

Issued: 12 August 2015

Code of Conduct Annual Report 2014/2015

The Code of Conduct applies to all ABTA Members and is central to achieving ABTA's aims, in particular delivering higher standards for customers and building confidence in travel.

The Code delivers higher standards as it guides Members towards best practice. ABTA actively monitors compliance and provides advice to Members on how to comply and this leads to improvements in standards. The Code builds confidence as compliance and enforcement action is taken where necessary following receipt of a complaint.

This report presents the facts and figures for both code enforcement and code monitoring for the past year (1 July 2014 to 30 June 2015).

The current version of the Code was issued on 7 April 2015.

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For information on ABTA and to view the Code and its Guidance, please go to www.abta.com

Key: figures in brackets are last year's figures.

1. Code enforcement

Consumer Queries and Complaints

Over the last year ABTA opened 13,478 (10,234) cases in relation to consumer issues concerning its Members. The vast majority of these are resolved through ABTA's Alternative Dispute Resolution (ADR) scheme, which facilitates discussion between the consumer and the Member. Some cases will lead to arbitration in order to resolve the client's complaint; this year there were 299 arbitration cases. Some of the cases will lead to enforcement action under the Code of Conduct; this year 275 issues were investigated under the Code.

ABTA's Customer Support role

ABTA provides guidance and information to consumers and in some cases might be able to assist in resolving the complaint, but its main role is to advise consumers on the options open to them to settle their disputes. If the consumer has been unable to resolve the complaint with the Member, then ABTA can offer an ADR scheme to help bring the parties together. Consumers can also progress their complaints to an independently-run arbitration scheme, provided by CEDR Solve.

This year there were 299 (252) cases that were the subject of an arbitration award.

209 (155) arbitrations have been found in favour of the applicants and 90 (97) in favour of the Member, which represents a 70% (61.5%) success rate for the consumer.

ABTA Customer Support Advisers also consider consumer complaints with a view to the Code of Conduct. Any cases which they believe show a possible breach of the Code will be referred to the code investigator.

Developments this year

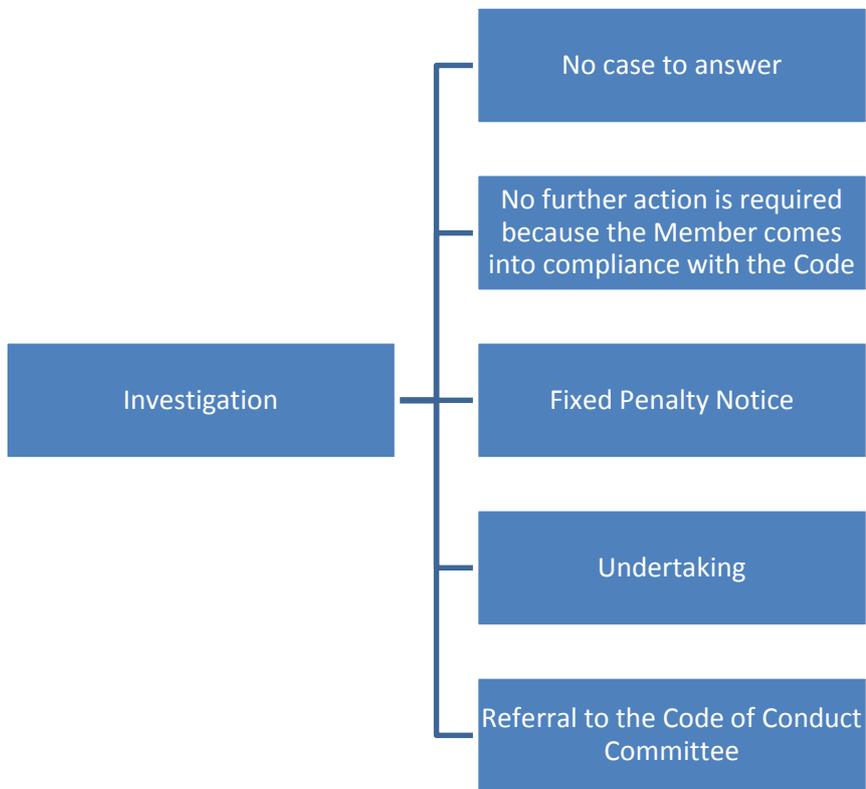
ABTA's ADR scheme has this year has been approved by the Chartered Trading Standards Institute, under the new ADR Regulations.

Code of Conduct referrals

ABTA has a Code of Conduct team within the Legal Department, which investigates alleged breaches of the Code.

