

## **Air Travel Trust Fund Payment Policy**

### **1 Introduction**

- 1.1 The Civil Aviation Authority (CAA) administers the Air Travel Organisers' Licensing (ATOL) Scheme which provides financial protection to those taking flight inclusive holidays. It also protects flight only sales where bookings are made with a Licence holder and valid tickets are not issued immediately.
- 1.2 Licence holders are required to pay to the Air Travel Trust Fund (ATTF) an ATOL Protection Contribution (APC) for each passenger included in an ATOL protected booking. Some Licence holders are also required to provide a Bond in favour of the Air Travel Trust (ATT) or the CAA under which the CAA can demand payment of the Bond amount to the ATT or the CAA (as applicable) if the Licence holder fails. The Trustees of the ATT have purchased insurance to cover expenditure on the Failure of Licence holders in certain circumstances.
- 1.3 Under the terms of a trust deed dated 5 January 2004 (as varied) ("the Trust Deed"), the Trustees of the ATT are empowered to use the whole or any part of the ATTF to meet:
- (a) Costs incurred in enabling Customers of Failed Licence Holders who have travelled out on the outward leg of their journey at the date of Failure to complete their holidays and return to the UK under the terms of Licensable Transactions ("repatriations");
  - (b) the legitimate claims of Customers of Failed Licence holders for:
    - (i) losses incurred in respect of payments made to the Failed Licence holder or
    - (ii) losses or liabilities incurred in consequence of the failure of the Licence holder to meet his obligations to the Customer ("refunds"); and
  - (c) the expenses ("expenses") of setting up and administering a scheme to meet such costs and claims, whether such expenses were incurred by the Trustees or by any agent acting on their behalf.
- 1.4 The CAA acts as agent for the ATT in administering a scheme to make payments from the ATTF to repatriate and provide refunds to Customers of Failed Licence holders ("the Crisis Management Scheme"). The CAA may delegate administration of repatriation and refunds to a third party or parties.
- 1.5 The CAA's expenses in administering the Crisis Management Scheme will be paid by the ATT to the CAA.

### **2 Aim of Document**

- 2.1 There is a Glossary at the back of this Policy Document to aid the reader. All the words and phrases in this document have the same meaning as given to them by the Trust Deed unless otherwise stated.

- 2.2 This Policy sets out how the ATT will exercise its discretion in relation to the making of payments from the ATTF (and from Bond money) to repatriate and provide refunds to Customers of Failed Licence holders and how it will instruct the CAA to manage those payments<sup>1</sup>. However, nothing in this policy document fetters the ATT's discretion in administering the ATTF as set out in the Trust Deed. In the event that the CAA is notified in writing of a decision by the Trustees of the ATT to deviate from this written policy in respect of ATTF money, the CAA will not act contrary to that decision.
- 2.3 The Trustees will aim to give one month's notice of any changes to the Policy.
- 2.4 Where the CAA is the recipient of Bond Money, it adopts the policy in this Policy Document in respect of making payments from that Bond Money.

### **3 Licence Holder Failure and the Availability of Funds**

- 3.1 A Licence holder will be deemed to have failed if:-
- 3.1.1 In the reasonable opinion of the CAA, that Licence holder:
- (i) is insolvent; or
  - (ii) cannot or will not be able to meet in whole or in part its obligations to its Customers; and/or
  - (iii) will fail to meet in whole or part its obligations to its Customers; and
- 3.1.2 An authorised signatory of the CAA has signed a Notice of Licence holder failure in respect of that Licence holder; and
- 3.1.3 A copy of that Notice has been placed on the CAA's Register of failed Licence Holders, which is available for inspection at CAA House, 45-59 Kingsway, London WC2B 6TE between 9am and 4pm Monday-Friday other than Bank Holidays.
- 3.2 When a Licence holder has failed, the CAA will notify the ATT of the expected costs to the ATTF to arise in consequence of the failure, based on the predicted costs of repatriations, refunds and expenses (by producing and delivering to the ATT an *Estimated Expenditure Report*).
- 3.3 Subject to Clauses 3.4 and 3.5 below, all or any part of the ATTF may be used to meet the cost of repatriations, refunds and expenses arising from the failure of a Licence holder.
- 3.4 Where the Failed Licence holder had provided a Bond (whether to the CAA or to the ATT) as a condition of holding a Licence, the ultimate burden in respect of the cost of repatriations, refunds and expenses arising from the failure of a Licence holder shall be borne by the money received pursuant to such a Bond and the Bond obligor will only be entitled to receive back such surplus as remains after the reimbursement of such other sums as were paid from other parts of the ATTF.

