



# **ATOL Reform: Assessment of funding arrangements and the protection of customer money**

## **TTC response**

*August 2021*

## Introduction

Travel Trade Consultancy (TTC) supports UK travel companies with advice and guidance on a range of regulatory, financial and strategic issues.

Our team has over 100 years collective experience working with and advising on the UK and European travel regulatory framework, including more than 50 years working for the Civil Aviation Authority (CAA).

Our portfolio of travel clients is broad and diverse, covering a range of sizes, product offerings and business operating models. All of our clients will be impacted in some way by the proposals set out in this ATOL Consultation.

This response represents our own views. However in forming our views, we have held extensive discussions with our clients.

## Questions

### Segregation of Monies

#### **Do you believe that the CAA should adopt segregation of customer monies as a mainstay of the system?**

Paragraph 2.19 of the ATOL Consultation document identifies the core case for change as ATOL holders who allow customer money to be comingled with operational cash in advance of providing services.

The consultation suggests segregating customer money and goes on to propose three broad methods by which customer cash can be segregated: trust, escrow and client account.

We draw a clear distinction between the practice of using customer cash to pay for business operating costs, and the practice of using a customer's cash to pay for that same customer's holiday suppliers.

We believe that ATOL holders should be encouraged and incentivised to hold customer monies separately from their own company cash, in a separate account for the period while they are custodians and to use that money to pay the suppliers that the customer monies relate to.

However the CAA's historic approach to trust and escrow accounts requires a substantial portion of customer monies to be held in an independently managed account where it cannot be touched until the customer's holiday has been delivered, not even to pay the suppliers providing that holiday.

We do not support the mandatory use of formalised trust and escrow accounts as a mainstay of the ATOL scheme. Instead we believe trust and escrow accounts should be offered as options available to ATOL holders, alongside a range of other tried and tested consumer protection solutions. We provide the following justifications for our position:

- We do not believe the CAA has made a robust case for the mandatory segregation of funds into trust or escrow. Paragraph 2.23 of the ATOL Consultation document confirms that the practice of commingling funds “has not led to large numbers of ATOL holder failures” but “may have factored into the failure of two of the largest ATOL holders”. In our view, the parlous state of the Air Travel Trust’s finances has been caused by the failures of Thomas Cook Group in 2019 and Monarch Group in 2017. These were two large, complex, integrated, multi-national travel groups containing underperforming airlines. Their failures were due to a wide range of complex factors. We do not believe their failures justify the wholesale and expensive changes to the long tail of more than 1,500 smaller ATOL holders.
- The ATOL scheme is governed by the Air Travel Organisers’ Licensing Regulations 2012 (amended), which draw heavily from the Package Travel and Linked Travel Arrangements 2018 (PTRs). The current PTRs were introduced in 2018 following a lengthy and comprehensive UK and European consultation process. The PTRs offer three broad methods for travel companies to meet their consumer protection responsibilities, namely bonding with an approved body, arranging insurance or holding funds in a trust account. We believe the choice that was envisaged when implementing the PTRs should be made available to ATOL holders.
- Up until the failure of the Thomas Cook Group in September 2019, the CAA itself acknowledged a number of challenges and limitations of trust accounts, deeming them unsuitable for a number of our clients due to their particular business model. We believe the CAA’s current enthusiasm for segregating client monies as the default is being driven by a dearth of bonding and insurance capacity following the Thomas Cook Group failure and the ongoing Covid-19 pandemic. We do not believe permanent changes to the ATOL framework should be made on the basis of these temporary conditions.
- Mandatory segregation of customer monies into trust or escrow would have material consequences for the whole travel industry supply chain beyond the regulated ATOL holders. Third party travel agents, suppliers of holiday components, bond obligors and merchant acquirers will all be affected. The second and third order consequences of the proposed changes should be considered carefully. For example, mandatory use of trust or escrow would presumably close down the ATOL

insurance bonding market. The reduced demand for insurance bonding would likely result in a further reduction to insurance supply, as more insurers would exit the travel sector entirely. This would lead to a reduction in capacity for other forms of travel insurance, such as supplier failure insurance which is vital to the proper operation of an ATOL trust account and also potentially to ABTA bonding, Financial Failure Insurance, and other important travel sector insurances.

