

Improving choice and value for consumers

Protecting consumers is key to the CAA's work and future role.

We have worked hard to empower consumers in the market place and protect them where necessary; to improve our engagement with consumers' interests; to support service quality at the regulated airports; to develop the ATOL regime; and to help develop a more modern regulatory system for airports and ATOL.

Empowering and protecting consumers

As an organisation we are much better placed today to support the sector in achieving routine compliance with passenger protection regulations. During the past year we have worked with 22 airlines and 17 airports on compliance issues, securing changes to information provided to passengers to give them more and better relevant information about the price and non-price aspects of their buying decision.

We have also made significant progress in informing passengers about their rights when they travel by air – both through our own website and those of airlines, ensuring consumers have access to relevant, timely and accurate information about their options.



Under our existing powers, we have ensured that the main airlines operating in the UK are displaying prices clearly, upfront, with all unavoidable taxes, fees and charges included in the headline price, to allow easier comparison of different offerings for consumers.

Again using our existing powers the CAA has published some significant information to assist travellers and consumers in general. In February we launched a summary of the optional charges levied by the top airlines in the UK in one, easy-to-use price comparison document to make sure consumers have easy access to all the potential charges they may face when booking flights. This includes information on the cost of taking hold luggage on board, having an in-flight meal and reserving specific seats, as well as a range of other optional charges that airlines may apply.

The information is part of a new dedicated passenger portal on the CAA website, featuring a wealth of advice and support, helping people to access the information about air travel they need at the appropriate time. It includes up-to-date advice on important issues for passengers to consider when booking a flight, such as documents needed to fly, fees and charges to be aware of, advice on insurance and passenger health.

Consumers can also find information on their rights should their flight be delayed or cancelled, whilst people of reduced mobility can access advice on how to get additional help whilst they are in the airport.

Crucially, passengers unhappy with the service they have received from an airport, airline or travel operator, will now be easily able to access information about making a complaint and how the CAA can assist them with it.

As well as making the information available to consumers the CAA has been working with industry to improve airline and airport provision of assistance and welfare for passengers during disruption, with considerable work to spread best practice and gain assurance that lessons have been learnt from previous snow disruption. This is backed by a clear willingness to monitor industry compliance and take enforcement action where necessary, with a trained and prepared team in place to go to airports where we expect disruption to assess the situation on the ground.

Similarly, we have worked hard to ensure that there is routine compliance with EU Regulations around the treatment of people of reduced mobility when they travel by air.

Engaging with consumers

Building on the work of the Air Transport Users Council, the CAA has introduced a Consumer Panel with a clear remit to maintain a strong focus on passenger issues, appointing Keith Richards as its first Chair.

Keith is a barrister who has previously worked for ABTA – The Travel Association – as their Head of Consumer Affairs, and as a campaigns lawyer for Which? Keith Richards is now working with the CAA on the composition of the panel.

The Panel has been set up to act as a critical friend to the CAA, providing oversight and advice on the CAA's regulatory approach. It will give the CAA a sharper focus on how its regulatory activity affects passengers, and on how it can best support the aviation industry to deliver choice and value for current and future aviation consumers.

In March 2011, to strengthen passenger representation and give the consumer a stronger voice in the regulatory process, we reformed the air passenger complaints and advice structure. The newly formed Passenger Advice and Complaints Team has provided advice to 8,672 passengers and handled 5,569 passenger complaints.

In addition, passenger surveys were undertaken at ten UK airports. These provide valuable detailed information to the CAA, the Government and industry on the profile and trends of those travelling through UK airports.

Supporting service standards at regulated airports

The CAA has continued to regulate service quality standards at the three airports judged to have substantial market power, Heathrow, Gatwick and Stansted. Over the last year airports have continued to improve their performance and reduced the number of times that they have had to pay rebates for poor performance to airlines from 64 in 2010/11 to 34 in 2011/12. To ensure that service quality standards are robust the CAA has carried out an audit of the security queue measurement process at Heathrow and Gatwick, which has led to process improvements at both airports.

The CAA is currently preparing to support service standards in the next regulatory period known as Q6 which commences in April 2014. It will do so in line with a new primary duty in the Civil Aviation Bill to ensure that economic regulation is focused on the interests of present and future passengers and those with rights in cargo. Regulated airports are likely to have penalty/ bonus incentives to deliver improved passenger standards within a revised Service Quality Rebate Scheme which airlines will be able to influence. Furthermore, the CAA will continue to consult with consumer groups, the CAA's own consumer panel and analyse the ongoing primary research that both airlines and airports are carrying out to determine the main passenger priorities within the context of the overall affordability of the Q6 price settlement.