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<sup>1</sup> Accordingly, in the case of ATTF money, references in this Policy to the CAA agreeing or otherwise to make a payment, refer to agreement by the ATT, being carried out by the CAA on the ATT's behalf.

- 3.5 Where the Failed Licence holder had provided the CAA with a Bond, the ATTF cannot be used to meet any of the costs of any repatriations, refunds and expenses arising from the failure of a Licence holder unless the Trustees of the ATT are reasonably satisfied that the ATT will (so far as possible) be reimbursed by the CAA to the extent that the CAA has received or may in future receive money under that Bond.

#### **4 Credit Card Payments by Customers**

- 4.1 The ATT has entered into agreements with a number of banks dealing with circumstances where they act as a merchant acquirer for Licence holders. The agreements set out the division of liabilities of both parties following the failure of a Licence holder. Details of the banks who have entered into an agreement are published on the CAA's website.
- 4.2 Following a failure, the CAA will notify the merchant acquirer, if any agreement is in place, of any cases in respect of which the cost of repatriations, refunds and expenses is likely to be above an agreed threshold. If the threshold is not reached, the ATT will be responsible for refunding Customers who paid by credit card, up to that threshold. If the threshold is exceeded, Customers who have not yet travelled will be referred to their card issuer to seek a refund.
- 4.3 Credit card companies may submit a claim to the ATT if the actual cost falls below the threshold, or Customers have claimed a refund against their card issuer, which should have been met by the ATT.
- 4.4 Where the failed Licence holder obtained credit card facilities from a company with which the ATT has not entered into an agreement, Customers who have not travelled will be referred to their card issuer for a refund. This will apply to Customers who have paid in excess of £100 on their credit card and in accordance with Section 75 of the Consumer Credit Act 1974.
- 4.5 Regardless of whether an agreement is in place, the ATT will be responsible for repatriation costs, including where Customers have paid by credit card. The ATT will refund Customers who paid by cheque (including credit card cheques), debit card and cash. Claims where payment was made by credit card to a travel agent, acting on behalf of the Licence holder will, normally be refunded by the ATT, subject to the Policy set out in this document and the relevant credit card agreement

#### **5 Finance Agreements**

- 5.1 Where Customers arrange payment to the Licence holder through a Finance Agreement, the CAA will not normally refund the Customer as these are subject to the protection offered by Section 75 of the Consumer Credit Act 1974. The Customer will be referred to the Finance Company for a refund.

#### **6 Restrictions on when repatriation and refunds under the Crisis Management Scheme can be considered**

- 6.1 The purpose of the Crisis Management Scheme is to protect Customers of Licence holders. It will protect Customers that enter into Licensable Transactions with Licence holders whether they are individuals or corporations. Refunds will be made to businesses for the purchase of

licensable flights or flight inclusive packages for use by their staff. However, the Crisis Management Scheme will not provide refunds to businesses that have suffered financial loss resulting from commercial transactions with the Licence holder, including other Licence holders who made purchases under the ATOL to ATOL category of their Licence.