- Segregating monies in an approved trust or escrow account incurs significant additional regulatory costs (implementation and legal) and cash flow restrictions on businesses at a time when their profitability, liquidity and solvency has already been severely weakened by the impact of Covid-19. We believe that implementing these proposals at this time will not fulfil the ATOL Consultation's objective of strengthening ATOL holders' financial positions. It could very well do the opposite.
- Finally, we believe that trust accounts are most effective when they are combined with a "fulfilment partner" solution, so that when a travel company fails, a fulfilment partner will facilitate the payment of suppliers and customers are still able to take the holiday they paid for, meaning no claim on the Air Travel Trust or chargeback claim to a card acquirer. However fulfilment is not always possible or suitable due to a variety of factors determined by the specifics and complexities of the tour operator in question. For those operators where there is no realistic possibility that fulfilment could work, in the event of a failure, the CAA would simply collect the balance of the trust/ escrow funds, and refund customers in the usual way. In these instances, the trust account is nothing more than an expensive, overly complex, cash backed bond.

### **Do you have a preference as to what method that should take, and why?**

The ATOL Consultation sets out three methods of segregating funds: trust, escrow and client account. We believe a case can be made for all three mechanisms in certain circumstances.

We recognise that only trust and escrow arrangements, which are governed by a formal trust deed, and overseen by approved independent trustees, would provide robust, reliable financial protection to the Air Travel Trust (ATT) in the event of a failure. However trust and escrow accounts are unsuitable for many types of tour operator.

We believe that client accounts would offer a less expensive, less restrictive method for ATOL holders to separate customer cash from their own, making client money and risk exposure easier to monitor, and driving responsible habits amongst the tour operator sector. They could be adopted by smaller and lower risk operators and could be combined with some other form of protection such as a bond, depending on the risk profile of the company in question.

## What impact would segregation of funds have on your business?

Segregating customer funds in a formalised trust or escrow arrangement is expensive:

- The CAA's standard trust and escrow legal deed is 50 pages long. Companies must incur legal fees, which can be up to £10k when entering these arrangements.
- An independent trustee must be appointed to oversee the trust or escrow account. Trustee fees for ATOL trust accounts vary according to the size of a company and the precise details of the trust arrangements but would usually add tens of thousands of pounds to a company's annual cost of compliance.
- Running a trust arrangement is operationally complex and may require the recruitment of additional staff.

Segregating customer funds under the CAA's trust or escrow proposals has a material, negative impact on cash flow and working capital. The impact will fall disproportionately on the following:

- Smaller operators generally have insufficient negotiating power to be able to re-negotiate commercial terms with airlines and other suppliers. They will therefore need to fully absorb the impact of the trust account and fund any supplier payments which must be made in advance of travel.
- Operators with longer booking cycles such as the cruise and specialist sector will be disproportionately impacted as they will be required to fund the working capital deficit for a longer period.

We anticipate most ATOL holders would have to raise additional funds in order to cover the working capital impact of moving to segregated arrangement. We believe this will be a major challenge for the short to medium term due to the following reasons:

- Raising equity is currently very difficult for travel companies due to the depression in travel company valuations, and the lack of investor risk appetite. Operators may have to give away a large amount of equity/control to raise a meaningful amount of funding.
- The CAA places severe limitations on ATOL holders wishing to raise debt, requiring lenders to submit to security restrictions, ringfences, standstill agreements and a range of other measures that reduce the attractiveness to lenders and their credit committees.

- Those ATOL holders that have been able to raise debt through the government backed loans schemes (such as CBILS and CLBILS) are unlikely to have the capacity for further borrowing.
- New entrants to the regulated travel sector will need to raise a much higher level of start-up funding to offset the delay in receiving their margin. We believe this could ultimately reduce the investment attractiveness of our sector, consequently reducing customer choice and financial protection.