During the past year, 275 files were investigated under the Code of Conduct. These files come from the ABTA Customer Support Advisers, Members, suppliers to Members and ABTA's code monitoring. At the end of the investigation process, the referrer will be notified of the outcome, including the consumer that originally raised the complaint.

Following investigation with the Member that is the subject of the complaint, there are a number of different ways a Code case can be dealt with as this diagram illustrates:



No further action is required because the Member comes into compliance with the Code

This year, 54 cases fell into this category, with Members, for example, improving their procedures or making changes to their website information.

Fixed Penalty offences

13 clauses of the Code are relatively straightforward and breaches of these clauses can be dealt with by ABTA issuing a Fixed Penalty Notice. This requires the Member to pay a fine of £400 and no further action will be taken.

This year, 16 (21) were issued.

Fixed Penalty Notices issued:

- 1 for a breach of *3G Cancellation and Amendment Invoices*
- 4 for a breach of *5B Reply to correspondence from client*
- 11 for a breach of *5C Reply to correspondence from ABTA*

Of the 16 Fixed Penalty Notices that were issued, 2 (5) were referred to the Code of Conduct Committee for a hearing as the Member failed to pay or requested a hearing. In both cases the Committee upheld the £400 fine.

Undertakings

If the investigation has revealed a breach of the Code, the Member can be asked to give an undertaking about its future conduct and Code compliance, if this is thought to be a better way to deal with the breach than a Fixed Penalty fine or a referral to the Code of Conduct Committee.

If the Member doesn't want to give the undertaking the matter can be referred to the Committee for a hearing.

This year, 10 (4) undertakings were requested and 9 (4) were obtained, with 1 not being obtained due to the company ceasing trading and leaving membership.

Undertakings received for breaches of:

- *1A Accurate Information (x2)*
- *3A Cancellation by Principals*
- *3E Clients' Options on Significant Alterations*
- *3I Building Works*
- *5G Rules of ABTA Arbitration (x4)*

A further 43 (54) alleged breaches of the Code that were not dealt with by way of Fixed Penalty Notice or Undertaking were referred to the Code of Conduct Committee for a hearing.

The Code of Conduct Committee

The Code of Conduct Committee comprises Members of ABTA, both tour operators and travel agents, and representatives of the Trading Standards Authorities. It hears alleged breaches of the Code and can impose a range of penalties if necessary: reprimands, undertakings, fines, suspension of membership and termination of membership.

The Committee met on 4 (5) occasions during the period.

During the 4 meetings the Committee considered 43 (54) alleged breaches. The Committee concluded that 39 (44) breaches had occurred. 38 of these were dealt with by way of a fine and 1 by way of a reprimand.

Breaches upheld by the Code of Conduct Committee:

- *2A Ensuring travel arrangements sold are suitable (x2)*
- *2B Booking and documentation procedures (x6)*
- *3B Clients' Options on Cancellation*
- *3C Notification of Alterations (x5)*
- *3D Significant Alterations by Principals less than 14 days before travel (x2)*
- *3E Clients' Options on Significant Alterations*
- *3I Building Works*
- *5C Reply to correspondence from ABTA (x15)*
- *5D Dealing with Disputes quickly*
- *5G Rules of ABTA Arbitration (x2)*
- *6A Standard of Service*
- *6G Payment of Debts*
- *6I Liability Insurance*

The Appeal Board

Members have a right of appeal against decisions of the Code of Conduct Committee. Appeals are heard by an Appeal Board which is independent of the Committee. There is a fee of £100 plus VAT for each decision appealed against.

There was 1 (0) appeal during this period. The Appeal Board reduced the fine imposed by the Code of Conduct Committee.

2. Code monitoring

Liability Insurance

This year, as in previous years, ABTA monitored Members' compliance with Clause 6I of the Code, which states that Members shall, if they are Principals, ensure that they obtain liability insurance to cover claims made by clients.

All Members selling as a Principal (804 Members) were contacted during the year to ensure that they complete and return a Liability Insurance Notification Form giving details of insurance cover.

If Members don't return the Form giving details of insurance cover, this is an apparent breach of the Code which will be considered by the Code of Conduct Committee. This year, 1 Member was reprimanded by the Committee. The company subsequently provided evidence of insurance cover, meaning that all principal Members had demonstrated compliance.

Advertising

This year, as in previous years, monitoring was carried out to make sure that Members' websites aren't misleading. Clause 1D of the Code requires that advertising must not contain anything that is likely to mislead the public.

Issues looked at this year include inclusive pricing, price information on optional extras, the presentation of optional extras, financial protection information, and providing the name of the airline.

Monitoring is ongoing and, where necessary, Members are being required to make changes to the information displayed on their websites.