- 6.2 Customers will only be repatriated or refunded where the failed travel organiser held a Licence at the time of taking the booking or had done so within three months prior to the booking<sup>2</sup>.
- 6.3 Claims for payment of refunds to Customers or Suppliers of a Failed Licence Holder will only be considered if they are received within 12 months of the date of failure.
- 6.4 The ATT may only make payments for the benefit of Customers of a Failed Licence holder. A Customer is the person who has made a payment and/or on whose behalf a payment has been made to the Licence holder under or with a view to entering into a contract for a Licensable Transaction.
- 6.5 The payment of refunds is linked to financial loss. The ATT will refund the person who actually made the payment, unless otherwise instructed by that person. The ATT needs to be satisfied both that a financial loss has occurred and that an identifiable person has lost money.
- 6.6 At all times the CAA will seek to achieve the level of protection set out in this Policy for Customers of Failed Licence Holders, whilst at the same time acting prudently and minimising the expenditure necessary to the ATT.
- 6.7 Refunds will normally only be made if documentation has been issued in respect of a named Customer and payment was made to, and received by, the Licence holder or its travel agent. Bookings made on behalf of a Group, must identify either all the passenger names or include a lead passenger name, the number of passengers in the group and the type of group (eg Mrs Smith, 25 passengers, Countryside Golf Club).

## **7 Repatriation**

- 7.1 The CAA will seek information from the Failed Licence holder or, where this is not possible, a third party such as an Administrator/Liquidator or flight broker, about the Customers eligible for repatriation. Customers will be repatriated where, in the CAA's view there is sufficient evidence that the Customer had entered into a Licensable Transaction with the Failed Licence holder.
- 7.2 The CAA will make arrangements for Customers who are abroad on holiday at the date of failure. This will include aiming to ensure they can remain in their accommodation (hotel, apartment etc) and they can fly home as planned, or arranging alternatives. When making these arrangements the

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<sup>2</sup> A Licence holder that accepts bookings or payments in the capacity of a Licence holder after it has ceased to hold a Licence is trading illegally. The ATT's policy to protect, for a 3 month period, the Customers of such a Licence holder is not an indication that the ATT (or the CAA) considers such trading acceptable. Where appropriate the CAA will also consider investigating an apparent breach of the Civil Aviation (Air Travel Organiser's Licensing) Regulations 1995.

CAA will balance the need to minimise disruption to customers against the cost to the ATT.

### **Repatriation Transport**

- 7.3 Customers travelling on scheduled flights should be able to fly home as planned and the CAA will not normally be required to organise alternative flights.
- 7.4 Where customers are travelling on "charter" flights, the CAA will normally guarantee payment for the original flights or seat allocations booked by the Failed Licence holder to minimise disruption. It may be necessary to guarantee the full rotation and allocation cost for a number of days depending on the timing of the failure and availability of seats (including seats allocated to other Licence holders). The CAA may arrange an alternative aircraft where this is appropriate. Where the operator chartered a minority of the seats on an aircraft, and depending on general seat availability in the market, it may be more cost effective to purchase individual alternative seats and the CAA will assess which option is the most suitable and cost effective. The CAA will also consider the use of alternative modes of transport where this is reasonable.
- 7.5 It may be necessary for the CAA to guarantee payment for "empty legs" in order to correctly position aircraft and to repatriate passengers. In order to mitigate this cost, the CAA may ask the main charterer to try and sell the available capacity to other Licence holders.
- 7.6 Where customers are travelling on a cruise (which included a flight element) the CAA will normally guarantee payment for the original cruise or allocation booked by the Failed Licence holder to minimise disruption. It may be necessary to guarantee the full cruise ship via the lessor depending on the timing of the failure and availability of alternative cruises (including places allocated to other Licence holders). The CAA may arrange an alternative cruise ship or consider the use of alternative modes of transport where this is reasonable.
- 7.7 The CAA may arrange with the Administrator/Liquidator to use the existing aircraft or cruise ships of the Failed Licence holder group and may pay the associated operating costs.

### **Payments to Suppliers**

- 7.8 The CAA will generally need to pay suppliers, local agents or holiday representatives for the services purchased by the Customer as part of a Licensable Transaction which have not been paid for by the Failed Licence holder. The CAA will provide a guarantee letter to pay the relevant costs. This will normally be based on the existing contract between the Failed Licence holder and the Supplier for those services, from the date of failure to the end of the customer's stay, although the CAA may agree alternative rates and periods when required and may provide advance payments.
- 7.9 Holiday Representatives will be paid based on the level of work carried out and may be provided with other incidentals and return flights to the UK. The CAA will agree the rate of payment at the time via the Administrator/Liquidator, when one has been appointed.

