



RESPONDING
TO COVID-19
**MAINTAINING
CONSUMER TRUST
AND CONFIDENCE IN
THE TRAVEL SECTOR**

EXECUTIVE SUMMARY

The coronavirus outbreak has resulted in widespread cancellations of flights and holidays, leaving many consumers in a helpless position - and in some cases stranded with no way back home. Passengers often cannot access the money that they are owed through refunds for cancelled trips, leaving them significantly out of pocket. Many people have no guarantee of when they will next be able to travel or whether they will be covered by their travel insurance policy, making re-booking incredibly difficult.

Which? has also raised concerns about the Foreign Office's (FCO) decision on 5 April to extend the non-essential travel ban indefinitely. While it is right the government regularly updates its advice, an indefinite ban on non-essential travel may cause unnecessary confusion about consumer rights and protections for those with foreign travel booked in the months ahead.

There is immense pressure on the travel industry as a result of the coronavirus pandemic, and it is vital that the government considers all options to support and help industry navigate this challenging period. The government must urgently work with regulators and the industry to address this unprecedented challenge head on and ensure that passengers who are now unable to travel are not left out of pocket, and that their consumer rights are upheld.

While finding quick solutions should be the immediate focus, it is clear that any government and industry measures introduced in response to the pandemic will have a long-term impact on consumer trust and confidence. Many people are inevitably finding themselves in difficult positions, often through no fault of their own, so it is critical that targeted interventions provide swift and tangible results so that consumer confidence in the travel sector is not permanently damaged. From being offered an alternative flight home and being clear about how and when to rebook a flight or holiday, to honouring refunds and guaranteeing insurance cover, people need to know that they can trust the travel industry to treat them fairly.

WHICH? 10 POINT PLAN

1 **All consumers who are currently eligible to receive a refund must be offered a cash refund when their flight or holiday is cancelled.** *This will ensure that valid refund requests are honoured and repaid within the applicable statutory period, via a simple, clear and easily accessible process.*

2 **A credit note/voucher may be offered as an alternative but not sole option when a flight or holiday is cancelled. These vouchers must also be time-limited, with a full refund provided at the end of the term, with terms and conditions clearly and proactively communicated.** *This will guarantee that consumers will get their money back should they not want to re-book one of the holidays on offer within the prescribed period.*

3 **Airlines must be supported throughout the outbreak and effectively held to account when failing to offer and issue refunds for cancelled flights.** *This will ensure refunds, both directly to passengers and to travel agents and tour operators, are honoured. The Government and Civil Aviation Authority (CAA) should take action where necessary.*

4 **The statutory 14-day refund period for package holidays should be temporarily extended to a maximum of one month, and all credit notes/vouchers must be insolvency protected.** *This will provide industry with additional flexibility to manage its workload and cash flow while also giving consumers confidence that they will get their money back should their provider collapse.*

5 **A temporary Government Travel Guarantee Fund should be established.** *This will provide funding to support travel companies which, as a result of coronavirus cancellations, are unable to fulfil their responsibilities to holidaymakers under the Package Travel and Linked Travel Arrangements Regulations.*

6 **All Foreign Office travel warnings should be extended to a definitive date.** *This will ensure that travellers have clarity around refunds, rebooking or claiming on insurance. These dates can be reviewed if needed.*

7 **Travel insurance terms and conditions should be more transparent and clear with customers signposted to relevant parts of their insurance policy booklets.** *This will make it easier for policyholders to know if they are covered and will help customers to find out what they need to know as quickly as possible, providing specific answers to their questions.*

8

Time-limits on making claims should be relaxed. *This will help customers who are struggling to get in touch or communicate with travel companies as a result of the pandemic.*

9

Insurers should extend existing travel insurance policies, where relevant, to ensure the customer remains protected when stranded abroad. *This will help those who cannot get home because of government-issued advice or restrictions on travel imposed by governments (i.e. through no fault of their own).*

10

Insurance providers must work more closely with the travel industry and the government to ensure that all information given to consumers about how and when to claim is clear and consistent. *This will stop people from being passed between providers and ensure they know who to contact when, for example, seeking reimbursement from their provider before turning to their insurer.*



CANCELLATIONS: REFUNDS, VOUCHERS AND RE-ROUTING

A number of airlines and package travel providers are refusing to meet their legal obligations to issue refunds for cancelled flights and holidays, instead offering credit notes or vouchers for a future booking. Which? has heard from hundreds of consumers faced with this issue, and in some cases people are being denied access to hundreds and thousands of pounds at a time when their finances are already under strain.

