

Department for Business and Trade

Package travel legislation – updating the framework 2025

A response by the Association of Personal Injury Lawyers

June 2025



Introduction

APIL welcomes the opportunity to comment on the Department for Business and Trade's proposals to reform the Package Travel and Linked Travel Arrangements Regulations 2018.

We responded to the 2023 call for evidence and provided our views on the proposals outlined in this consultation. We maintain the position regarding domestic-only arrangements, insolvency protection, and other tourist services. Reforms to the regulations should be evidence-based, and some of the assumptions in this consultation regarding domestic package costs and how changes would help businesses offer lower cost options to consumers have not been properly justified within the consultation document or supporting documents.

APIL has several concerns regarding the exclusion of domestic-only arrangements from the regulations. We believe equal protection should extend to both international and domestic holidays to ensure fairness and security for all travellers.

APIL has consistently advocated for the definition of linked travel arrangements (LTAs) to be simplified, and we would still welcome this reform. However, having considered our position and the evidence available on consumer confusion regarding LTAs, our preferred approach would be to incorporate the concept of an LTA into the definition of a package at Regulation 2 / 2(5) of the PTR. This could simultaneously address the current confusion and extend full package travel protections to consumers, while maintaining flexibility for the travel industry.

We reiterate our argument that tour operators should be legally compelled to have a minimum level of liability insurance to cover claims from consumers, as well as a requirement that such policies do not carry prohibitive self-insured excess levels.

APIL has only responded to the questions within our remit.

How rules should apply to UK-only package holidays

Question 1. Do you think that domestic-only arrangements that do not include travel should be exempt from the regulations?

- a) Yes**
- b) No**
- c) I do not know**

No. We believe that domestic-only arrangements should continue to be in scope of the Regulations. Maintaining two distinct regimes could lead to practical issues and consumer confusion.

We believe that equal protection should extend to both international and domestic holidays to ensure fairness and security for all travellers. The protections included in the Package

Travel and Linked Travel Arrangements Regulations 2018 (PTRs) are also important for those holidaying in the UK, including:

- Insolvency protection requirements under Part 5: this financial protection ensures that if the organiser becomes insolvent, consumers are either refunded or supported in completing their holiday through alternative means.
- Transparency and information provisions under Part 2 play a key role in protecting consumers. This empowers consumers to make informed decisions when booking a holiday.
- Provisions on the performance of the package under Part 4: these provisions make the organiser responsible for the proper performance of the package, even if services are provided by third parties, and grant rights to price reductions and compensation when the package travel contract is not complied with.

The Regulations provide additional flexibility for consumers where there is a lack of conformity, whilst also providing the domestic travel industry with more opportunities in relation to how holidays are sold.

We are concerned that this proposal fails to acknowledge that there are three distinct legal jurisdictions in the United Kingdom. Overlooking this suggests that the government has failed to acknowledge the distinct characteristics of the justice systems in England and Wales, Scotland, and Northern Ireland. We query what would happen to someone who lives in England but goes on holiday, for example, in Scotland and is injured. The differences in the legal cost regime and proceedings would require the instruction of a Scottish lawyer if the claimant had to pursue their claim there.

This ambiguity could lead to confusion among consumers about where to bring their claims. APIL is concerned that such discrepancies might disrupt the harmonisation of legal protections for holidaymakers within the UK. The claimant must have the choice of where to bring proceedings and whether to avail themselves of the Regulations or not.

Question 3. Would removing domestic packages that do not include a travel element from the scope of the regulations support businesses to:

a) offer more choice?

- i) Yes
- ii) No
- iii) I do not know

b) offer lower cost options?

- i) Yes
- ii) No
- iii) I do not know

Please explain your response, setting out how and to what extent this reform could lead to benefits or detriment to business.

As above, we do not believe that domestic packages that do not include a travel element should be removed from the scope of the regulations.

The findings of the research commissioned by the Department for Business and Trade into consumer demand for the current protections indicate that participants were willing to pay an

additional premium of £106 for a domestic package holiday compared to the same holiday in which all the constituent travel services were booked separately.¹ The evidence also indicates that consumers' willingness to pay for package holidays is considerably greater than the estimated £8.83 per package cost of compliance with the PTRs.² This suggests that removing protections under the PTRs to reduce cost would represent a loss in value to consumers and would not meet their needs. We strongly disagree with the suggestion that the regulatory burden placed on businesses may be disproportionate to the levels of consumer protection provided.

Further, any suggestion that removing domestic packages that do not include a travel element would support businesses to offer more choice and lower-cost options must be supported by robust evidence. Government reforms have previously been introduced on the basis that they will result in savings to consumers on the price of their insurance, to the detriment of their rights, but such savings have failed to materialise. Reforms introduced by the Civil Liability Act 2018 to the whiplash claims process have failed to deliver cheaper car insurance premiums for consumers as promised.³ There is no evidence in the consultation paper, nor any assurance from the travel industry, to suggest that this proposal would effectively benefit consumers by "passing on savings" and offering them more choice or lower cost options.