### **Customer Out of Pocket Costs**

- 7.10 There may be instances when Customers were genuinely unable to take advantage of the CAA's repatriation arrangements or were unaware of the arrangements that have been made. In these cases they may be refunded reasonable costs for comparable accommodation and/or comparable travel home.
- 7.11 There may also be occasions when the CAA is unable to re-protect other elements of a Customer's holiday such as accommodation. If this is the case, Customers may be able to claim for costs incurred in replacing those services which were pre-booked and payment had been made to the Failed Licence holder as part of an air-inclusive package holiday.
- 7.12 Where an accommodation provider refuses to accept a guarantee, the CAA may move Customers to alternative accommodation and may pay the representatives of other Licence holders to assist them. The CAA will endeavour to ensure accommodation is of a comparable standard and offers similar facilities. This may not always be possible, especially during peak periods. Where this is the case, compensation will not normally be paid for loss of enjoyment.
- 7.13 Where the CAA is unable to organise flights at the originally planned time, Customers may have to fly home at a later date. In these cases, they will be reimbursed for reasonable food, expenses and accommodation costs for the additional period of their stay. This will also apply to Customers who have only booked a flight with the failed Licence holder. Customers will not be reimbursed for any other loss suffered as a consequence of returning home later than planned including, for the avoidance of doubt, loss of earnings.
- 7.14 In a minority of cases, for example in order to source flights, or due to difficulties in resort, Customers may be required, or elect, to cut their holiday short and return home on an earlier flight. Where they are required to return home, Customers will be entitled to claim for the period of lost holiday, including pre-paid elements such as car hire (based on the pro-rated cost of those elements). This may also apply to Customers who have only booked a flight with the failed Licence holder. However, no payments to compensate for loss of enjoyment will normally be made.
- 7.15 If repatriation is to a different airport than planned, and the CAA is unable to organise alternative transport to the planned arrival airport, Customers may be refunded reasonable additional transport costs.
- 7.16 Customers may purchase excursions during their holiday from holiday representatives, these will not be refunded.

### **Additional Customer Payments taken in Resort**

- 7.17 In some instances, overseas suppliers, particularly hotels, will ask Customers for imprints of their credit or debit cards on arrival. Customers may find that their card is charged for the full cost of the accommodation if their Licence holder defaults on payment. The CAA will give consideration to paying a refund in respect of such charges, providing they relate to items that were supposed to have been paid by the Licence holder. The CAA must be satisfied that Customers cannot obtain redress from their bank.

- 7.18 If the Customer had completed their holiday prior to the Licence holder's Failure, any such Claims will be treated as a Refund.

### **Refunds for Customer Out of Pocket Costs**

- 7.19 Where claims are made for refunds of amounts spent by a Customer on repatriation flights, accommodation and meals etc they must be supported by receipts for the individual items purchased. Provision of the booking documentation set out in Section 10 and proof of payment of the individual items purchased as set out in Section 11 will also be required.

## **8 Refunds**

- 8.1 The ATT provides refunds to Customers who have lost their holiday due to the failure of a Licence holder. Customers will be refunded up to a maximum of the amount paid under the contract with the Failed Licence holder. This section sets out items that may, or may not, be subject to a refund.

### **Claims Involving Travel Agents**

- 8.2 When a Customer books through a travel agent, the Customer must be made aware of the Licence holder who will provide the holiday.
- 8.3 Customers may assign their claim for a refund from the Crisis Management Scheme to travel agents or other third parties in return for a refund or for the provision of an alternative holiday. The third party will then be able to claim the Customer's refund from the CAA, subject to the requirements set out in paragraph 10.5.
- 8.4 For bookings made through travel agents, before considering a refund, the CAA requires satisfactory evidence from the travel agent that the travel agent passed customers' payments on to the failed Licence holder (or via an accepted trade association Single Payment System) unless the travel agent has also ceased trading or payment has been set-off as in paragraph 8.5.
- 8.5 Travel agents accept money on behalf of Licence holders and pass funds across in agreed timescales. They may set-off these payments against any debts owed by the Licence holder. The CAA will accept that set-off constitutes payment to the Licence holder subject to acknowledgement from the Administrator/Liquidator that the travel agent has submitted a schedule covering the booking, which details the set-off.
- 8.6 Travel agents may provide Customers with the ability to pay a low deposit. The Customer will pay a reduced deposit and the travel agent will pay the remainder on their behalf, subject to the Customer signing a Low Deposit Agreement at the time of booking. The CAA will refund the relevant part of the Customer's claim paid by the travel agent subject to provision of the Low Deposit Agreement and confirmation they have not received payment of this amount from the Customer or any other source.

