

PT Trustees Ltd (“PTT”) is a major UK Trustee, established in 2012. We provide bespoke Trust and Escrow services for Travel and Non-Travel business verticals with the objective to financially protect beneficiary and special purpose funds in line with the requirements of the respective Trust or Escrow arrangements.

At PTT, we have unrivalled knowledge of the intricacies of each industry we serve. The strength of our highly experienced team forms the backbone of our operations. Combined with cutting-edge systems and AI technology, we offer tailored solutions that set PTT apart in the market.

Whilst our Trust Solutions extend to various verticals, our core operation is centered around the Travel Sector. Any changes to the PTR2018 Framework would have an impact on how we manage the Trust and Escrow arrangements of our Travel Clients.

We have meticulously reviewed the proposed changes from the Department for Business and Trade, providing responses to their queries to the best of our capabilities.

We sincerely hope that decisions arising from this consultation will not adversely impact on the travel sector. As one travel journal noted “The European Union is planning new rules to reinforce travellers’ rights and improve the legislation regarding refunds.”

We also wish to include a press release from a travel journal that highlights the reactions of Trading Standards regarding this proposal:

*“Trading Standards has come out strongly against key proposals for reform of the Package Travel Regulations (PTRs) in a Department for Business and Trade (DBT) call for evidence published last month...”*

*The Chartered Trading Standards Institute (CTSI) has urged the government not to exclude UK domestic packages from the regulations as the DBT has proposed and slammed the idea of exempting holidays below a certain price threshold.”*

## Questions

### How rules should apply to UK-only package holidays

#### 1. What consumer protections are particularly important for those holidaying in the UK and why?

When it comes to Consumer Protection, there should be no distinction between a UK domestic and an International Holiday package. Both types of holiday packages should be provided with the same level of consumer protection. Travellers should not be discriminated against regardless of the type of holiday they choose.

The following consumer protections for UK domestic package holidays are particularly important for ensuring the safety, rights, and satisfaction of consumers. These are intertwined and provide greater confidence when booking:

- Financial protection
- Data Protection
- Clear information about the package including itinerary, accommodation, etc. with pricing and T&Cs detailing cancellation and refund rights.
- Performance of the Package
- Assistance and Support in case of unforeseen events

2. [Do you think that:](#)

a) [All domestic-only arrangements should be exempt from the Regulations; or](#)

Domestic only arrangements should not be exempt from the Regulations as that would leave consumers without the protection outlined above and in particular, valuable financial protection. Such travellers should not be discriminated against.

b) [Domestic-only arrangements that do not include travel should be exempt from the Regulations; or](#)

This approach would be narrow, misguided and would undoubtedly cause confusion and will undoubtedly lead to increased administration effort and overhead costs. It will be difficult for any Travel Organiser to split the offering between what should be protected and what should not be protected. There will be both the cost associated with modifying reporting systems and their management going forward.

c) [Domestic-only arrangements should continue to be in scope of the Regulations as they are now?](#)

Maintaining the current scope of the Regulations ensures that consumers have a consistent level of protection for all holiday arrangements, whether domestic or international. We should also not forget that Travel Organisers who comply with the Regulations benefit from increased consumer trust and confidence, fostering confidence when travellers book either domestic or international holidays with them.

[Please provide an explanation for your answer, citing any relevant data where possible.](#)

Our opinions are based on providing a variety of trust and escrow protection mechanisms over the last 22+ years. In that time, we have successfully supported our clients' abilities to protect their consumers' funds until performance both in normal business operations and, more recently, amid the challenges posed by the COVID-19 pandemic. Over the extended period of the pandemic, operating within the Trust model, we played a crucial role in assisting our clients to make refunds totalling hundreds of millions by use of their respective Trust Accounts.

There have been significant failures particularly in the domestic coach sector – we believe the protections afforded by the Regulations and overseen by Trading Standards played an invaluable part in supporting consumers.

