

PUBS-PR-20210222-Airlines push cash crunch down the value chain

PRESS RELEASE

Airlines' refusal to refund travel companies and their customers has to stop

Since the beginning of the coronavirus pandemic, ECTAA and eu travel tech have repeatedly called on airlines to fulfil their refund obligations in order to allow travel companies to refund their customers. This must apply to both B2B and B2C products. Even one year since the start of this gigantic crisis, several airlines still do not refund tickets or massively delay refunds.

Brussels, 23 February 2021. One year after the break out of the coronavirus pandemic, it is well known that the travel and tourism industry has been severely suffering. All travel companies have been confronted with huge amounts of refund requests for trips that had to be cancelled as a result of lockdowns, border closures and travel restrictions. The whole travel industry continues to face financial challenges due to the ongoing pandemic, as the level of sales remains anecdotal compared to the years before. A number of airlines have refunded to travel companies who in turn were able to refund their customers. This way airlines made sure refund obligations vis-à-vis customers are satisfied. Several airlines however continue to delay or ignore refund requests, putting IATA accredited travel agents under financial pressure as customers are claiming a refund.

Public announcements by some airlines, stating that refunds have now been made, leave a wrong impression. The issue is not solved as many airlines still have a backlog of refund requests. The non-compliance with airlines' refund obligations under the EU Air Passenger Rights Regulation (Reg. 261/2004) and IATA Resolution 824r has been raised to the Commission several times. The problem is one of enforcement: IATA Resolution 824r is not enforced by the international airline organisation and the enforcement of Reg. 261/2004 lies with the National Enforcement Bodies (NEBs) on a national level, but several NEBs seem reluctant to act.

Since the beginning of the crisis, ECTAA and eu travel tech have advocated for effective support to the benefit of the whole travel value chain. The Competition Authorities have been requested to make state aid to airlines conditional on processing refunds. But despite the billions of Euros received from taxpayers, some airlines continue to refuse or massively delay refunds to travel companies and their customers.

Travel companies have faced accusations of not fulfilling their refund obligations. At the same time, it is impossible for them to get outstanding refunds processed by several airlines. This is not only damaging their customers, but it threatens to damage the reputation of these businesses enormously and negatively impact on consumer confidence, which will be critical for restarting travel.

Emmanuel Mounier, Secretary-General of eu travel tech said "The travel sector is built on a whole integrated ecosystem. What we are seeing today is that when one part fails, it affects strongly the others. Travel agents are urging the airlines to comply with their refund obligations and call on the

European institutions to improve the legal framework applicable to flight and package refunds based on the lessons learned from the Covid crisis to the final benefit of consumers.”

Concluding ECTAA President, Pawel Niewiadomski: “It is unacceptable that some airlines continue to refuse refunds to travel companies and consequently their customers. To push the cash crunch down the travel value chain and onto the customers is critical both from a competition as well as consumer protection standpoint. It has to stop.”

About ECTAA

ECTAA represents some 70,000 travel agents and tour operators in Europe, which provide consultancy and sell transport, accommodation, leisure and other tourism services as well as combined products to leisure and business customers.

About eu travel tech

eu travel tech represents the interests of travel technology companies. eu travel tech uses its position at the centre of the travel and tourism sector to promote a consumer-driven, innovative and competitive industry that is transparent and sustainable. Our membership[i][2] spans Global Distribution Systems (GDSs), Online Travel Agencies (OTA), Travel Management Companies in business travel (TMCs) and metasearch sites. For more information on eu travel tech and policy priorities, please visit www.eutraveltch.eu

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