### **Compensation**

- 8.7 The CAA will not make payments under the Crisis Management Scheme for any form of compensation (such as for an unsatisfactory holiday), even if the

failed Licence holder promised this prior to its failure or even if a Court, Arbitrator or other official body had decided that compensation was payable or appropriate.

- 8.8 Payments will not be made for consequential losses (other than those expressly referred to in this Policy); for example, if a flight only Customer claims that they paid villa rental under a separate agreement and was unable to use the villa because the flight was unavailable, they will not be reimbursed the rental.

### **Cancelled Holidays and Outstanding Refunds**

- 8.9 Where a Customer or a Licence holder has cancelled a holiday but has not received a refund at the time of failure, the CAA will normally make a refund in accordance with the Licence holder's published cancellation terms.
- 8.10 Payments will be subject to the Customer receiving written confirmation from the Licence holder prior to it ceasing to trade or its Administrator/Liquidator that the refund is outstanding. The Customer will be asked to complete a sworn affidavit, in the format provided by the CAA, confirming they have not been refunded and the amount due.
- 8.11 In some cases, even though the cancellation terms mean that a Customer should not be eligible for any refund, a Licence holder may agree to transfer their payment to a new licensable booking. If the Customer has not made a booking at the time of failure, the CAA will not provide them with a refund, as this would be seen as a compensation payment rather than an outstanding refund.

### **Vouchers and Gifts**

- 8.12 Where all, or part of, a holiday is purchased using a complimentary voucher, the value of the voucher will not be refunded. The value of gift vouchers that have been purchased will be refunded subject to proof that payment was made. Vouchers issued where a monetary refund should have been given, will be refunded in accordance with paragraph 8.10. Air Miles will be refunded based on the monetary value shown on the ATOL Confirmation Invoice.
- 8.13 Where a company books and pays for a holiday to be given to a named individual - whether as an incentive payment for an employee, a conference, a competition prize or in any other circumstances where the holiday represents a gift, a payment is deemed to have been made on behalf of the individual Customer. The Customer has suffered a loss of the holiday and is therefore eligible to claim a refund in accordance with the terms of this Policy.
- 8.14 Licence holders may offer free holidays to newspapers as competition prizes in exchange for advertising space. Valid consideration has passed and payment is deemed to have been made on behalf of the Customer once the winner has been identified by name. Refunds can be made subject to the newspaper providing exchanges of correspondence and accounting records to substantiate the transaction.

### **Self-catering and Villa Deposits**

- 8.15 Customers staying in self-catering accommodation are often required to pay a returnable inventory deposit. The CAA will give consideration to providing a refund in respect of such a deposit, providing the Customer can produce appropriate confirmation that they qualify for the return of their deposit. Claims can only be considered where the deposit was paid to the Failed Licence holder, rather than a local handling agent or accommodation provider.
- 8.16 Security charges to provide against damage to villas that are included within the package and relate to a specific Villa may be refunded.

### **Insurance Premium**

- 8.17 The ATT will not refund any insurance premiums and Customers will be advised to seek a refund directly from the insurance company

### **Fees and Discounts**

- 8.18 Credit card fees paid to the Failed Licence holder are refundable; those paid to travel agents are not.
- 8.19 Administration (such as name or date changes) and cancellation charges levied by Licence holders are non-refundable.
- 8.20 Travel agents sometimes add their own booking fees when selling flight inclusive packages or flights on behalf of Licence holders. These are non-refundable.
- 8.21 Travel agents sometimes discount the price charged by a Licence holder. Customers will be refunded the amount they paid and a travel agent's discount will not be added back to the amount refunded.

### **Visas**

- 8.22 The CAA may refund the cost of visas where these formed part of a flight inclusive package with the failed Licence holder.