We do not understand the need for such a consultation bearing in mind that domestic travel grew during Covid – coaches, parks including caravans, etc. Such growth should, if anything, lead to enhancing consumer protections.

3. [If you offer or have considered offering domestic packages, what impact does the current regulatory regime have on your decisions to put together domestic packages?](#)

The regulation should not discriminate against any consumers whether they are domestic or international. These Regulations as noted above enhance confidence by providing tangible protections to all consumers.

4. [Would removing domestic packages from the scope of the regulations support businesses to:](#)

a) [offer more choice?](#)

We do not follow the logic that in removing protections will lead to businesses being able to offer more choices and at a lower cost not to mention the loss of confidence.

- b) offer lower cost options?
- c) both?
- d) neither?
- e) something else?

Please explain your response, setting out how and to what extent this reform could lead to benefits or detriment to business.

Striking a balance between providing choices and ensuring quality consumer protection is a challenge that needs careful consideration. It will undoubtedly lead to higher administration costs as businesses will need to modify their systems and train their people to adapt to this new model. There is also then the challenge of explaining to consumers why they may not be receiving the same level of protection or why the level of protection has been reduced or curtailed.

It is crucial to remind regulators that there is a growing demand for increased protection in this evolving landscape. The pandemic made consumers aware how important it is to book a holiday, whether domestic or international, with protection. Nowadays, consumers expect and look for products with protection, even if they might not fully comprehend the intricacies involved. Their understanding lies in the assurance that their funds and bookings will be protected. A business that can market and sell their holidays with protection benefits from increased consumer confidence. Removing domestic packages from the regulations will cause a lack of consumer confidence and increase costs to business as they have to modify their systems and processes. It would be detrimental to make these changes.

We would in fact advocate that the Department for Business and Trade might consider tightening the Regulations by introducing Consumer Protection Certificates for domestic packages, mirroring the ATOL certificates used for international packages.

Trading Standards provided the following statement to a travel journal as part of their response to the consultation:

*“We do not agree that if regulation is removed, more business will come into the marketplace. To delete domestic tourism from the PTRs would be detrimental to consumers and compliant business.”*

#### 5. What impact do you think the pandemic has had on demand for domestic holidays?

What attitudes and behaviours do you think consumers might have towards domestic packages going forward? Please cite any evidence.

The COVID-19 pandemic had a significant impact on the demand for domestic and international holidays and has greatly influenced consumer attitude and behaviour and resulted in various ways:

- Increase in Domestic Tourism during the COVID years, with some consumers now changing the way they travel to include more domestic holidays
- Health and Safety Concerns
- Preference for outdoor and nature-based experiences
- Shorter booking windows
- Emphasis on Flexibility and Refund Policies
- Reducing the footprint with destinations in a low-impact environment

Domestic travel is still considered to be an option for holidays when compared to higher priced international holidays, even after the pandemic. There should not be discrimination between domestic travel and international holidays. Consumers can and will choose their holidays based on a variety of factors. These factors will undoubtedly encompass costs, the range of products on offer, and the available protection, including both financial and other aspects.

### Setting a minimum cost threshold for rules to apply

6. Do you think that a minimum cost threshold should be set below which package travel rules should not apply?

PTT believes that setting a minimum cost threshold, below which package travel rules do not apply, is unwarranted. Such discrimination is unjust and implies that individuals booking more affordable holidays are less important and not entitled to protection. We have heard references to the minimum threshold under the Consumer Protection Legislation and do not consider that to be a fair and reasonable example.

Please explain why and what impact you think these proposals could have on businesses and consumers. Please cite any evidence that informed your position.

It will create an unlevel playing field and cause much angst in both consumers and travel businesses and potentially harmful to the travel sector. It's essential to reiterate that, even if consumers may not fully grasp the intricacies of the protection provided, they do have a general understanding and expectation of being protected.