A Which? survey conducted with members of the public between 20 and 24 March 2020 found that a quarter of those with a cancelled flight in April weren't offered a refund and 19% were waiting to hear back. For those who had a holiday cancelled with a travel agent or holiday company, a quarter weren't offered a refund and the same proportion were waiting to hear back.¹

During a period of widespread uncertainty, it is important that all passengers understand what they are legally entitled to when their flight is cancelled, and are able to easily claim money back where owed. Additionally, while some people may be able and willing to accept vouchers in lieu of a refund, there is a clear need for these vouchers to be time limited, and insolvency protected, so that people have confidence that their money is protected should their provider collapse. These extraordinary circumstances will undoubtedly have a huge impact on cash flow and resourcing for many travel providers so it is important that the industry is supported as much as possible to fulfil all claims within a reasonable timeframe and the government must take all steps necessary to do so.

Flight-only bookings

All flights on UK and EU carriers and all flights leaving from a UK or EU airport are protected by the EU's Denied Boarding Regulation, which requires refunds or re-routing when flights are cancelled. However, Which? has received complaints from hundreds of consumers trying to obtain a refund from their airline for a cancelled flight. These problems are affecting passengers due to fly with airlines on short and long-haul routes.

Many airlines appear to be trying to avoid paying refunds to customers by only providing links to voucher request forms in their passenger communications, or by limiting people's ability to contact them - for example, removing Live Chat or other functions from their websites and directing people to already overstretched call centres.

Olivia Greenway told us that she attempted to get a refund online from a UK airline for her flights to Italy and was sent a link to a page that offered her the choice of rebooking or cancelling for a refund. But when she chose refund she was directed to a page where she was offered a voucher for future travel. She says it was only because she'd claimed a refund from the airline in the past that she knew she did not need to accept a voucher. She phoned the airline and after 20 minutes on hold she was able to get through and request her refund. Others have told us about much longer waits to speak to somebody.

¹ These are for flights and holidays 'scheduled for the next month' at the time of the survey (20–24 March 2020).

Steven D’Hoe is a self-employed contractor who flies to Belgium weekly on business. He is currently unable to work and is desperate to get back the more than £700 he has spent on three flights with easyJet, and Air France-KLM. Unable to get through to easyJet by phone and with Air France-KLM only offering him a voucher he ultimately resorted to trying to claim on his credit card. easyJet has now promised to refund him after Which? Travel intervened.

Some airlines, such as Air France and KLM, have even admitted to Which? that they are point-blank refusing to issue any cash refunds for at least a year, despite their legal obligations, and will only offer vouchers – stating ‘Air France and KLM acknowledge that, under normal circumstances, passengers would receive a refund if a flight was cancelled. However, this situation is so exceptional – that Air France and KLM are being forced to depart from normal practice.’

Separately, we have seen examples of airlines refusing to pay cash refunds to passengers who, on Government advice have chosen not to fly, if their flights still operate. In some cases people have ended up cancelling flights themselves - not realising they then lose any possibility of getting a refund.

Hannah Walsh was due to fly to Budapest with Wizz Air UK on 24 March. The budget airline has suspended some flight routes so she expected to receive notice that her flight had been cancelled. Instead, she was shocked to receive an email about her upcoming flight, encouraging her to arrive at London Luton Airport in plenty of time. Wizz Air UK was ‘expecting a very high number of passengers’ it said. She is not a Hungarian citizen so would potentially have been stranded at the airport, had she flown. For Hannah, who spent £62 in total for two passengers, her choice was either to pay Wizz Air UK’s flight cancellation or rebooking fees, or miss her flight. Any of these options would leave her out of pocket.