## **9 Required Evidence in Support of Claims**

- 9.1 Customers will be asked to complete an ATOL Claim Form and to provide documentary evidence of proof of a booking with the Failed Licence holder (see Section 10) as well as proof of payment (See Section 11), in support of their claim.

## **10 Booking Documentation**

- 10.1 Customers must submit the ATOL Receipt and/or ATOL Confirmation Invoice showing that they entered into a Licensable Transaction with the failed Licence holder.
- 10.2 In circumstances where it is unclear whether the booking is a Licensable Transaction, and therefore eligible for consideration under the Crisis

Management Scheme, the CAA will use its expertise (if necessary after obtaining legal advice) to determine whether the claim is valid.

- 10.3 Customers who booked through a travel agent must, in addition, submit the ATOL Receipt issued by that travel agent at the time of booking (this does not apply if the travel agent issued an ATOL Confirmation Invoice). Where an ATOL Receipt was not issued, the CAA will seek evidence that the travel agent issued the Licence holder's ATOL Confirmation Invoice to the customer prior to the date of failure.
- 10.4 Customers may be unable to provide an ATOL Receipt or ATOL Confirmation Invoice if they booked close to the date of the Licence holder's failure or did not receive documentation. In these cases the CAA will seek to verify the booking via the company's records or through the Administrator/Liquidator. Where verification cannot be provided, the CAA will seek proof of payment (see Section 11) and (before any refund is paid from the ATTF) these cases will be referred to the Trustees for consideration.

### **Third Party Assignments**

- 10.5 Where a third party has the benefit of a Customer's claim against a Licence holder assigned to it by a Customer and is making a claim under the benefit of that assignment (see information in this regard in paragraph 9.1 above) for a refund from the Crisis Management Scheme, the CAA will require the third party to provide the ATOL Confirmation Invoice issued by the Licence holder and the ATOL Receipt issued by the agent. The CAA will need to ascertain that the Customer had been informed of the identity of the Licence holder responsible for their holiday. If there is no such evidence the Claim may be refused.

### **Tickets**

- 10.6 Customers must submit their flight tickets (if received) if they intend to claim for the cost of the entire package. The CAA carries out checks with airlines to ensure that Customers do not claim refunds for flights they have used or intend to use.
- 10.7 Customers who have been provided with scheduled tickets, may choose to travel and make their own arrangements in resort. In these cases they can claim the costs of purchasing alternative accommodation, car hire etc, up to a maximum of the originally invoiced cost of these elements. Where the costs are not identified, the CAA will calculate the maximum amount due. In these cases the CAA will not be able to provide any assistance to customers if they experience any difficulties while overseas.

## **11 Proof of Payment**

- 11.1 Customers are required to provide evidence of the payment they made to the Licence holder or its travel agent. The following paragraphs set out what is required for payments made by cheque, credit or debit card and cash.

## **Cheque Payments**

- 11.2 Where payment has been made by bank cheque, the Customer must provide any of the following, for building society cheques the letter as set out in the third bullet point will be required:
- the original cheque, with clearance marks; or
  - a photocopy of the cheque, showing both sides; or
  - a letter from the payor's bank or building society with details of the:
    - account holder,
    - date of clearance,
    - payee,
    - amount.

## **Card Payments**

- 11.3 For payments made by credit card, credit card cheque or debit card the Customer must provide an official statement showing the transaction and the name of the account holder. Card receipts or sales slips cannot be accepted. On-line card statements do not generally include the customer name and in these cases an imprint of the card will be sought to verify the name of the cardholder.

## **Cash Payments**

- 11.4 Where payments have been made by cash, the CAA requires evidence that the travel agent or Licence holder received a cash payment. The receipt issued by the travel agent or Licence holder confirming the payment was made in cash will be required.
- 11.5 Where the Customer makes payment into the Licence holder's bank account, the CAA will need to be satisfied that the bank account into which payment was made belonged to the failed Licence holder or to its appointed travel agent.
- 11.6 If the Customer is unable to provide the information set out in paragraphs 11.4 and 11.5 and the payment is under £500, the CAA will require a sworn statutory declaration (included in the CAA Claim Form).
- 11.7 Where cash payments exceed £500 the CAA will require the following, in addition to that set out in paragraphs 11.4 or 11.5:
- A copy of the customer's bank statement showing the account holder's name and the withdrawal of the cash paid over (for bank transfers the statement should detail the payees name and/or account details); and
  - A sworn statutory declaration (included in the CAA Claim Form).
- 11.8 Failures where unusual cash payments have been made may be referred to the ATT and due reference will be made to the Money Laundering Regulations 2007.