7. If there were to be a minimum threshold, do you think it would be most appropriate for the threshold to be set at:

- the price of the package over all travellers; or
- the average cost per person; or
- another measure of value (if so, please describe). Please explain.

We do not accept the premise and thus no minimum cost threshold should be applied.

There is no justification for attempting to bring this in line with the £100 limit for consumer protections. We see no equivalence.

### Regulation of Linked Travel Arrangements

8. Do you think the regulatory position on linked travel arrangements should be

- kept as it is; or
- simplified; or
- incorporated into the definition of a package; or
- removed from the Regulations?

Please explain your answer, outlining potential impacts on businesses and consumers and any evidence that informed your position.

Simplifying the regulatory position on linked travel arrangements can have several advantages for both businesses and consumers. We think it should be incorporated into the definition of a package for consumers to be entitled to a standardised protection.

If there are arrangements the Department for Business and Trade believes should be packages, its final proposals should include only those arrangements that form packages and make it simple for everyone. There is no benefit of including arrangements within the PTRs that are not packages (but could potentially become packages). This approach introduces ambiguity and confusion for both Travel Organisers and consumers.

9. If you think the definition should be simplified, what would you consider the best way to do this and why?

No Comment.

### Information Requirements for Linked Travel Arrangements

10. Which information requirements are particularly important? Please explain why you think this.

No Comment.

11. Which information requirements do you think could be removed or reduced whilst still ensuring consumers receive the information they need?

No Comment

12. What would be the impact on businesses and consumers of simplifying the information provision requirements for linked travel arrangements?

No Comment.

### Flexibility over how insolvency protection is provided.

13. To what extent would increased flexibility in insolvency protection help businesses to meet their obligations under the Regulations?

Increased flexibility, along the lines adopted for ATOL Packages, should potentially assist businesses in meeting their obligations under the Regulations by providing tailored approaches that align with their specific operational needs and challenges.

PTT believes in and would recommend a Hybrid Approach – combination of Trust and Bond/Insurance to cover funds not in Trust would be both realistic and effective in protecting consumers. For instance, there may be a requirement to place 60% of consumer Funds into the Trust Account and have in place a Bond or an Insurance to cover the remaining 40% of the funds not in Trust.

Such an approach recognises the cash flow needs of Travel Organisers to pay 3rd Party Suppliers. Clearly such monies should not be used for working capital.

This approach should require a Travel Organiser to operate an Independent Trust Account and as noted above, the Regulations should permit defined amounts to be claimed to pay Insurer approved Suppliers in advance of travel. These advance payments would be secured by Insurance.

The benefit of this approach would be to spread the risk under the Insurer's umbrella, with the Trustee overseeing the entire process by managing granular data. Such data should be available to Stakeholders to provide confidence and to assist in obtaining cover and at a cost-effective rate.

PTT believes such an approach should go a long way to address concerns noted about insurance capacity in the market. Insurers should be more willing to work with Travel Organisers knowing the risk is shared and Trustees hold granular data of risk.

Merchant Acquirers will find great merit in such arrangements as their risk is significantly mitigated and they would be more willing to provide acquiring facilities without demanding security or simply refusing to provide acquiring.

A Trust model which comprises a hybrid arrangement of Trust and Insurance works well. PTT works with such models and the proportion of the amount of cash held in trust and the amount that can be released in advance under the protection of a Bond or Insurance in respect of each Travel Organiser can be set to the risk assessed.

There need not be many such models. In practice and based on PTT's real world experience such models are relatively simple and, in any case, risks would end up being assessed by the insurers as they are experts in that field and they in turn rely on the Trustee to manage the risk, so far as operation of the Trust is concerned.

Such a model is both flexible and transparent in that Stakeholders have full access to reconciled transactional data.

#### 14. Could there be any challenges associated with increased flexibility in insolvency protection, particularly for compliance and enforcement?

We do not believe that there are any challenges associated with increased flexibility in insolvency protection.