The option described as “total segregation” (i.e. where 100% of customer funds were held in a trust account until the customer had returned) would be totally unworkable for most commercially run travel companies.

### **If the CAA chose partial segregation, what do you think the mandatory minimum which should be segregated until the customer returns should be?**

The key concern of tour operators when segregating customer monies is the restriction on paying suppliers and consequently the cash flow requirements to fund these payments in advance. The amounts due to suppliers in advance, and the payment terms vary. However payments to airlines and cruise lines are the most common issues and as a minimum, operators would need to be able to pay these suppliers. In our experience, on average the flight price will equate to approximately 30%-40% of the price, though in practice there are wide variations between holiday types and cruise suppliers would be significantly higher. From an accounting and reporting point of view, we believe permitting trust releases by supplier type (e.g. airline payments) is more straightforward than permitting a set percentage.

### **In respect of partial segregation, should some supplier payments be considered as permitted payments? What do you think should be included within the definition of a supplier payment?**

As set out previously, we believe ATOL holders should be encouraged or incentivised to implement a simplified client account structure. The primary purpose would be to avoid comingling client monies with operating cash. Under such a structure, all supplier payments would be permitted.

For more formal trust or escrow structures, the key issue for tour operators is usually payment of airlines, though ATOL holders arranging tailor-made cruise packages will usually be required to pay cruise balance well in advance of departure. In our experience it is normally possible for operators to delay payment of accommodation and other ground suppliers until post departure.

We believe in the broad principle that supplier payments may be released from trust when there is a secondary form of financial protection in place (such as supplier failure insurance

or a corporate card chargeback mechanism). This approach could equally apply to airline and cruise payments, though we reiterate our point that trust accounts are only appropriate where there is a realistic prospect of holidays being fulfilled in the event of an ATOL holder failure.

If the CAA was to proceed with proposals that require agents to pay the gross customer booking value into trust immediately on booking (which we fundamentally disagree with as previously set out in this response), we believe it would be necessary to classify agent commission as a permitted payment that could be released at an agreed point prior to the customer's departure.

**In respect of agents that take ATOL holders' bookings, should the ATOL holder's monies be immediately passed on to the principal or is there a case for the agents keeping the money in a form of segregation?**

We believe the proposals in respect of agents need much more careful consideration. The current proposals (to force segregation or immediate payment to operators) would be ruinous for many small agents and would likely destroy the current agency model. Whilst we acknowledge that some agents have acted inappropriately by collecting customer money in advance of their contractual entitlement, we believe the CAA's proposals are disproportionate to those risks, and would penalise thousands of small, independent, and correctly run businesses.

There are several other major issues which we do not believe have been considered:

- It is unclear who would regulate the agents. We presume the obligation would fall on the ATOL holders themselves, adding further cost and risk to the sector.
- ABTA does not currently accept trust accounts as a means of protecting pipeline funds. Hundreds of ABTA members would be forced to double protect funds using both a retail bond and a trust.
- The CAA already has a legal mechanism of recovering pipeline funds in the form of the statutory ATOL agency agreements.
- Travel industry standard practice is that agents pay funds over to the operators net of their sales commission. The proposal to force agents to pay gross funds to operators immediately upon collection and then claim commissions back at departure would add substantial operational cost and complexity. Both the agent and the operator would need to deploy additional accounting resources to reconcile and settle commissions and monitor credit control.
- Industry standard IT and payment systems (such as the ABTA SPS and Advantage CAPS schemes) would need to be entirely redesigned.

## Do you have any other comments about the segregation of monies?

The consultation states that one of the reasons for the proposals is to improve the customer experience when entitled to a refund from a tour operator, citing the experience of consumers during Covid-19. We believe this is misguided for several reasons:

- The last 18 months have presented many challenges to the travel industry. Refunds were requested on an unprecedented scale. Companies with trust accounts faced many of the same challenges as those without.
- In many cases, delays in refunding consumers were exacerbated by delays in receiving refunds from airlines. If the CAA is intent on closing this risk, it must do so by tighter control of airline practices. Tour operators should not be forced to underwrite this risk. Consequently, we would urge the CAA to consider airlines as part of any regulatory reform to avoid widening the gap between airlines and tour operators even further and placing all insolvency risk on the operator.