## **12 Expenses of Administering the Crisis Management Scheme**

- 12.1 The expenses that the ATTF may meet in order to facilitate and run the Crisis Management Scheme include:

- (a) the CAA's own costs incurred, which are calculated on the basis of the following heads of expenditure:
  - (i) claims administration per Claim for bookings direct with the Licence holder;
  - (ii) claims administration per Claim for bookings made through a travel agent;
  - (iii) repatriation fee per Customer;
  - (iv) management fee for CAA management of Claims administered by external claims agencies.
  
- (b) Where the CAA delegates any of its functions the CAA's expenses in delegating those functions. These expenses include (where applicable):
  - (i) operating an external call centre;
  - (ii) costs incurred in auditing the performance of a third party;
  - (iii) maintaining and running the Licence holder's offices and paying the Licence holder's staff;
  - (iv) making payments to the Licence holder's software contractors (eg in order to access the Licence holder's database);
  - (v) arranging couriers to collect information;
  
- (c) bank charges incurred by the CAA in operating a CAA credit card to make payments to Suppliers when necessary;
  
- (d) travel and accommodation expenses for CAA employees when CAA employees are required to travel in order to manage the Crisis Management Scheme;
  
- (e) cost of legal, accountancy travel or financial consultancy advice and associated costs necessary in the period leading up to and post failure in order to advise the ATT and the CAA on the most efficient and prudent way to manage the potential and/or actual failure.

## **Glossary**

### **Air Travel Organiser's Licence (ATOL)**

A licence granted by the CAA pursuant to Regulation 6(1) of the Civil Aviation (Air Travel Organisers' Licensing) Regulations 1995, as amended.

### **ATOL Confirmation Invoice**

This is a hard copy or electronic document issued by a Licence holder either direct or by an agent confirming the details of the customer's booking. The Confirmation Invoice should include the name of the person making the booking and the number of persons covered by it. It should also show the booking reference, date, origin, destination of each flight booked, all other elements included in the price and the total amount payable.

### **ATOL Receipt**

This is a hard copy or electronic document issued by a Licence holder or travel agent and should include the same information as a Confirmation Invoice. If issued by a travel agent it must also include the name and Licence number of the Licence holder and confirm that he is acting as their agent.

### **Customer**

A person (other than an air travel organiser) who has made a payment or on whose behalf a payment has been made to one of the Licence holders under or with a view to entering into a Licensable Transaction.

### **Failed Licence holder**

A Licence holder in respect of whom a Notice of Licence holder failure has been placed on the CAA's Register of Failed Licence holders.

### **Licence holder**

A person whose activities consist of or include activities in respect of which he is required by virtue of any Regulations for the time being in force under Section 71 of the Civil Aviation Act 1982 to hold an Air Travel Organiser's Licence.

### **Licensable Transaction**

Any transaction to provide or to arrange for the provision of one or more flights (with or without ground accommodation or other facilities) in circumstances where this constitutes an activity in respect of which the Licence holder is required to hold an Air Travel Organiser's Licence.

**Notice of Licence holder failure**

A Notice signed by an authorised signatory of the CAA and placed on the CAA's Register of failed Licence holders, confirming that in the reasonable opinion of the CAA, that Licence holder:

- (i) is insolvent; or
- (ii) cannot or will not be able to meet in whole or in part its obligations to its Customers; and/or
- (iii) will fail to meet in whole or part its obligations to its Customers.

**Single Payment System**

A payment system set up by a trade association to collect payments from travel agents and pass on to Licence holders.

**Travel agent**

A travel agent advertises and sells flights or holidays on behalf of Licence holders.