

## European Commission proposal for Passenger Mobility Package

### IRU Position paper on the European Commission proposal for a Passenger Mobility Package

#### I. IRU POSITION

IRU welcomes the efforts of the European Commission to improve the travel experience of passengers by strengthening their rights across all modes of transport, including multimodal journeys and tourism packages. Nevertheless, concerns have emerged regarding the potential increase in administrative burdens for transport operators, coupled with ambiguous liability provisions for multimodal journeys.

The Passenger Mobility Package should be adapted to the practicalities of bus and coach operations, primarily composed of small and medium-sized enterprises (SMEs). Such adaptation would improve the adoption and implementation of passenger rights, providing clarity and legal certainty for both operators and passengers.

IRU proposes the following amendments for improving passenger protection during trips, including multimodal journeys:

#### *Passenger rights revision*

- **Electronic communication requirements for submitting common reimbursement and compensation forms should only apply to transport operators that already have electronic communication means.** The bus and coach sector is primarily made up of SMEs, some of which do not have a website and/or do not have the digital capacity to process reimbursement requests through electronic communication channels.
- **Onerous service quality reporting requirements should be avoided – they would disproportionately affect smaller transport operators.** Improving information dissemination and introducing a common complaint form will ensure transparency and accountability.
- **Transport operators should not be required to collect service quality data solely for the purpose of reporting.** Many of the service quality data items listed in annex III are not even collected by the larger transport operators, let alone the smaller ones. The investment in IT tools and skills development would be particularly disproportionate for smaller operators.

#### *Passenger rights in the context of multimodal journeys*

- **The new legislative proposal must be aligned with the passenger rights regulation in terms of journey scope,** specifically its application to long-distance journeys in which bus and coach leg of a multimodal trip is greater than 250km.
- **In situations when tickets are sold through contracting carriers and intermediaries, the obligations regarding information provision and connecting times must fall on these parties rather than on the individual transport carrier.**

- **Bus and coach carriers cannot be held accountable for missed connections when they sell tickets for a single leg through an intermediary or contracting carrier**, as these tickets are sold separately and communication is handled entirely by the third party. The liability provisions governing the relationship between transport operators and the intermediary/contracting carrier need to be clarified.

#### ***Revision of Package Travel Directive***

- **Eliminate the 25% limit on down payments for the travel package to ease the financial burden on travel package providers, some of which are coach operators.** The proposed limit will create cashflow difficulties for smaller operators and could lead to higher prices for holiday packages.
- **When passengers are informed of potential travel restrictions at their destination or place of residence, such as through official travel warnings, and still choose to proceed with a booking, they should accept financial responsibility for cancellation.** The clause enabling passenger cancellation under unavoidable and extraordinary circumstances should be reserved for situations truly beyond the control of the parties involved, where the consequences could not have been foreseen or prevented despite taking all reasonable measures.
- **Enable tour organisers, and by extension transport operators, to issue vouchers to passengers in case of exceptional circumstances, with a right of passengers to request a refund after the end of minimum validity period of 12 months.** In situations where operators face a severe financial strain, such as during a pandemic or environmental disaster, the potential loss of liquidity poses a significant existential threat. To mitigate this economic burden, it is crucial to allow operators the flexibility to issue vouchers as a means of securing their financial stability.

#### ***General observations***

- **Common reimbursement form should be accepted in the official language of the country of establishment of transport operators and/or English.** Requirement to accept the form submitted in all languages of the European Union would impose unnecessary burden on transport operators.

## **II. ANALYSIS**

For decades, passenger rights have formed the cornerstone of EU transport and consumer policy, providing protection for passengers in the EU across all modes of transport. The EU implemented comprehensive regulations covering air, waterborne, bus and coach, and rail transport. The introduction of these regulations aimed to level the playing field, ensuring consistent rules for disruptions, information provision, non-discrimination, and complaint options. Despite this framework, recent evaluations have highlighted gaps when it comes to effective implementation, including limited passenger awareness and enforcement by authorities.