Regulation of linked travel arrangements (LTAs)

Question 4. What do you think the regulatory position on linked travel arrangements should be?

- kept as it is
- simplified by extending the scope of type A and removing type B
- something else
- I do not know

Please explain your answer, outlining potential impacts on businesses and consumers and any evidence that informed your position.

Something else. Our primary concern regarding the regulatory position of LTAs is that consumers understand and are fully informed regarding whether they are booking a fully protected, partly protected, or unprotected holiday.

APIL has consistently advocated for a simplified definition of LTA and information for consumers on the different levels of protection, as evidence highlights that confusion between packages and LTAs remains. For instance, a public poll conducted on behalf of the

¹ https://assets.publishing.service.gov.uk/media/67e69c1337baea91c58c9ffa/Package_Travel_-_Updating_the_Framework_-_Consumer_Research_Report.pdf

² https://assets.publishing.service.gov.uk/media/67e69c1337baea91c58c9ffa/Package_Travel_-_Updating_the_Framework_-_Consumer_Research_Report.pdf page 6.

³ APIL data analysis shows that insurers have failed to deliver lower insurance premiums following the introduction of the 'whiplash reforms', despite a significant reduction in the cost of injury claims. Data from the first quarter of 2025 shows that motor insurers have saved £2 billion on injury claims and that the cost of injury claims settled by motor insurers has fallen by 14% (source: ABI data). In contrast, the price of motor vehicle insurance has increased by 64%, according to ONS data.

Chartered Trading Standards Institute (CTSI) in 2023⁴ found that, even after being given a definition of a linked travel arrangement, just over 73% of respondents said that they still found the difference between a linked travel arrangement and a package holiday somewhat confusing or that they did not understand it at all. The CTSI's poll also showed that even travel organisers may not realise that they have created an LTA or understand the obligations that fall on them to make the customer aware of what is (and is not) protected.⁵

The research paper commissioned by the Department for Business and Trade about consumer demand for the current protections found that providing participants with additional information explaining the consumer protections associated with different holiday types did not substantially improve their understanding of what protections for packages and LTAs cover.⁶

Having considered the evidence around how LTAs are operating, our preferred approach would be to incorporate the concept of LTAs into the definition of a package at Regulation 2 / 2(5) of the PTRs, thereby eliminating the current confusion and extending full package travel protections to consumers, while maintaining flexibility for the travel industry. The effect of this change would be to extend what amounts to a package to include other types of holiday bookings that currently fall outside the definition of a package but do fit the definition of LTA. The government summarises those types of holiday as follows in the consultation document:

- Type A LTAs: the selection and payment of 2 or more services for the same trip, under separate contracts with individual providers, upon a single contact with a point of sale.
- Type B LTAs: the separate selection and payment of 2 or more travel services for the same trip through targeted linked booking processes within 24 hours without transferring the traveller's payment details.

If this reform were implemented, then the distinct category of LTA would disappear, and what is currently an LTA would become a type of protected package, having both insolvency and Regulation 15 protections. This would provide a high degree of consumer protection while also retaining flexibility for how the travel industry offers holidays.

If the above proposal on LTAs is not adopted, we maintain that there is scope to simplify the definition of LTAs. Additionally, if the position on LTAs remains as it is, the information requirements in the regulations should be reviewed and become more consumer-focused. There should be a requirement for operators to clearly outline the protections associated with booking a package compared to booking an LTA or booking all services separately. This distinction should be communicated explicitly, as those not opting for a package will not receive the same level of protection.

Flexibility over how insolvency protection is provided

Question 5. Would increasing flexibility in how businesses can get insolvency protection benefit businesses to meet their obligations under the regulations?

⁴ <https://www.tradingstandards.uk/media/3178912/ctsi-wish-you-were-clear-policy-paper.pdf>

⁵ *ibid*

⁶ https://assets.publishing.service.gov.uk/media/67e69c1337baea91c58c9ffa/Package_Travel_-_Updating_the_Framework_-_Consumer_Research_Report.pdf page 5 and page 7

- **yes**
- **no**
- **I do not know**

While we do not have evidence to suggest whether increasing flexibility in how businesses can get insolvency protection would help them meet their obligations under the regulations, we believe the key consideration should be whether insolvency protection obligations will still be complied with. If the government does diversify how tour operators can offer insolvency protection, there should be a guarantee that it will not affect consumers.

Territorial restrictions on insurance cover

Question 9. What should we do concerning insurance cover for insolvency protection providers?

- **relax territorial restrictions to allow supply by those regulated outside the UK, subject to protections being developed**
- **retain the requirements as they currently are**
- **something else**
- **I do not know**

Retain the requirements as they currently are. We have concerns with this proposal. Relaxing territorial restrictions could introduce unforeseen risks to consumers and businesses regarding enforcement, jurisdiction rules for disputes and data protection. If a travel company collapses and the insurer is based outside the UK, claimants could face serious delays in receiving refunds or may even be unable to enforce claims at all. We strongly believe that retaining the current territorial requirements would better safeguard consumer interests.