Trustees such as PTT hold "real time" and reconciled data of all bookings made under these Trusts. Based on these capabilities, the introduction of Hybrid arrangements should pose minimal system challenges to both Trustees and Travel Organisers.

Data for segregating such funds exists since a business is required to record and maintain booking data so that it can service its clients AND as part of its Companies Act obligations.

The Package Travel Regulations 2018 specifically addressed trust protections by requiring Independent Trustees. By combining the Trust and Insurance/Bonding, this consultation is enforcing this requirement. There is so much empirical data and evidence to support Trust Accounts managed by independent Trustees.

PTT already operates such systems for Trust clients - the approach suggested above is based on real examples and success in working with Stakeholders for the past few years and specifically over the period of Covid 19. Travel Organisers, other Travel businesses and Merchant Acquirers have found it relatively simple to work with PTT when operating full or hybrid arrangements. The arrangements are tailored to the needs of each business.

#### 15. In what other ways could the cost to package travel businesses of securing insolvency protection be reduced without compromising consumer protections?

Balancing cost reduction with consumer protections is vital, and a combination of strategies can help make insolvency protection more affordable for businesses while maintaining high standards of security for consumers.

Operating a Trust Account, with a Hybrid arrangement should result in overall lower costs. One needs to consider the reduced merchant acquirer costs and insurance costs that should arise as a result of operating a Trust Account with granular data.

Trustees such as PTT provide the capabilities of trust systems with granular data at a fraction of the cost. These systems developed over the last 10 years are continuously being improved because of experience, coupled with ongoing investments. Stakeholders that work with PTT absolutely rely on these capabilities.

Operating Trust Accounts managed by Independent Trustees are the best and most efficient option. Trust Accounts work well in almost all situations regardless of the size of the Travel Organiser and the nature of the Travel Organiser's business.

It is very clear from the data which consumer funds are protected, not least with Trustees such as PTT being able to track funds granularly.

### How "other tourist services" form part of the rules.

#### 16. Does the inclusion of 'other tourist services' in the Regulations serve an important purpose?

The inclusion of "other tourist services" in travel regulations serves no purpose. This definition causes ambiguity amongst stakeholders, including consumers. All 'other tourist services' related to a package should be protected under the same Regulations. This is to enhance consumer protection and adapt to the evolving landscape of the travel sector. It also ensures that all Travel organisers must adhere to certain consumer protection standards. This promotes fairness and competition in the marketplace.

#### 17. Is there sufficient clarity about when an 'other tourist service' will form part of a package?

We don't believe that is the case – consumers may find it complex and difficult to understand if and when 'other tourist service' will form part of a package. Hence, to boost trust and confidence in consumers, 'other tourist service' should form part of a package and be included in the regulations.

#### 18. Should the 'significant proportion' criterion be removed from the definition of other tourist services?

As noted above, any other tourist service booked, which relates to a package should form part of the package, irrespective of the significant proportion criterion.

#### 19. Is it clear what forms an 'essential feature' of the package, so consumers and businesses understand when a package has been created?

It will not be a fair approach to retain an 'essential feature' definition of the package. Regardless of the elements incorporated into a package, all components should be protected under the Regulations.

### To which travellers should package travel rules apply.

#### 20. Do you think the definition of traveller should be changed? If so, how and what impact would this have?

Changing the definition to ensure clarity of who is protected would be welcome, if required.

21. What do you think would be the impact of removing all business travellers from the definition of traveller?

No comment.

#### Further Technical Changes Redress from Third Parties

22. If you are an organiser of package travel, have you been able to obtain effective redress from third parties?

No comment

23. Have you had any particular or recurring problems in obtaining redress? If so, please provide details.

No comment.

24. What would improve package travel organisers' ability to obtain timely and effective redress from suppliers?

No comment.