Lynette told Which? on Twitter that, as soon as the FCO released its guidance, she contacted BA to cancel her return flights to Thailand, which cost £550. Yet, because the flight was still running, BA would only offer a voucher for the value of the flight, which has to be used within a year, and not a full cash refund. Lynette has since cancelled the flight anyway. She has received a refund of the air passenger duty element of her flight (£113) and is hoping to claim the balance from her travel insurance.

While consumers should always be offered a refund where owed, the industry should be supported as much as possible to manage the number of claims within a reasonable timeframe.

Re-routing

UK and EU airlines cancelling flights during the coronavirus crisis have been failing to re-route passengers onto available alternatives, leaving some passengers needlessly stranded and others hugely out of pocket. The Denied Boarding Regulation states that

UK and EU airlines must offer passengers the option of being re-routed on an alternative flight. Although most airlines generally try to use their own flights, if an alternative airline is flying significantly sooner than, or is one of a limited number of remaining options, airlines should use an alternative carrier.

However, Which? has received hundreds of complaints about numerous airlines cancelling flights home, without expressly giving the option of an alternative – despite one being available. This has left some passengers with no choice but to spend hundreds of pounds to return home. Unfortunately in some instances, even these flights have been cancelled, leaving people stranded, even more out of pocket and struggling to get a refund for the additional flight. For many people this is simply not an option. Even the government's repatriation flights have cost some passengers as much as £1,000 per person and not all travellers have been able to get a flight.

John Heyland, 84, was due to fly home with his wife on a Ryanair flight from Malaga to Exeter on 15 April. When coronavirus forced them to cut their holiday short, they booked alternative Ryanair flights for 22 March. These new flights were then cancelled and Ryanair did not inform John about his options. With hotels closing and John unable to get through to Ryanair on the phone, he travelled to the airport to try to get a flight home. He was able to fly with BA to Gatwick on 21 March, but only after paying an eye-watering €1,690 for two tickets. His subsequent offer of a refund for the cancelled Ryanair flight was of little consolation given how much he had to spend to get home.

Airlines failing to reroute passengers is nothing new. In December 2018, the Civil Aviation Authority (CAA) wrote to the major airlines reminding them they have to pay to get passengers to their destination on the next available flight, even if it's with another carrier. But the unprecedented nature of the coronavirus crisis has left passengers having to choose between potentially being stranded, or paying extortionate fares for flights that the airline should have offered to book them on for free.

Several months ago, Jim Barrington paid £167 for return flights from London Heathrow to Helsinki with a UK airline in June. The flights were recently cancelled and the airline offered him the choice of a refund or vouchers. But on the same day as being notified Jim visited the airline's website and found return flights from Heathrow to Helsinki on the same dates with Finnair. The cost was £673, so even with the refund for his original flights, Jim would have been more than £500 out of pocket if he had needed to book alternative flights. As it is, Jim accepted the vouchers offered, but, to add insult to injury, he has since had an email saying he's not eligible for them. He has tried to call the airline to find out why, but has been unable to get through.

A few days before Phil Rees was due to fly from Tenerife to Birmingham with a different British airline on 22 March, his flight was cancelled. He was told he would get a refund in due course and that if he needed to get home he should check the airline's website. He had no choice but to pay for new flights with the same airline for 21 March, which cost him more than the original flights. As Phil said, 'surely they could have just transferred us on to the flight we eventually took.'

Package holidays

Which? has also heard from holidaymakers who are being told by their holiday provider that they are not eligible for a refund but should re-book their holiday, or accept a credit note. If package travel is cancelled due to ‘unavoidable and extraordinary circumstances’, consumers are entitled to a full refund. This reimbursement must happen within 14 days.