In the current landscape, an increasing number of passengers use intermediaries to book multimodal journeys, aligning with the European Green Deal's emissions reduction goals. However, challenges arise as passengers lack information on disruptions and their rights when switching from one transport mode to another. Operators providing a single leg of the journey have difficulty with understanding liability rules, especially in intermediary communications between the carrier, intermediary and the passenger. The proposed Passenger Rights Regulation for multimodal journeys addresses these gaps, offering enhanced information, protection, and assistance during disruptions.

The Covid-19 pandemic further highlighted the vital role of passenger rights during global crises, as well as the need for comprehensive and flexible protection measures. For IRU, passenger protection remains a European concern, given the surge in leisure travel by European citizens, especially post-Covid-19.

## 1. Revision of Passenger Rights Regulations

The proposed revisions aim to increase passenger awareness and strengthen the enforcement of existing rights across various modes of transport. Notable changes include the introduction of standardised EU-wide reimbursement and compensation forms for simplified claims, accompanied by regular reports from carriers on their implementation of passenger rights. These measures are designed to enhance transparency, providing passengers with the information needed to make informed decisions when selecting a carrier.

IRU welcomes increased information provision and awareness for passengers, which is the foundation for effective implementation and enforcement of passenger rights in all modes of transport. However, we identified several parts of the proposal which could be further improved.

### *a) Ensuring the provision of information on passenger rights at the time of booking and throughout the journey.*

To raise awareness of passenger rights, carriers and terminal operators will better inform passengers about their rights at the time of booking and during journey disruptions. This information should be concise, readily accessible, and prominently displayed for passengers. It should be presented in a clear and comprehensible manner, preferably through electronic means whenever feasible.

To facilitate the process of passenger reimbursement or compensation in line with relevant regulations, the Commission will enact an implementing act to introduce a standardised form for reimbursement and compensation. Passengers will be entitled to submit their requests through the common online form, via the transport operator's email, or on their website.

### **IRU calls for:**

- IRU welcomes the inclusion of the feasibility condition for electronically providing passenger information. However, it is important to note that this condition does not apply to the submission of reimbursement forms, which is now mandated to be conducted online. Electronic communication requirements for submitting common reimbursement and compensation forms should only apply to transport operators that already have electronic communication means. The bus and coach sector is composed mainly of SMEs, some of which do not have a website and/or do not have the digital capacity to process reimbursement requests through electronic communication channels.
- Claiming reimbursement through a form in any language of the European Union would impose unnecessary burden on transport operators. Instead, the form should be accepted in the official languages of the carrier's country of establishment and/or English.

### *b) Service quality standards*

While recognising the significance of maintaining high-quality standards for bus and coach services, Annex III of the proposal introduces requirements concerning requirements for bus and coach services. According to the proposal, carriers are obligated to publicly disclose information on various aspects of service quality. This includes reporting on aspects such as delays, cancellations, assistance provided to persons with disabilities, handling of complaints, customer satisfaction, and cleanliness.

While certain information may be readily available for transport operators, obtaining data on critical factors such as delay percentages attributed to bus and coach faults or weather conditions is difficult, as such data is not systematically recorded. The requirement for detailed information collection for reporting purposes imposes a disproportionate burden on transport operators, necessitating investments in new IT tools and data skills development solely for the purpose of reporting.

### **IRU calls for:**

- Avoid introducing onerous service quality standards and reporting requirements which could disproportionately affect smaller transport operators. Improving information dissemination and introducing a common complaint form will ensure transparency and accountability. Bus and coach operators, being professional transport services, will promptly address any complaints received, negating the need for additional, burdensome reporting requirements.
- Should the proposed service quality standards and quality management systems nevertheless be implemented, they should include only information already collected by transport operators to prevent unnecessary investment in new tools and processes to gather data solely for reporting purposes.

