounter, including the payment of compensation.

There are a range of requirements on businesses selling packages. These include the following information requirements:

1. Pre-Contractual Information

Before customers book the package, they must be provided with information on the main characteristics of the package, the total price of the package, the name and details of the organiser and information on the cancellation policy.

See Appendix 1 for a full list of information required

2. Standard Information about the PTR

The pre-contractual information has to be accompanied by standard information forms that make customers aware of the key protections associated with buying a package holiday.

See Appendix 2 for a copy of the standard information required

3. Contractual information

When the customer makes the booking, they next to be provided with further information including contact details if a problem is experienced during the course of the contract, the complaints are resolution process and the ability of the customer to transfer the booking.

See Appendix 3 for a full list of the information required.

As well as providing the information listed in the Appendices below, the organiser is also obliged to, among other things:

- Have insolvency protection that covers all reasonable costs including the return of all payments for services not performed and repatriation. This can be achieved through buying insurance, keeping customer payments in a trust account or becoming bonded.
- Provide assistance to the customer before and during the holiday
- Only alter the price in specific circumstances and not within 20 days of departure
- Allow the customer to cancel without being charged if a price increase exceeds 8%
- Not significantly change the main components of the package without offering the customer the option to cancel the booking without charge.
- Charge only a justifiable fee if the customer terminates the contract. Best efforts must be used to resell the components of the package.

6. Offences

For the most part, any breach of the regulations is to be dealt with via civil law. However, it is very important to note that the PTRs contain a number of criminal offences. These include:

- Failure to provide pre-contractual information.
- Failure to provide a contract or confirmation of contract and prescribed information.
- Failure to put in place compliant insolvency cover.

PART TWO: LINKED TRAVEL ARRANGEMENTS (LTAs)

The Regulations introduce a new form of package called a Linked Travel Arrangement. A linked travel arrangement is formed where there is a clear separation of the booking and selection processes when two or more elements are purchased for the same trip.

7. Types of LTAs

There are two types of LTA which relate to two different ways in which there can be a link formed between the purchase of two or more elements that does not deemed to be a package.

1. LTA – TYPE A

A business facilitates the separate selection and separate payment for bookings for the same trip through a single point of sale (online or offline)

This type of LTA is usually where an intermediary business will enable the customer to purchase one component of a trip and, once it's paid for, then enable the customer to purchase another component under a separate contract with a separate payment. For example, an online OTA, instead of allowing a customer to put all their items in a basket and pay a total price at the checkout, enables the customer to select and pay for the items separately.

However, this also applies to businesses such as hotels asking customers to separately book and pay for services that they provide such as accommodation, a meal at the restaurant or a spa treatment.

2. LTA – TYPE B

A business, after taking a booking, facilitates, in a targeted manner, the procurement of one or more additional services from another business, and where the customer's contract with the other business is concluded within 24 hours of the first booking.

This applies to businesses providing targeted invitations to customers who purchase an element for a trip from them.

For example, you tell a customer that if they stay with you, they can get a 10% discount on a meal in the local pub, or 2 for 1 tickets to an attraction or access to the local golf course, this would be a linked travel arrangement if the customer took-up the offer within 24 hours of booking with you. Another example would be a conference organiser who negotiates "delegate rates" at local hotels for attendees.

It is important to note that you don't have to benefit financially from the arrangement for a Linked Travel Arrangement to be formed. Also, there does need to be a unique offer for a link to be formed – it just needs to be an invitation to purchase a different element of the holiday from a preferred supplier.

However, linked travel arrangements are not formed if you are merely providing information or "signposting" a range of local pubs and attractions. I.e., it is not an LTA if you are providing a list of all pubs or attractions, whereas it is an LTA if you are providing "recommendations".

8. What do you need to do if you are selling a Linked travel Arrangement?

The requirements if you are selling a Linked travel Arrangement are a lot lower than if you are selling a Package. The key requirements are that you have some form of insolvency protection - insolvency insurance, keeping customer payments in a trust account or being bonded – and that you provide information the customer that a Package is not being formed.

1. Insolvency Protection

The insolvency protection is required to cover any payments you receive from the customer for your services or on behalf of the business providing the additional services. If you are a transport provider, this protection must include repatriation costs. It does not include the repayment of any money that the customer paid directly to the second business or that you have already transferred to the second business.

As with selling packages, it is a criminal offence to sell Linked Travel Arrangements without Insolvency Protection.

2. Information Requirements

If you facilitate the formation of a LTA, you are required to give clear information to the customer specifying that what they are buying is not a package and that the individual service providers are responsible for the separate components. This must be stated in a clear, comprehensible and prominent manner, along with details of the insolvency protection.