25. What would be the impact of removing Regulation 29 from the Regulations?

Removing Regulation 29 from the Regulations will be unfair towards Travel Organisers as they cannot be made liable for compensation to consumers due to the actions of third-party Suppliers. The Travel Organiser should be able to seek redress from any third parties which contributed to the event triggering compensation, a price reduction, or other obligations. Regulation 29 can be used to bring claims against any supplier that contributes to the cancellation of (or significant changes to) a package holiday. The proposal to remove Regulation 29 from the PTRs would not be helpful. Instead, the Department for Business and Trade should explore extending obligations to Suppliers. There is no reason for them to be treated differently.

#### Whether rules should allow for extenuating circumstances

26. What are your views on how well the Regulations operated during the COVID-19 pandemic?

The COVID-19 pandemic presented an unparalleled global crisis that severely impacted the travel and tourism sector. The Regulations faced circumstances they were not originally designed to handle.

The pandemic damaged travel businesses, including many smaller Travel Organisers. The Regulations, while consumer-oriented, also needed to consider the survival of these businesses.

Handling the sheer volume of cancellations and refund requests was a logistical challenge. Delays and difficulties were encountered due to the exceptional circumstances not least with Suppliers refusing or unable to provide refunds to support Travel Organisers who had a legal obligation to refund their clients. Travel Organisers with Trust Accounts would have had the funds to refund their clients.

Covid 19 and past failures reduced unsecured insurance products to a minimal quantum. Currently both Insurers and Merchant Acquirers struggle to provide capacity since their risk is not being managed effectively as it is by an Independent Trustee.

Travel Organiser's balance sheets were greatly undermined by the costs of surviving Covid 19 and that added to the reticence of both Insurers and Merchant Acquirers.

Many Travel Organisers issued Refund Credit Notes (“RCN”). We question their value particularly since these were not backed by any tangible securities. Such RCN’s would have had no value had the provider failed or in extreme circumstances sought to change the legal underpinning. We are not certain there was regulatory enforcement was in place for these to be discounted or indeed made non-redeemable.

However, where the Travel Organiser had a Trust Account then in that case the RCN was backed by cash held in trust. The Civil Aviation Authority recognised this fact.

It is interesting to note the EU in its latest consultation on the package travel directive talks about vouchers covered by insolvency protection.

#### 27. Do you think any changes should be made to the Regulations to account for extreme extenuating circumstances impacting the ability to pay refunds quickly?

As mentioned elsewhere in this document, the existence of a hybrid protection model where the funds are protected by a mix of monies held in a Trust Account and the balance covered by insurance would greatly enhance the ability to make refunds. We find the 14-day refund window following the termination of a contract to be reasonable. To make this process more efficient, the DBT could consider imposing additional regulations on travel service providers to refund Travel Organisers within 7 days in cases where a service is cancelled or not provided. However, it is important to note that the ability of a Travel Organiser to make refunds during periods of extreme stress can and will be impacted upon.

As noted above, we would not advocate the use of Refund Credit Notes that are not backed by and/or supported by tangible assets such as cash and other guarantees of value.

We would advocate that Refund Credit Notes or consumer refund rights should be supported by insolvency protection and a structure operating a Hybrid Trust with Insurance/Bond arrangements would provide an optimum solution. In instances where a travel service is cancelled by the Travel Organiser, consumers should receive clear information about their rights, allowing them to either accept a Refund Credit Note or request a refund within 14 days. This may lead to more consumers accepting a Refund Credit Note instead of a refund, as it will be backed by insolvency protection.

Our experience during Covid is that in numerous cases consumers did not ask for refunds once the Travel Organiser advised their monies were held in Trust. In fact, those consumers, later on authorised the funds to be allocated to new bookings.

#### 28. If so, what factors do you think should be considered as part of a definition of extreme extenuating circumstances?

This is quite difficult but extreme events in the past 15 years were COVID-19, eruption of the Iceland volcano Eyjafjallajokull in 2010, when all flights were grounded for a long period of time and the failure of Thomas Cook.

