

Press release: New curbs on bogus holiday sickness claims

The rules will fix the legal costs that can be claimed in package holiday sickness claims, closing a loophole which the travel industry believes has helped fuel a rising number of claims. This claims epidemic, the industry fears, is raising the prospect of higher travel costs for British tourists.

The rules will come into effect in the coming weeks – ensuring the curbs will be in place before the next summer holiday season.

Up to now, legal costs in overseas package travel claims have not been controlled, which has meant costs for tour operators can spiral out of all proportion to the damages claimed. This has led many operators to settle holiday sickness claims out of court, rather than challenge them.

Industry experts believe this has been a major factor in a rise in claims which has sparked concerns that Britain's reputation overseas is being damaged and that British tourists will face higher package holiday prices.

Justice Minister Rory Stewart said:

Claiming compensation for being sick on holiday, when you haven't been, is fraud.

This damages the travel industry and risks driving up costs for holidaymakers.

This behaviour also tarnishes the reputation of British people abroad. That is why we are introducing measures to crack down on those who engage in this dishonest practice.

According to the travel industry, there has been a substantial increase in claims, which some have estimated to be as high as 500% in recent years.

While uncontrolled costs have discouraged tour operators from challenging claims, they have also emboldened claims management companies to encourage tourists to pursue holiday sickness compensation, with touts reportedly operating in European resorts.

To help tackle this, Ministers asked the Civil Procedure Rule Committee, which is responsible for setting rules on legal costs, to look at bringing package holiday claims within the fixed recoverable costs regime. This would mean tour operators would pay prescribed costs depending on the value of the claim and length of proceedings, making defence costs predictable and

assisting tour operators to challenge bogus claims.

The Committee has now agreed to this rule change – the rules will be updated on Monday, and will come into effect shortly. More detail will also be published on the Government's approach, alongside its response to a recent call for evidence.

The Government is committed to tackling the country's compensation culture, and recently introduced a Civil Liability Bill which includes measures to reduce the unacceptably high number of whiplash claims and allow insurers to cut premiums.

Other reforms include the forthcoming ban on cold calling and tougher regulation of claims management companies.

Notes to editors

The Association of British Travel Agents (ABTA) reports a 500% increase from around 5,000 claims in 2013 to around 35,000 claims in 2016. This is despite the fact that travel industry data on the global trend for reported incidence of illness in resorts has actually declined in recent years.

Since October 2017, four couples were either sentenced or ordered to pay significant legal costs by the court after making false package holiday sickness claims. These cases were private prosecutions brought by tour operators Thomas Cook, TUI and Red Sea Holidays.