See Appendix 4 for a copy of the standard information required

If you believe that you may be selling either Packages or Linked Travel Arrangements, it is important to read and understand the full BEIS Guidance and the actual Package Travel and Linked Travel Arrangement Regulations 2018. Doing so will provide you with more detail on your responsibilities under the new legislation.

Appendix 1 – Pre-contractual Information

Before a customer books a package, you must provide the following information (where relevant).

1. The main characteristics of the travel services specified in paragraphs 2 to 10.
2. The travel destination, the itinerary and periods of stay, with dates and, where accommodation is included, the number of nights included.
3. The means, characteristics and categories of transport, the points, dates and time of departure and return, the duration and places of intermediate stops and transport connections.
4. Where the exact time of departure and return is not yet determined, the organiser and, where applicable, the retailer, must inform the traveller of the approximate time of departure and return.
5. The location, main features and, where applicable, tourist category of the accommodation under the rules of the country of destination.
6. The meals which are included in the package.
7. The visits, excursions or other services included in the total price agreed for the package.
8. Where it is not apparent from the context, whether any of the travel services are to be provided to the traveller as part of a group and, if so, where possible, the approximate size of the group.
9. Where the traveller's benefit from other tourist services depends on effective oral communication, the language in which those services are to be carried out.
10. Whether the trip or holiday is generally suitable for persons with reduced mobility and, upon the traveller's request, the precise information on the suitability of the trip or holiday taking into account the traveller's needs.
11. The trading name and geographical address of the organiser and, where applicable, of the retailer, as well as their telephone number and, where applicable, e-mail address.
12. The total price of the package inclusive of taxes and, where applicable, of all additional fees, charges and other costs or, where those costs cannot reasonably be calculated in advance of the conclusion of the contract, an indication of the type of additional costs which the traveller may still have to bear.
13. The arrangements for payment, including any amount or percentage of the price which is to be paid as a down payment and the timetable for payment of the balance, or financial guarantees to be paid or provided by the traveller.
14. The minimum number of persons required for the package to take place and the time-limit, referred to in regulation 13(2)(a), before the start of the package for the possible termination of the contract if that number is not reached.

15. General information on passport and visa requirements, including approximate periods for obtaining visas and information on health formalities, of the country of destination.
16. Information that the traveller may terminate the contract at any time before the start of the package in return for payment of an appropriate termination fee, or, where applicable, the standardised termination fees requested by the organiser, in accordance with regulation 12(1) to (6).
17. Information on optional or compulsory insurance to cover the cost of termination of the contract by the traveller or the cost of assistance, including repatriation, in the event of accident, illness or death.

Appendix 2 – Standard Information that you are required to provide for a Package

The following is that standard information you are required to provide. The wording in italics is that specific wording required with the name of the organiser inserted as required

1. General Statement

The combination of travel services offered to you is a package within the meaning of the Package Travel and Linked Travel Arrangements Regulations.

Therefore, you will benefit from all EU rights applying to packages. [NAME OF ORGANISER] will be fully responsible for the proper performance of the package as a whole.

Additionally, as required by law, [NAME OF ORGANISER] has protection in place to refund your payments and, where transport is included in the package, to ensure your repatriation in the event that it becomes/they become insolvent.

More information on key rights under the Package Travel and Linked Travel Arrangements Regulations 2018 [INSERT HYPERLINK TO, OR PROVIDE A URL FOR, THE LEGISLATION]

2. Key rights under the Package Travel and Linked Travel Arrangements Regulations 2018

- Travellers will receive all essential information about the package before concluding the package travel contract.
- There is always at least one trader who is liable for the proper performance of all the travel services included in the contract.
- Travellers are given an emergency number or details of a contact point where they can get in touch with the organiser or travel agent.
- Travellers may transfer the package to another person, on reasonable notice and possibly subject to additional costs.
- The price of the package may only be increased if specific costs rise (for instance fuel prices), and if expressly provided for in the contract, and in any event not later than 20 days before the start of the package. If the price increase exceeds 8% of the price of the package, the traveller may terminate the contract. If the organiser reserves the right to a price increase, the traveller has a right to a price reduction if there is a decrease in the relevant costs.
- Travellers may terminate the contract without paying any termination fee and get a full refund of any payments if any of the essential elements of the package, other than the price, are changed significantly. If before the start of the package the trader responsible for the package cancels the package, travellers are entitled to a refund and compensation where appropriate.
- Travellers may terminate the contract without paying any termination fee before the start of the package in the event of exceptional circumstances, for instance if there are serious security problems at the destination which are likely to affect the package
- Additionally, travellers may at any time before the start of the package terminate the contract in return for an appropriate and justifiable termination fee.