Stacey Brook booked her package holiday to Sri Lanka with a popular UK travel agent in January, for £1,485. In mid-March, she was told by the travel agent that the trip was cancelled. She requested a refund for her £1,485, but was told ‘no refunds are permitted at the moment, as per the supplier’s policy’. She was told she could claim a credit note or book for a later date. Stacey complained to the travel agent, pointing out the terms of her contract, which stipulated a refund within 14 days if the holiday was cancelled. It refused again, saying its policy of no refunds was ‘in line with Abta advice.’

Jessamy Worms asked her web-based travel agent, for a refund of the £815 she paid for a trip to Morocco and was also refused. Instead, she was told to rebook or accept a credit note for £399.28 – less than half the price she paid for the holiday. She too complained, but was told those were the only options available and that the travel agent was ‘following Abta’s advice.’

Of particular concern are reports of people being asked to continue paying large instalments for future holidays - with no guarantee they’ll be able to go ahead – and at the risk of losing their deposit if they don’t.

Retired magistrate Phillip Catterall booked a holiday to Mallorca with easyJet holidays. Two days before he was due to pay the remaining balance of £1,042 he decided to cancel, forfeiting his £120 deposit, because was not confident that he would be able to get a refund in the event of the holiday being cancelled.

There are also reports that some airlines and other travel operators are often refusing to provide refunds to package holiday companies, as they are with passengers, further complicating the holiday provider’s ability to reimburse their own customers.

It is vital that consumers are able to continue to rely on their consumer rights, which also form an implied term of their contract with the travel agent, particularly during a period of such uncertainty. The government and regulator must intervene to ensure that airlines that are refusing to honour refunds – both to passengers and to package holiday companies - are effectively held to account, and there is a clear need for the CAA to take swift and decisive action against individual airlines where appropriate.

Munir Shafi booked a travel package commencing 31 March – 25 April to Canada with a 5 day stay and then onwards flight to Orlando. They booked it through a ABTA/ATOL travel agent as a ‘package holiday deal’ and it was paid in full at the time of booking. Munir did not take out travel insurance, instead planning to do so a few days before travelling. However, due to coronavirus travel restrictions, flight operator American Airlines cancelled the flights on their website. After contacting them directly, Munir was told that he was eligible for a full refund. However, upon contacting the travel agent via email, Munir was told that he would only be offered a credit note, rather than a full cash refund.

The industry is clearly in an unprecedented position, particularly with regard to cash flow. To provide additional flexibility, the statutory 14-day refund period for package holidays should be temporarily extended to a maximum of one month.

Additional support should also be provided for package holiday providers that, as a result of coronavirus, are unable to fulfil their obligations to their customers under the Package Travel and Linked Travel Arrangements Regulations. Widespread cancellations of package holidays have had a profound impact on the travel sector in numerous other countries. In Denmark, the government’s response has been to build on existing insolvency protections for package holidays by temporarily extending their Travel Guarantee Fund to cover refunds for coronavirus-related cancellations. Through a loan to the Fund, the Danish government has taken steps to support businesses affected by the outbreak while also guaranteeing that consumer money is refunded as swiftly as possible.

The UK government should establish a similar temporary Travel Guarantee Fund to provide funding to support travel companies that are unable to fulfil their responsibilities to holidaymakers as a result of coronavirus cancellations.



TRAVEL INSURANCE

As many airlines and holiday providers are encouraging customers to re-book their flights or holidays for a later date, concerns about the impact this might have on travel insurance cover are growing. Unclear advice on travel insurers' websites is leaving people uncertain as to what is covered by their policy and unclear about whether they can make a claim. Which? research found that a quarter of people with travel insurance are not confident with the cover their policy provides .

Which? is also concerned that some insurers are potentially treating customers who have been affected by coronavirus disruption unfairly, using little known exclusions to reject claims, such as not covering claims where the holiday has been cancelled because of a change in advice from the Foreign and Commonwealth Office (FCO).

Insurers should make their terms and conditions more transparent and clearly signpost customers to relevant parts of their insurance policy booklets. This will make it easier for policyholders to know if they are covered and will help customers to find out what they need to know as quickly as possible, providing specific answers to their questions.