APIL would like to take this opportunity to reiterate the need for compulsory liability insurance for travel organisers, regardless of the type of packages that they offer. Currently, there is no requirement for travel organisers to have a minimum level of liability insurance in place to cover claims made by consumers who are seriously injured or impacted by a fatal accident on a package holiday. This lack of regulation is concerning, as it can leave many injured people uncompensated and with no effective means of redress. In September 2019, when Thomas Cook collapsed, many holidaymakers who had suffered an injury while on a package holiday learned that the tour operator did not have public liability insurance to cover their claims. Thomas Cook largely self-insured its liability and only held liability insurance for severe cases, where damages could be millions of pounds. Therefore, the vast majority of claimants at the time/after the collapse were left without compensation, including financial losses that can endure for a lifetime basis as a result of the injury suffered on holiday.

Despite the Regulations providing a wider scope for travel agents and tour operators to be held liable to a consumer when things go wrong, there is currently no provision for travel organisers to have compulsory liability insurance. This undermines the protections for consumers if the tour operator runs into financial difficulty and is underinsured or completely uninsured for its liability in a claim for serious injury. The concerning nature of this situation was recognised by the UK Government in 2019, and there was a commitment that the

Government would take steps to ensure it would not be repeated.⁷ Notwithstanding this undertaking, nothing has been done to ensure that the same situation would not happen again.

We strongly believe that tour operators should be legally compelled to have a minimum level of liability insurance to cover claims from consumers who have been seriously injured, suffered an illness, or suffered a fatal accident as part of a package travel contract with no limits.⁸ There should also be a requirement that such policies do not carry prohibitive self-insured excess levels. The protections provided to consumers by the Regulations are illusory if a tour operator runs into financial difficulty and is underinsured or completely uninsured for its liability in a claim for serious injury. Compulsory insurance will help to create and maintain customer confidence in the package travel industry and ensure that consumers have a viable route to redress if the worst happens, giving meaningful effect to the provisions in Part 4 of the Regulations on the organiser's responsibility for the performance of the package.

How "other tourist services" form part of the rules

Question 12. What should be done to the 'significant proportion' criterion included in the current definition of other tourist services?

- the 'significant proportion' criterion be removed
- retain the definition as it is
- something else
- I do not know

Please explain your answer outlining any risks and or benefits, impacts on business and any evidence that informed your decision.

We agree that the significant proportion criterion should be removed. The phrase is ambiguous, gives rise to uncertainty and is potentially unfair to consumers. It gives rise to similar problems as the 'essential feature' criterion, which we comment on further below. If a service is included as part of a package holiday (and no doubt relied upon by the tour operator when marketing the package holiday) then the consumer should be able to seek redress from the tour operator on the basis this is part of the overall holiday services which they have entered into the contract for. This is particularly important with excursions forming part of the package holiday contract, and where the consumer may not even know the identity of the local service provider the tour operator has contracted with to provide the excursion/holiday service to the consumer. The 'significant proportion' and 'essential feature' criteria undermine the whole basis and purpose of the consumer protections that the Regulations are intended to provide.

⁷ Statement on the government actions to support customers of Thomas Cook – Business Secretary Andrea Leadsom <https://www.gov.uk/government/speeches/statement-on-the-government-actions-to-support-customers-of-thomas-cook>

⁸ See "Lessons learned from Thomas Cook – Why tour operators should have public liability insurance" Chris Deacon, Partner, International Injury, Stewarts, 22 March 2021: <https://www.stewartslaw.com/news/lessons-learned-from-thomas-cook-why-tour-operators-should-have-public-liability-insurance/>

Question 13. Is it clear what forms an 'essential feature' of the package, so consumers and businesses understand when a package has been created?

- **yes**
- **no**
- **I do not know**

The criteria surrounding what forms an 'essential feature' are ambiguous and open to interpretation. APIL believes that how this is determined should align with the consumer's perception of what constitutes an 'essential feature' of the package, rather than solely relying on the tour operator's interpretation. Tour organisers must be held accountable even if the service in question represents a smaller portion of the overall package cost. The reality of package holiday sales extends beyond flights and accommodation, and these other elements may be the reason a consumer chooses to book a package over another. The possible consequences resulting from these services cannot be dismissed merely because of the value of that element of the package. We believe there needs to be enhanced transparency in the industry. If there is clarity on what constitutes an essential feature, both consumers and businesses will understand when a package is being created. If the other travel service forms any part of the marketing for a package holiday, then it should be automatically deemed an 'essential feature' for the purposes of the PTR.

Question 14: What are the consequences and benefits of options 1 and 2 relating to the 'significant proportion' criterion?

Please see our answer to questions 12 and 13 above. We agree that option 1 would address the ambiguity caused by price fluctuations. The focus should be on whether the service was an essential part of the package from the consumer's perspective. As mentioned above, these other elements may be the reason a consumer chooses to book a package over another.

Any queries about this response should be directed to:

Ana Ramos

Legal Policy Officer

Ana.ramos@apil.org.uk