- If, after the start of the package, significant elements of the package cannot be provided as agreed, suitable alternative arrangements will have to be offered to the traveller at no extra cost. Travellers may terminate the contract without paying any termination fee, where services are not performed in accordance with the contract and this substantially affects the performance of the package and the organiser fails to remedy the problem.
- Travellers are also entitled to a price reduction or compensation for damages or both where the travel services are not performed or are improperly performed.
- The organiser has to provide assistance if the traveller is in difficulty.
- If the organiser or the retailer becomes insolvent, payments will be refunded. If the organiser or, where applicable, the retailer becomes insolvent after the start of the package and if transport is included in the package, repatriation of the travellers is secured. XY has taken out insolvency protection with YZ (the entity in charge of the insolvency protection, e.g. a guarantee fund or an insurance company). Travellers may contact this entity or, where applicable, the competent authority (contact details, including name, geographical address, email and telephone number) if services are denied because of XY's insolvency.

Appendix 3 – Information to be Included in the Contract

The following Information must be provided in the package travel contract

1. Any special requirements of the traveller which the organiser has accepted.
2. Information that the organiser is—
 - (a) responsible for the proper performance of all travel services included in the contract in accordance with regulation 15;
 - (b) obliged to provide assistance if the traveller is in difficulty in accordance with regulation 18.
3. The name of the entity in charge of the insolvency protection and its contact details, including its geographical address, and, where applicable, the name of the competent authority designated by the member State concerned for that purpose and its contact details.
4. The name, address, telephone number, e-mail address and, where applicable, the fax number of the organiser's local representative, of a contact point or of another service which enables the traveller to contact the organiser quickly and communicate with the organiser efficiently, to request assistance when the traveller is in difficulty or to complain about any lack of conformity perceived during the performance of the package.
5. Information that the traveller is required to communicate any lack of conformity which the traveller perceives during the performance of the package in accordance with regulation 15(3).
6. Where minors who are unaccompanied by a parent or another authorised person travel on the basis of a package travel contract which includes accommodation, information enabling direct contact by a parent or another authorised person with the minor or the person responsible for the minor at the minor's place of stay.
7. Information on available in-house complaint handling procedures and on alternative dispute resolution pursuant to Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Directive on consumer ADR)(1) and, where applicable, on the alternative dispute resolution entity by which the trader is covered and on the online dispute resolution platform pursuant to Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR)(2).
8. Information on the traveller's right to transfer the contract to another traveller in accordance with regulation 9.

Appendix 4 – Standard Information to be provided for LTAs

The following is that standard information you are required to provide. The wording in italics is that specific wording required with the name of the organiser inserted as needed. Please note that there are five different versions of this Standard Information depending on whether the LTA is a LTA TYPE A or a LTA TYPE B and whether or not the business facilitating the LTA is a transport operator.

This form is the one for LTA TYPE non-transport businesses. Please see the legislation for copies of the other Stand Information Forms.

1. General

If, after selecting and paying for one travel service, you book additional travel services for your trip or holiday via [COMPANY NAME], you will NOT benefit from rights applying to packages under the Package Travel and Linked Travel Arrangements Regulations 2018.

Therefore, [COMPANY NAME] will not be responsible for the proper performance of those additional travel services. In case of problems please contact the relevant service provider.

However, if you book any additional travel services during the same visit to [COMPANY NAME] booking website, the travel services will become part of a linked travel arrangement. In that case XY has, as required by the Package Travel and Linked Travel Arrangements Regulations 2018, protection in place to refund your payments [COMPANY NAME] for services not fully performed because of [COMPANY NAME] insolvency. Please note that this does not provide a refund in the event of the insolvency of the relevant service provider.

2. More information on insolvency protection

[COMPANY NAME] has taken out insolvency protection with [COMPANY PROVIDING THE PROTECTION].

Travellers may contact this entity or, where applicable, the competent authority [FULL CONTACT DETAILS INCLUDING ADDRESS] if the services are denied because of [COMPANY NAME] insolvency.

Note: This insolvency protection does not cover contracts with parties other than [COMPANY NAME], which can be performed despite [COMPANY NAME] insolvency.

3. The Package Travel and Linked Travel Arrangements Regulations 2018

[INSERT HYPERLINK TO, OR PROVIDE A URL FOR, THE LEGISLATION]