

CMA warns package travel firms over refunds ahead of summer trips

The Competition and Markets Authority (CMA) has warned package holiday companies to respect the refund rights of holidaymakers ahead of the summer period.



The CMA has published an open letter to tour operators and has also sent it directly to the 100 package travel firms with the most complaints about them. The letter reminds the firms of their legal obligations and of the need to ensure refund options are clear and accessible.

As a result of CMA action, TUI UK has now given a formal commitment – known as an ‘undertaking’ – to provide clearer information on refunds upfront to customers whose holidays have been cancelled due to coronavirus (COVID-19). The company had already taken steps to meet concerns raised by the CMA, by improving the information it provides to customers and making it easier for people to get their money back.

Since March 2020, the CMA has received over 23,000 complaints from consumers about refund issues relating to package holidays that could not go ahead due to the pandemic. In acknowledgement of this, today’s letter to the package travel sector sets out what businesses should provide and what customers can expect, including:

- holidays cancelled by package holiday companies must be refunded within 14 days under the Package Travel Regulations (PTRs).
- any offer of a refund credit note must be accompanied by the option of a full refund. Customers should be able to exchange their credit note for a refund at any time.

- people have a right to a full refund where they decide to cancel their package because unavoidable and extraordinary circumstances at the destination significantly affect the holiday they have booked or their travel there.
- if the FCDO (Foreign, Commonwealth and Development Office) is advising against travel to the package holiday destination when the consumer is due to leave, that is, in the CMA's view, strong evidence that these unavoidable and extraordinary circumstances are likely to apply. If the consumer is refused a full refund, the package holiday company should fully explain why it disagrees that the holiday or travel is significantly affected.

[Source: Competition and Markets Authority, May 2021]

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