### **2. Proposal on passenger rights in the context of multimodal journeys**

A key strategy for the European Union to achieve a 90% reduction in transport emissions by 2050 is effective multimodality and the switch to collective mobility. Multimodality entails passengers seamlessly combining at least two collective transport modes. This might involve pairing a flight with a rail service or combining a rail service with a coach service.

Despite a rise in the purchase of multimodal tickets through intermediaries, challenges remain, especially for passengers transitioning between modes. While passengers using a single mode of transport benefit from clearly defined rights, those switching between modes face a lack of a comprehensive framework for passenger rights. Challenges include the absence of real-time information in the event of disruptions, complexities in filing complaints, and inadequate assistance for individuals with disabilities during mode transitions.

Furthermore, there is a notable absence of liability provisions governing the relationship between the intermediary or carrier offering the multimodal ticket and the carriers providing the actual service for specific legs of the journey. Addressing these issues is crucial for improving the overall experience and ensuring the rights of passengers travelling with multiple means of transport.

According to the Commission's proposal, multimodal travel can involve separate tickets purchased independently ('category C' tickets) or bundled into a single product ('category B' tickets). Some carriers also offer single contracts of carriage for a multimodal journey ('category A' tickets). The new proposal assigns obligations based on the type of ticket for carriers, intermediaries, and terminal managers.

IRU welcomes the introduction, for the first time, of obligations for intermediaries in the case of multimodal journeys, as well as liability provisions governing the relationships between the intermediary, passenger and transport operator. However, to ensure legal clarity and certainty for both passengers and transport operators, additional clarifications are required.

### **IRU calls for:**

- The new legislative proposal to be aligned with the passenger rights regulation in terms of journey scope, specifically its application to long distance journeys in which the bus and coach leg of the trip is a regular service exceeding 250 kilometers.

IRU identified several additional parts of the proposal which could be further improved.

#### *a) Provisions on minimum and accurate information to be provided to passengers*

Carriers and intermediaries selling multimodal transport contracts are required to inform passengers about the type of ticket involved – whether it is a single multimodal contract, a combined multimodal ticket, or separate multimodal tickets. Additionally, they must provide information regarding associated rights and minimum connecting times. Throughout the journey, providers of single and combined multimodal tickets are

obligated to provide information on disruptions, delays, connecting services, and safety issues. The Commission will enact an implementing act to introduce a standardised form for compensation and reimbursement requests under this Regulation.

IRU welcomes the exemption granted to SMEs acting as carriers and intermediaries, relieving them from the real-time information obligations for multimodal passengers.

**IRU calls for:**

- In situations where tickets are sold through contracting carriers and intermediaries, the obligations regarding information provision and connecting times must fall on these parties rather than on the individual transport carrier.
- While general information about passenger rights and timing between different modes can be conveyed to passengers before purchase, specific connection times at particular terminals should be the responsibility of those terminals.
- Just like in passenger rights for bus and coach travel, claiming reimbursement through a form in any language of the European Union would impose unnecessary burden on carriers. Instead, the form should be accepted in the official languages of the carrier's country of establishment and/or English.

The lack of clarity in distinguishing responsibilities raises questions about accountability in situations where intermediaries or terminals fail to inform passengers. This becomes particularly crucial as communication with passengers frequently occurs through intermediaries, leaving carriers uncertain whether the information has been effectively conveyed.

*b) Passenger rights in the event of disruption*

The proposed regulation contains provisions relating to the rights of passengers (reimbursement, rerouting and care) in case of disruption. The rights of passengers and the liability of intermediaries and contracting carriers depends upon the type of ticket purchased.

Passengers holding a single multimodal contract (category A ticket) are eligible for a complete reimbursement if any unused segments of the journey no longer fulfil the intended purpose, as well as rerouting and care. In the case of combined multimodal tickets (category B), passengers have the right to receive pre-purchase information, clearly indicating that these tickets provide lower protection compared to single multimodal contracts (category A). Non-compliance subjects intermediaries or carriers selling combined multimodal tickets to liability for refunding the ticket amount and additional compensation of 75%.

