

REFUND CREDIT NOTES: Abta's Guidance

Abta's updated guidance on Refund Credit Notes spells out clearly how to deal with refunds for bookings cancelled due to coronavirus travel restrictions.

It notes many businesses "do not have the cash to immediately provide refunds" as required by the Package Travel Regulations (PTRs).

But Abta believes Refund Credit Notes (RCNs), correctly issued, can "help operators and agents remain viable while honouring their obligation to refund customers".

The guidance confirms Atol-protected bookings and Abta-protected holidays will remain financially protected and it extends the expiry dates of RCNs – when cash refunds fall due if no holiday has been taken – from July 31 to early 2021 for most Abta members.

RCNs "allow the customer to amend their holiday for a later date . . . under the same package travel contract as the original booking and therefore retain the protections of the PTRs".

They are not the same as holiday vouchers, which "are not generally protected by Abta or under the Atol scheme".

The guidance provides standardised rules on issuing RCNs since if "not done right, travellers lose protections".

Abta confirms it will protect RCNs for bookings originally protected under the Abta scheme but affected by Covid-19, saying: "This protection will last for the period of the financial-protection arrangements in place for individual members, driven by the expiry period of the bonds [they provide]."

The guidance also confirms: "Refunds for Atol-protected bookings are covered."

Issuing Refund Credit Notes

A RCN must:

- Be equal to the amount paid for the original booking, or less where a part refund has been paid.
- Exclude any rebooking incentive, which must be documented separately and the consumer made aware it is not covered by financial protection.
- Identify the original booking reference and, where appropriate, Atol Certificate reference number.
- Be issued within 14 days and include the option of a refund, albeit this is delayed.
- Contain an expiry date (see box, right). The customer can use the credit note to make alternative arrangements or seek a cash refund by this date.
- Tell the customer to retain all booking documentation and proofs of payment.

Refund Credit Note expiry

The expiry date must be within the period that financial protection arrangements are in place.

For Abta members...

- Still to renew bonds for March 2020, the expiry date remains July 31, 2020.
- Due to renew bonds in September 2020, it is January 31, 2021.
- Who renewed their bond in March 2020, it is March 31, 2021.

Organisers using financial security other than Abta's must seek approval from the relevant provider.

Businesses must state how the protection is provided and the period of validity, and notify Abta they are issuing RCNs.

The guidance includes wording that must be included in a Refund Credit Note. Abta notes it will review and amend the guidance "in the event the Package Travel Regulations are amended temporarily" by the government. Abta continues to lobby hard for this.

Briefing frontline staff

The Abta guidance includes briefing notes for frontline staff. It notes:

- "The RCN must be equal to the amount paid by the customer."
- "It must clearly identify the original booking, with booking details and booking reference [and] customers should be told to retain all previous booking documentation."
- "Organisers may offer an incentive for customers to rebook but that is not financially protected."

What to tell customers:

Why a Refund Credit Note?

"Refund Credit Notes are being used in response to the coronavirus crisis because travel companies can't provide cash refunds immediately to all customers.

"If you accept a Refund Credit Note, you can rearrange and amend your booking for a future date."

How long does the RCN last?

"The Refund Credit Note will have an expiry date. You should use the RCN

to rebook by then. If you do not want a different travel service or can't decide you will receive a full refund. This must be before the expiry date."

Is the RCN protected?

"Refund Credit Notes provide evidence of ongoing protection against the insolvency of the travel organiser."

The guidance is available to Abta members in the member zone at www.abta.com

