

Thomson Airways response to the Civil Aviation Authority Prioritisation Principles – Consultation:

Thomson Airways the UK's third largest airline, part of the TUI Travel group of companies welcomes the opportunity to respond to the CAA consultation on its Prioritisation Principles.

The European Aviation industry was deregulated in 1992 as part of the EU's third package that enabled airlines to compete with one another across the EU where that change has assisted in significantly adjusting the business models of how airlines operate. Thus within the EU airlines no longer operate 'scheduled' or 'charter' services but operate 'air services'. Since 1992 technology has moved on considerably and the way airline services are sold has changed significantly.

In addition to liberalisation of the aviation market that has seen dramatic growth of no frills carriers, the EU institutions and national legislators have gradually seen fit to interfere in the market and effectively re-regulate through bringing in 'consumer protection regulations' such as EU 261/2004 and EU 1007/2006 both of which are laudable regulations aimed at curbing the most dilatory behaviour by a few airlines.

Thomson Airways is concerned that the prioritisation principles outlined in the CAA consultation paper does not acknowledge the significant benefits that aviation has brought to the consumer since EU de-regulation, that has permitted increased mobility throughout the EU and beyond. We are concerned that the prioritisation principles will exacerbate the drive for new consumer regulation, when in fact it is the market itself that provides what is best for the consumer through its own product designs. If an airline is not providing what the consumer wants, it will not survive. We acknowledge and accept that more can be done to improve the customer experience at all points within the journey, but this should be achieved by the industry working together and not re-regulation.

There is nothing in the prioritisation principles document that defines who the consumer actually is, and the clear message that we are getting is that in this context the consumer is 'the passenger' as opposed to the consumer being the 'users of an aviation service' which includes airlines. Thus the presumption appears to be that airlines and airports will be told what to do either through 'guidance' or where necessary 'regulation'.

This year we have already witnessed an example of the CAA drafting guidance that had the effect of attempting to micro manage how airlines and travel agents handle PRM notifications. There is nothing contained within the prioritisation principles that gives us any comfort that the same top down 'regulator knows best' approach will not be taken in future. We would therefore welcome the CAA views on how it will avoid falling into that way of doing business with the industry?

We believe that regulation should be a last resort, and any regulatory interventions should always be accompanied by a cost benefit analysis in consultation with stakeholders.

We would like to understand how the CAA proposed to carry out its annual assessment of the outcome of its priority decisions and whether such assessment will include stakeholders views?

Thomson Airways fully understands the need for consumers to be aware of their rights under the various EU and UK legislation, but we also consider that the CAA has a role in ensuring that consumer expectations are set at a realistic level so that the industry and regulator is not overwhelmed by consumer complaints that have no basis in law.

Thomson Airways appreciates the opportunity to respond to this consultation and wishes to continue to work constructively with the CAA in its changing role. We will be pleased to answer any questions that arise from this response.

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