IRU welcomes new rules specifying responsibilities for intermediaries and “contracting carriers” in multimodal journeys. However, additional clarifications are needed enabling legal clarity and certainty for both passengers and transport operators.

**IRU calls for:**

- Clearly define terminologies, specifically “contracting carriers” and “operating carriers”, in articles addressing liability for missed connections. The proposal refers to carriers and intermediaries providing multimodal tickets, designating “contracting carriers” and introducing “operating carriers” without clear definitions, leading to confusion. It is essential to distinguish between contracting and operating carriers to avoid legal uncertainty.
- Clarify liability provisions for bus and coach carriers when selling single-leg tickets through an intermediary or contracting carrier. Bus and coach carriers cannot be held accountable for missed connections when they sell tickets for a single leg through an intermediary or contracting carrier, as these tickets are sold separately, and communication is handled entirely by the third party.

### 3. Package Travel Directive

A crucial component of passenger rights is the Package Travel Directive (PTD), an EU regulation that governs pre-arranged package holidays and associated travel services offered by travel agencies and tourism organisers. These packages involve combinations of at least two travel services, such as transport, accommodation, and other tourism services. The Directive provides passenger protection through clear information provision, reimbursement, well-defined liability rules, and cancellation rights.

The revision of the PTD was prompted by the far-reaching effects of the Covid-19 pandemic, which triggered widespread cancellations of package holidays, leading to liquidity challenges for organisers and service providers, as well as delays in refunds.

To address these challenges, the revision focuses on refining definitions, introducing provisions on advance payments and vouchers, and specifying elements related to package cancellations due to unavoidable circumstances and insolvency protection. Notably, although the PTD primarily targets package organisers, its provisions will inevitably impact transport operators as well.

IRU recognises the necessity of updating the PTD as a response to the need to enhance the resilience of the tourism sector in the face of Covid-19 and rising travel costs. However, the current text poses a risk of not only failing to ensure the competitiveness of European package holiday services but also negatively impacting the entire value chain, leading to increased costs for passengers. It is crucial to specific provisions to ensure that the entire value chain benefits from the newly added provisions.

#### *a) Limitation on down payments*

The proposal imposes a limit on down payments at 25% of the total package price, with organisers authorised to request the remaining payment 28 days before the initiation of the package holiday. Organisers retain the flexibility to seek a higher down payment, provided it is justified by the necessity to make advance payments to service providers.

#### **IRU calls for:**

- Eliminate the 25% limit on down payments for the travel package to ease the financial burden on travel package providers, some of which are coach operators. The proposed limit will create cashflow difficulties for the smaller operators and could lead to higher prices for holiday packages.
- As with the 25% limit on advance payments, the requirement that final payments cannot be requested earlier than 28 days before the start of the trip would lead to considerable liquidity costs and therefore more expensive trips for customers. The amount of the deposit and the payment deadlines should be left to the free market.

#### *b) Termination of the package travel contract and the right of withdrawal before the start of the package*

Both the package organiser and the traveler hold the right to terminate a contract in the event of unavoidable and extraordinary circumstances. This right encompasses situations occurring at the travel destination or its immediate vicinity, those affecting the journey to the destination, as well as those impacting places of residence or departure. The revised wording explicitly states that contracts can be terminated when there is a reasonable expectation that the performance of the package travel contract will be significantly affected by such circumstances.

Furthermore, a new paragraph has been incorporated to specify that official travel warnings issued by authorities or serious restrictions covering the travel destination, are crucial factors in determining whether unavoidable and extraordinary circumstances have arisen and have a significant impact on the package's performance.

In the event that the organiser cancels the trip due to unavoidable circumstances, the organiser is obligated to refund the traveler, irrespective of whether the traveler explicitly requests a refund. During the Covid-19 pandemic, travelers often cited unavoidable,

extraordinary circumstances to cancel their trips and receive full refunds, despite widespread awareness of the risks and potential travel restrictions associated with a global pandemic.

