

Boost to passengers as government bolsters ATOL scheme

- greater protection for passengers through government backing the ATOL protection scheme
- the step will ensure passengers who choose refund credit notes are covered for cancellations as a result of COVID-19, even if their travel provider collapses
- proposals designed to boost consumer trust in the aviation and travel sector

ATOL-protected holidaymakers will be able to book with confidence following a government move to protect refund credit notes offered if packages are cancelled as a result of COVID-19.

The change, which will apply to package holidays including a flight, will mean passengers who accept refund credit notes for cancelled holidays as a result of COVID-19 will be protected by the ATOL scheme if necessary, even if the company they have booked with later collapses.

By providing confidence to holidaymakers that their refund credit notes are protected if they choose them over refunds, today's move will mean customers are able to support the travel sector's recovery from the pandemic by accepting a refund credit note.

Transport Secretary Grant Shapps said:

We want to send a clear message to passengers that they can book their summer holidays with confidence, which is why we're stepping in to protect refund credit notes issued as a result of COVID-19 cancellations.

This is not only good news for anyone looking to get away for a break in the sun, but also for the aviation and travel sector which has been hit hard by the pandemic.

Business Secretary Alok Sharma said:

This new protection will give consumers the confidence they need to book some time in the sun, safe in the knowledge that their hard-earned money is protected no matter what.

For those ATOL-protected holidaymakers whose trips have already been cancelled, today's reforms will give them the freedom to choose between a refund, or a fully-protected refund credit note for use at a later date.

Martin Lewis, founder of MoneySavingExpert.com, says:

This is a key travel intervention we've been calling for. It's far from a cure-all, but ATOL is a statutory scheme and the fact the government will now effectively underwrite its credit refund notes gives a solid bedrock of security for customers willing to take them.

And I'd encourage those who it's right for to do so. The pandemic has been devastating for the travel industry and travellers. Taking an ATOL credit refund note if you're likely to rebook shows welcome forbearance and flexibility, and the fact that, if you don't use it, it can be exchanged for cash gives peace of mind.

Of course it's not right for everyone, many desperately need a refund. My hope is this more solid halfway house for some will enable firms to more swiftly pay out full refunds for others.

ABTA Chief Executive Mark Tanzer said:

ABTA welcomes the government's action to back refund credit notes through the ATOL scheme. This gives reassurance to consumers and supports the travel industry at an especially difficult time.

This development verifies that the ATOL scheme provides protection for cancelled holidays when a refund remains outstanding in the event of a travel organiser's failure. This is the same for non-flight based package travel with ABTA bonding under the Package Travel Regulations. This assurance enables consumers to hold and rely on refund credit notes with confidence, before rebooking a much needed holiday.

The ATOL fund is run by the UK Civil Aviation Authority (CAA), and requires travel operators to pay a fee of £2.50 to protect each passenger booking in cases of insolvency. The money, which is held in a fund managed by the Air Travel Trust, is used to refund, repatriate or reimburse travellers for the cost of repaying for the affected parts of their trip.

Today's action follows on from a separate series of measures introduced to support the aviation sector, including a comprehensive package of financial support incorporating loans and guarantees, tax deferrals and covering the cost of statutory sick pay.

Customers are still entitled to a refund and will be able to receive one if they request it, but today's move will mean customers are able to support the travel sector by accepting a refund voucher in the knowledge that it will be protected, even if the travel operator goes insolvent.