## Mandatory bonds

### Should the CAA mandate the use of bonds? Please explain your response.

Many insurers exited the ATOL bond market in 2007 when the CAA reformed the ATOL scheme. Since this time, the CAA only asks for bonds from new or high-risk companies, reducing the overall attractiveness. Prior to September 2019, unsecured insurance bonds were available from a limited number of bond providers.

However, unsecured bond capacity has been further reduced by the failure of Thomas Cook Group and the Covid-19 pandemic. The availability is now severely limited. In our recent experience, the few remaining insurers require cash collateral in the majority of cases and have reduced their appetite for secured bonding. This is completely unsustainable for most operators and will start to become more challenging as bookings increase over the coming months.

Whilst a return to an ATOL structure built on mandatory bonds may reinvigorate the bond market, this is by no means guaranteed in the current climate. By way of example, we see similar capacity issues in other European countries, where the protection scheme is backed predominantly by the insurance market.

We do not see a recovery of the ATOL insurance market without intervention from the CAA to work with the insurance community and rebuild trust.



In any event, there are many companies that use other methods of financial protection including Trust Accounts and have invested time and money into setting up suitable alternative arrangements.

We believe the CAA should allow choice and flexibility in line with the methods which are laid out in the Package Travel and Linked Travel Arrangements Regulations.

### **What impact would mandatory bonding have on your business?**

We believe mandatory bonding could only be a more variable and sustainable option if more insurance capacity was introduced to the market, and unsecured insurance terms were widely available. Without this, we believe bonding is not a sustainable solution.

### **At what level should the CAA set a mandatory minimum bond?**

The level of bonding should be dependent on the risk profile of a business and the theoretical exposure of the Air Travel Trust.

We believe the bond should be set at a level that would cover the cost of the average failure, taking into account analysis of historical cost and seasonality pattern of previous failures.

Any shortfall in failure costs should be met by the Air Travel Trust Fund (ATTF), which should continue to be funded through ATOL Protection Contribution (APC) payments. We understand a temporary increase to the APC may be necessary to replenish the ATTF to an acceptable level.

### **Do you have any other comments on the mandatory use of bonding?**

Given the ongoing impact of Covid-19 on the travel industry, it is extremely difficult to predict when the insurance market may recover to meet any bonding demand. We would urge the CAA to delay any new recommendations until the travel industry has had time to recover so that an accurate assessment of the impact can be determined. At that stage, the CAA should engage with the bond providers to obtain clear direction on the potential capacity for bonds.

### **Tailored approach**

### **Should the CAA allow ATOL holders to choose between segregation of monies and bonds or a mix of the two?**

Yes. We believe the ATOL Scheme should continue to offer a choice to ATOL holders in the way they meet their consumer protection obligations. The CAA should continue its role in

ensuring the various approaches are broadly equivalent when the risk profile of each business is taken into account.

Mandating a single approach for ATOL will remove that choice and may force businesses to adopt that approach for non-licensable components as well.

### **Should different levels of APC be used to reflect the residual risk not covered by the measures ATOL holders had put in place?**

This approach may encourage ATOL holders to adopt more secure levels of protection but should only be adopted if there is full transparency on the method of protection required to achieve lower levels of APC and that these methods of protection are achievable to all.

### **What impact would the setting of a minimum level of security have on your business?**

In setting a minimum level of security, the CAA should take into account the level of funds to pay certain suppliers in order not to restrict cash flow to a debilitating level. The CAA has discussed levels of 70% to 80% but for many this would not allow flights to be paid in full and consequently may deter operators from selling flight-inclusive packages. We are aware of a number of operators choosing to do this already and consequently consumers are becoming unprotected.