Determining what qualifies as extreme extenuating circumstances may involve factors such as natural disasters, company failures or indeed issues with equipment be it defective accommodation due to identification of a wider problem (asbestos, inflammable materials, wrong concrete, etc) or transportation-related challenges.

We would advocate that decisions are made on a case-by-case basis with identified, relevant interested parties being consulted. This process should be overseen by a steering committee to ensure effective control and decision-making.

29. Are there other changes that should be made to the Regulations considering the pandemic and if yes, what are they?

We believe that encouraging Independent Trusts could empower Travel Organisers, especially in extreme extenuating circumstances.

PT Trustees Ltd (“PTT”) has worked well with major Travel Organisers since 2013. This model works and particularly through the difficult times experienced over the Covid period.

It should be borne in mind that once Covid 19 had taken hold, there was no entity that could be considered “financially sound”. We doubt many businesses would have survived without massive Government support and the creation of unsecured credit refund notes and similar instruments. Indeed, reputable financially sound businesses amongst others forced credit notes of one kind or another upon consumers since they had sufficient funds to refund consumers. Nothing illustrated better how cash collected in advance was not used, in many cases, to book accommodation, car hire, etc.

What is clear is that Trust Accounts being managed in a supportive manner by experienced trustees utilising high quality systems and well-trained executives would pose the lowest risk.

No other form of protection - Other than Trusts that hold 100% of funds until date of return - could ever deliver the lower risks and quality of protection afforded by Trust Accounts working alongside Insurance/Bond arrangements.

PTT was able to assist in supporting very high levels of refunds during Covid 19 and whenever a Trust operating Travel Organiser issued Refund Credit Notes these would generally have been backed – indirectly – by funds held in Trust. Refund Credit Notes issued by those operating with Bonds were unsecured. Only those Travel Organisers that were operating Trust Accounts could provide certainty of refunding consumers and that without any impacting upon their working capital requirements!

### Territorial restrictions on insurance cover

30. What are your views on relaxing territorial restrictions on insurance cover for insolvency protection providers to allow supply by those regulated outside the UK?

This is an interesting consideration and may work, provided that the countries where these insurance companies are resident provide the level of oversight and control over insurance companies that exist in the United Kingdom.

However, while the regulators may support the idea of using overseas insurers, we believe it could potentially expose the UK.

The UK remains a central hub for insurers, offering specialised expertise.

On the other hand, we would advocate other countries, particularly in the EU, to consider accessing the UK markets due to its well-regulated regimes and reasonable jurisdictions.

31. What impact would doing so have on the cost and quality of cover?

The logic of such an approach may suggest that costs may go down although it is not possible to comment on quality. As mentioned above, quality must be based on the regulatory controls and compliance exercised over these companies.

The insurance marketplace, particularly in terms of re-insurance, is intricate, and the majority of insurers operate through established syndicates and equivalent entities. If insurers and reinsurers seek additional coverage, it is unlikely that prices will decrease. The reinsurance markets and syndicates are highly complex, well-known, and well-defined. Insurers have access to a limited pool of insurers and syndicates, and both capacity and the number of available reinsurers and syndicates are constrained.

If insurance coverage is sourced from outside the UK, regulators should evaluate the potential impact on the transfer of claims to a different region and assess any associated tax complexities.

### [Making it easier for the Government to update the information requirements.](#)

32. Are there any parts of the information requirements where you think flexibility is particularly needed to ensure the requirements stay up to date?

Specific areas where changes may be particularly needed include:

- Travel Health and Safety Information: Mainly due to the COVID-19 pandemic, it may be essential to update information requirements related to health and safety guidelines, travel advisories, and emergency protocols.
- Cancellation and Refund Policies, mainly for travellers facing unforeseen disruptions to their plans.
- Consumer Rights, particularly in cases of insolvency or cancellations, would be vital for maintaining consumer trust.