A Which? member, who contacted our Money Helpline, had received some disappointing news about his Holidaysafe annual Holiday Family Niche policy. On 30 March, he was sent an email from the insurer which stated the following: 'Unfortunately, your policy does not cover cancellation due to changes in FCO advice. We would advise that you speak to your airline, hotel or tour operator to discuss either a refund for any monies paid, or alternative trip dates and options.' The email also recommended that customers refer to it and its website information, before contacting Holidaysafe directly. The Which? member's policy wording, however, told a different story. Specifically, in the document's 'Pre-travel' section, among listed reasons for circumstances in which a cancellation claim could be made was: 'The Travel Advice Unit of the Foreign & Commonwealth Office, the World Health Organization or similar body issuing a directive advising against all but essential travel to the country or specific area, or event, to which you are travelling.' In other words, this Holidaysafe customer – and possibly many others – should have been able to claim for cancellation. Which? followed up with Holidaysafe to confirm that the member's policy does, in fact, cover FCO cancellation claims, and that the email advising it didn't was sent to him – along with a 'small number of other customers' – in error.

Sudden changes to policies and inconsistent responses to the crisis from different providers are creating further confusion for consumers – in many cases leaving them at risk of travelling without cover or having to abandon their travel plans entirely. It is vital that people who own cancellation cover and on government advice decide not to travel, are able to rely on assistance from their travel insurer for unrecouped losses.

Travel insurance expiration is a particular worry for those passengers who are stranded overseas with no way to get home. A number of reports to Which? highlight the issues faced by people who risk being stuck without insurance cover, through no fault of their own. While some providers are taking steps to extend coverage in these situations, it is

2 Survey of the general public conducted 3–7 April 2020.

important that all insurers extend existing travel insurance policies, where relevant, to ensure the customer remains protected when stranded abroad. This will help those who cannot get home because of government-issued advice or restrictions on travel imposed by governments. It is vital that people are able to rely on support from their insurance provider when needed most.

Anne Marie Fournier was stuck in Canada after she made two attempts to fly to London Gatwick with a Canadian carrier. Both flights were cancelled, leaving her \$1,200 (£690) out of pocket. The carrier refused to refund Ms Fournier. Instead, it quoted her another \$2,000 (£1,155) for a seat on a third flight. She told Which? Travel: 'It's \$2,000 I don't have and I risk that flight being cancelled too.' Her situation is becoming increasingly desperate as she is low on prescription medication and her travel insurance is due to expire. It means she will be left without cover for COVID-19-related claims. She added: 'The airline says it's up to the UK government to get me home, but the government say it's the airline's responsibility. I'm scared. No one is helping me.'

Finding new cover for future trips is difficult at best. The four major comparison sites - Compare the Market, Confused.com, GoCompare and Money Super Market have all suspended sales of travel policies, along with a large proportion of individual providers. Many insurers still active will no longer cover coronavirus claims on recently bought policies. Some have introduced explicit exclusions against coronavirus into their policy wording. Others, meanwhile, stopped selling optional elements of cover (such as for disruption cover) likely to be used. Many others now exclude Covid-19 as a 'known event' in new cover (i.e. an event which makes a claim relatively likely at the time the policy was bought or the trip booked) under their existing terms and conditions.

Travel insurers operate on the basis of being a last resort - stepping in where other service providers such as airlines and holiday operators have failed. However, the information being given to consumers has proven confusing, and sometimes inconsistent with advice given by the travel industry.

Sharon Sadler was due to go on holiday on 24 March. However, when her travel company emailed to say that the holiday was cancelled, they also stated that no refunds, credit notes or vouchers would be issued until they have clarity from the Government adding that 'industry is expecting Government, along with Travel Insurance, will manage refunds'. Sharon was surprised to hear that they weren't going to give her a refund - and has yet to contact her insurance provider. Sharon added: 'This does not seem right to me. Surely the company should refund in full?'

It is important that consumers are made aware of when and how they can claim money back for a cancelled holiday on their travel insurance, and when to lean on other service providers. Greater coordination between travel insurers, the government and the wider travel industry should ensure that travellers are not passed between providers and left struggling to find adequate cover.



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