**IRU calls for:**

- Where passengers have been warned about travel restrictions and nonetheless proceeded with a booking, the passenger should assume the financial risk in the event of a passenger cancellation, particularly when it can be reasonably expected of them to be aware of the exceptional situation at the time of booking (e.g. official warnings issued by authorities at the travel destination or place of residence). The clause enabling passenger cancellation under unavoidable and extraordinary circumstances should be reserved for situations truly beyond the control of the invoking party, where the consequences could not have been foreseen or prevented despite taking all reasonable measures.

*c) Vouchers*

The outbreak of the Covid-19 pandemic led to mass cancellations of package holidays, while no new bookings were made for a certain period of time. Due to the resulting liquidity problems of package organisers, many travellers did not receive refunds or received them only considerably later than the 14 days required in the Directive.

Some bus and coach companies, as well as other transport operators, introduced more flexible booking and rescheduling policies to accommodate the changing travel plans of passengers affected by Covid-19 restrictions. In some cases, vouchers were issued to passengers who had chosen to have their trips reimbursed. Consequently, the revision of the Directive includes explicit proposals regarding the use of vouchers in package travel.

Upon termination of a contract, organisers now have the option to offer passengers vouchers instead of a cash refund. However, organisers have to communicate to travelers that accepting the voucher is not obligatory. These vouchers should remain valid for 12 months, and their duration may be extended once with the agreement of both parties. The value of these vouchers must be at least equivalent to the amount of the refund.

**IRU calls for:**

- Enable organisers, and by extension transport operators, to issue vouchers to passengers in case of exceptional circumstances, with passengers having the right to request a refund after the end of the minimum validity period of 12 months, as per Commission Recommendation (EU) 2020/648 on vouchers. In situations where operators face a severe financial strain, such as during a pandemic or environmental disaster, the potential loss of liquidity poses a significant existential threat. To mitigate this economic burden, it is crucial to allow operators the flexibility to issue vouchers as a means of securing their financial stability.

\* \* \*

**IRU COMPLEMENTARY STATEMENT ON IRU POSITION PAPER ON PASSENGER MOBILITY PACKAGE**

**1. Refund rights of organisers against travel service providers and multimodal journey intermediaries**

In instances where a service provider, such as a transport operator, cancels a service that is part of the package or fails to provide it, the proposal of the Commission states that the service provider should refund any payment made by the organiser within seven days to enable the passenger to be refunded within the stipulated 14-day period. During the COVID-19 pandemic, the challenge of reimbursing passengers within the 14-day limit was apparent, affecting both bus and coach operators and tour organisers.

**IRU calls for:**

- Extension of the reimbursement period for carriers engaged in multimodal journeys and package travel to 15 days to allow sufficient time for transport operators to reimburse organisers and intermediaries in cases of service cancellation. Organisers would then be obligated to refund passengers within 30 days. While we welcome the improvements in passenger rights and the Package Travel Directive, these improvements must be balanced against the need to ensure the continuity of business operations by service providers. Furthermore, IRU calls for consistent and realistic time frames among the different passenger rights legislation.

**2. Definitions under the Package Travel Directive proposal**

To clarify and simplify the definition of, and rules on, “linked travel arrangements” and “travel package”, the Commission proposal extends the definition of the “travel package” to travel services purchased from a single point of sale for the same trip purpose, where the traveller books service(s) (i) within 3 hours of the first service, or (ii) within 24 hours of the first travel service if the trader had invited the customer to subsequently book other services before the traveller agreed to pay for the first service.

**IRU calls for:**

- Extension of the definition of a travel “package” to be abandoned. Separate or additional services selected by a customer should not be confused with a traditional service package offered by a tour organiser, such as those offered by a coach holiday provider. A traditional service package has been crafted to ensure services fit together as part of a comprehensive package and on which the tour organiser accepts liability. Furthermore, the proposed redefinition of a package will create confusion among service providers and customers alike.

\* \* \* \* \*