Developing ATOL

Another key development this year that will help us ensure passengers receive the protection they deserve is the Government's reform of the ATOL system. ATOL is a financial protection scheme for holidaymakers that repatriates or refunds customers when holiday companies fail. In 2011/12 the ATOL scheme successfully repatriated over 14,000 holidaymakers and refunded over 25,000 whose tour operators ceased trading.

But in recent years it has become apparent that the scheme needed reform. Changes to the way holidays are sold mean that many people who have previously been protected by ATOL now buy holidays that have limited or no financial protection. Experience from managing recent failures has demonstrated that many of these passengers assume they are protected and only find out otherwise when it is too late.

The Government therefore introduced changes to the scheme from 30 April 2012 to enhance consumer protection and ensure clarity about whether holiday arrangements are covered by the scheme or not. The changes mean that many bookings that seem to be packages, including those termed "Flight-Plus", will be included within the scope of ATOL and passengers will be given a standard "ATOL certificate" when they buy a protected holiday, to show them that their trip is protected.

The change to the ATOL system is significant for the travel industry so the CAA has been conducting an extensive education campaign, in partnership with industry bodies, to help explain to tour operators and travel agents what the ATOL reforms will mean to them and what new procedures and regulations they will have to use.

Further reform of the ATOL scheme is enabled by the Civil Aviation Bill. If put in place, the measures in the Bill will allow holidays sold by airlines to be included under ATOL for the first time and provide even greater clarity to consumers about when their holidays are protected.

Modernising the regulatory system

During the course of the year we have supported significant legislative changes put forward by the Government in the Civil Aviation Bill, which will improve our regulation of airports with substantial market power and extend the protection provided by the ATOL scheme.

For some time there has been recognition that the current legislative framework is out of date and does not allow for the delivery of optimal outcomes for consumers. As a result, the Government has introduced the Civil Aviation Bill to Parliament, aiming to reform the powers under which we economically regulate airports. One of the key changes is to give the CAA a primary duty to users of air transport services (passengers and those with rights in cargo) in our economic regulation.

Under the new system, instead of setting fixed five-year price caps, the CAA will issue airport licences, enabling us to regulate in a smarter, more flexible way: better able to take into account changes in the airport market and to make sensible decisions between the use of licence conditions and general competition law in our regulation.

The Bill also makes provision for a CAA role in promoting the availability of better public information about airline and airport performance, and about the environmental impact of aviation, which we believe will benefit consumers and the wider public.

Joint Regulators Group

It has been a productive year for cross-regulator working. This year the Joint Regulators Group (JRG) launched formal working groups across a number of topics, which have enabled mutual transfer of knowledge and expertise across the regulators tackling issues common across regulated industries. The project has made substantial progress and it is expected that in the autumn the JRG's members will be publishing the outputs of the first tranche of topics, as well as taking forward the planning for a second tranche. The JRG has also clarified its governance, adopting formal Terms of Reference for the first time, and has worked to improve management of knowledge between regulators and to share training resource better.

Key consumer aims and achievements:

In last year's annual report we set out our key consumer aims – these are laid out below together with the matching achievements that have been made this year towards meeting those aims:

Airports judged to have substantial market power (currently Heathrow, Gatwick and Stansted) will increase their focus on improving the customer experience they offer.

During the year the CAA has worked closely with Government to develop the new Civil Aviation Bill. This will update the regulations the CAA uses enabling us to be much more proactive in achieving better outcomes for airport users.

Consumer and competition issues will be identified and resolved in a more structured and consistent manner.

Internal governance arrangements are now in place, through the CAA's internal Consumer Issues Panel.

The CAA has published its interim consumer enforcement strategy and its prioritisation principles.

We will have improved the ability of the civil aviation industry to deal with significant disruptions, through better anticipation and more coordinated response.

The CAA has worked closely with stakeholders, including airlines and airports, to assist their work to invest in infrastructure and develop robust plans to deal with disruption. The CAA has also been active to ensure industry is aware of its responsibilities to passengers and has continued to alert consumers to their rights.

Consumers will have increased certainty with respect to the protection they are receiving under ATOL, through reform of the Regulations and their successful implementation.

The CAA worked closely with Government in shaping new ATOL Regulations that will mean many more consumers gain the protection that ATOL offers and provide greater certainty about when holidays are protected or not. Throughout the year, we worked closely with industry on the practicalities of implementing the new regulations and to develop guidance and products to support them to do so.