



Department
for Transport

Rt Hon Sir George Howarth MP
House of Commons
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From the Secretary of State
The Rt. Hon. Grant Shapps

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Dear George,

Thank you for your email of 21 July on behalf of your constituents regarding experiencing difficulties obtaining refunds for cancelled flights. I am sorry you have not received an earlier response to your email.

I would like to thank your constituents for raising this matter with me. I recognise that flight cancellations can be very distressing for those involved, and even more so given that your constituents have encountered difficulties with obtaining timely refunds for their cancelled flights. I should say from the outset that, whilst I am under no illusions about the challenges facing the travel and tourism sector at this unprecedented time, airlines and travel agencies' obligations to paying customers remain as they always have been.

When a customer has a flight-only booking, and that flight is cancelled, airlines are obliged to offer customers the choice of a refund, an alternative flight at the earliest opportunity, or a flight at a later date (subject to availability). Whilst airlines can offer a voucher, customers have the right to a refund. Airlines are expected to provide cash refunds in a timely manner to customers who request one.

If a customer books a package holiday where the flight is part of the package, and the flight is cancelled which in turn results in the cancellation of the holiday, under the Package Travel Directive, the package organiser (i.e. travel agency) is liable to provide a refund to the consumer within 14 days.

This process works effectively most of the time, with customers able to claim timely refunds. However, the Government recognises that many airlines and package operators are facing high levels of demand during this unprecedented time.

This demand is placing strain on their systems and processes, meaning that some customers are unfortunately experiencing delays in their refunds being processed, or are finding it difficult to claim a refund at all.

I should be clear though, that where a customer has requested a refund, that refund must be paid.

Your constituents may wish to be aware that on 1 July 2020, the Civil Aviation Authority (CAA) published on its website its intention to carry out a review into the refund policies of airlines during the coronavirus pandemic. The results of this review have now been published, and are available on the CAA's website. The review looked at the refund policies of UK airlines, as well as a number of international airlines that operate flights to and from the UK. The review also considered how airlines are handling refunds for flight-only bookings during the coronavirus pandemic. Further information can be found at: www.caa.co.uk/News/UK-Civil-Aviation-Authority-reports-on-airline-refunds-review/

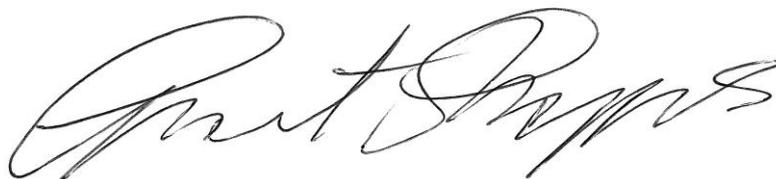
In addition, the Competition Markets Authority (CMA) launched its COVID-19 Taskforce in April 2020 to identify, monitor and respond to competition and consumer problems arising from coronavirus and the measures taken to contain it. Where there is evidence that businesses have breached competition or consumer protection law, the CMA will take enforcement action if warranted. Further information on the Taskforce can be found at: www.gov.uk/government/publications/covid-19-cma-taskforce/cma-covid-19-taskforce

The idea for a "trust account model", to which your constituents refer, as a way to expedite the payment of refunds for cancelled flights is a complex one, and one that will need to be looked at further.

The Department is keen to learn lessons from COVID-19, and will work with interested stakeholders, the regulator and consumer groups to make improvements that are practicable, deliverable and in the consumer's interest. As part of this work, we will be reviewing the CAA's enforcement powers, making sure it has the powers it needs to protect consumers.

Thank you again for raising this matter with me, and I hope this information is useful to your constituents.

Yours ever,

A handwritten signature in black ink, appearing to read 'Grant Shapps', written in a cursive style.

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT