

Note to Editor

The Facts on Travel Agents and Refunds

Accurate as of 29 April 2020

CONTEXT – Travel Agents are being unfairly blamed in the current landscape of an unprecedented volume of cancellations, changes and enquiries to change travel plans due to the corona virus (COVID-19) and restrictions government has imposed on the population and travel.

This document sets out many facts for the benefit of consumers and journalists to assist with accurate reporting.

Travel agents act as agents

Travel agents, in most circumstances, act as agents for the supplier (the airline, hotel, cruise, tour company). In almost all circumstances, the funds are transferred to the supplier and not held by the travel agent. The supplier, not the agent, determines in most cases whether you receive a credit or a refund depending on the terms and conditions of purchase.

Please understand that when a booking is made through an agent, the money is passed on to the supplier (i.e. airline, hotel, cruise, tour company). If a refund is applicable, the agent has to wait for that money to be paid back to the agent before the agent is in a position to pass the money back to the consumer. If the end supplier is offering a credit, the agent is only in a position to offer a credit.

Delays in processing refunds/credits

Many airlines, cruise, tour companies and hotels, in normal circumstances, take up to 12 weeks to process refunds. In the current environment, there are clearly significant delays on top of this. These delays are not the fault of the travel agent. Additionally, please understand that agents are prioritising requests based on departure dates.

Due to the government imposed travel bans and need for consumers to cancel or postpone travel plans, agents are facing an incredibly high level of requests and are doing all they can in the face of this pandemic to service consumers as best they are able. Agents are spending considerable time in contacting suppliers, and delays are to be expected as end suppliers are also managing the unprecedented volume of global cancellations.

Are cancellation/service fees allowed?

Yes. The ACCC has advised that if your travel is cancelled due to government restrictions, this impacts your rights under the consumer guarantees. The terms and conditions of your contract will determine what cancellation/service fees may be applied. This may also include any 'force majeure' clause which may limit liability or detail what is to occur in such circumstances. If this is not

stipulated, the pandemic may give rise to what is called a ‘frustrated contract’ at common law or under legislation in some States. This allows ‘reasonable expenses’ to be deducted.

Travel agents, like everyone else, deserve to be paid for work that they do especially in situations like this which are not of their making and which are considerably more convoluted and time consuming than normal. Paying a small, reasonable fee for this work given the reality of the COVID-19 pandemic is appropriate recognition of the time travel agents are investing in helping consumers understand what your options are and how best to access them.

Agents are in fact, spending countless hours assisting consumers for no revenue. Not only have they completed the initial work in advising and assisting with your original booking, they now have to make amendments, sometimes numerous times as the situation evolves. Many end suppliers are also withholding remuneration from agents which is derived for making the sale. The system and revenue flow to agents for their time spent is not designed for cancellations and refunds. Agents are doing all they can for clients and are caught in the middle without any control over the actions of suppliers.

Consumer advocate CHOICE has also issued advice to consumers, confirming that agents are within their rights to charge cancellation fees. You can see the advice here:

<https://www.choice.com.au/travel/on-holidays/advice/articles/travel-agent-refunds>

Travel Insurance

Any fees you are charged, or any other loss you may have experienced, should be pursued under your travel insurance. Even if you have been denied a claim, you can escalate the matter as a complaint to the insurer. If this fails, a complaint can also be lodged with the Australian Financial Complaint Authority (AFCA). As the Insurance Council of Australia has declared the pandemic a ‘catastrophe’ a special team has been set up by AFCA to review insurance policies with a lens of ‘fairness’. To find out more please go to: <https://www.afca.org.au/news/significant-events/coronavirus-covid-19-declared-insurance-catastrophe>

New Bookings

AFTA has received numerous reports from travel agents that have reported sales for new bookings, in particularly for 2021 and beyond. This pandemic has brought hardship to many sectors, but none more so than the travel industry. Travel agents will be here for Australian consumers when you need a well-deserved holiday when this pandemic ends. Keep travel dreaming.



AXIS TRAVEL CENTRE *
311 Glen Osmond Road, Glenunga, 5064,
South Australia. TEL: 08 84331111
EMAIL: axis@axistravel.com.au
WEB: www.axistravel.com.au FAX: 08 84331100
"Where professional advice and quality service matter most"
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