### **Would it be appropriate for the CAA to adopt different approaches depending on the size of the ATOL holder?**

Yes, we believe this is appropriate. The principles of Better Regulation (under which the CAA is obliged to operate) state that regulations should be targeted and proportionate. There are currently more than 1,500 ATOL holders regulated by the CAA. The largest ATOL holder is licensed to carry more than 5 million passengers whilst the smallest carry fewer than 500 passengers. The failures of large, complex groups such as Thomas Cook and Monarch Group present an entirely different set of risks, costs and challenges compared to the failure of much smaller operators and the regulatory framework should reflect that.

### **Are there any other considerations the CAA should take account of in determining a tailored approach?**

No further comments.

## **Questions about Sections A and B**

### **To what extent might the different options of segregating customer money and/or mandatory bonding assist ATOL holders in negotiating better terms and conditions with merchant acquirers or other financial stakeholders?**

When a travel company fails, there are a range of stakeholders who are exposed and there are many interdependencies between them.

In theory, a more robust ATOL protection scheme should reduce the exposure of other stakeholders such as merchant acquirers. In practice we do not always see this. A number of our clients operate ATOL trust accounts, yet have been subjected to security demands, price increases and additional oversight from their merchant acquirers.

**Do you have any other comments regarding merchant acquirers or other financial stakeholders that would be relevant for the CAA to consider as part of the new framework?**

The introduction of the Payment Services Directive legislation in 2018 meant companies were prohibited from charging customers additional fees to pay by credit card. As a result, the proportion of bookings which were paid by credit card increased. We estimate 60%-80% of all ATOL holder bookings are paid by credit card.

In addition, we note the CAA's Pack Peace of Mind campaign actively encourages consumers to book ATOL holidays using their credit cards to benefit from additional protection under Section 75 of the Consumer Credit Act. Similar messages are pushed by other consumer bodies such as Which and Money Saving Expert.

In our experience of working through a number of ATOL holder failure scenarios, the CAA continues to refer consumers who paid with a credit card to make claims to their card issuers in the first instance. A similar approach is taken by other protection bodies.

The cumulative effect is that merchant acquirers are more exposed than ever before. The ATT currently has an agreement in place with a number of merchant acquirers designed to apportion the cost of failure between the ATT and the merchant acquirer and provide clarity and ultimately drive improved pricing and reduced security. However, in practice we see little evidence of this working. Many of the signatories to this agreement are routinely seeking full security through deferred settlement and other similar mechanisms. The trend to increasingly deferred settlement creates further challenges for operators using trust accounts, as they are required to self-fund the trust account when deposits have not been received after two days of a card payment being processed.

Whatever the outcome of the consultation, we believe it is imperative that the CAA redoubles its efforts to engage with financial stakeholders and educate them on their protocols. Only when acquirers can clearly and accurately assess their exposure will they be willing to improve their terms and conditions. A failure to do this will result in ATOL holders continuing to be penalised through duplicated protection.

APC

## Which model should the CAA implement to determine the value of the APC, and why? Should the CAA consider any other factors in the methodology to determine APC?

We do not agree that the current ATOL structure fails to price in risk. The level of ATOL Protection Contribution (APC) is only one aspect of the cost of holding an ATOL. ATOL holders who are deemed higher risk by virtue of their size, capital structure or financial resources are routinely subjected to enhanced measures by the CAA. Many ATOL holders are required to provide enhanced security such as bonds, escrows, trusts, fixed charge accounts. Many ATOL holders must ring fence parts of their business, provide parent guarantees, and other such legal guarantees. All such measures come at an implicit cost. This approach generally means that more risky ATOL holders pay a greater regulatory price.

Nevertheless, we see the logic behind introducing variable APC pricing. There is a historical precedent - ATOL Accredited Bodies typically pay a reduced charge by virtue of holding their member's funds in trust. Previously, ATOL holders selling on an Agent for Consumer basis were also offered a reduced APC rate.

Amongst our client base, there are evidently mixed views on the preferred approach. Unsurprisingly, the views depend on an operator's business model, capital structure and the price of their holidays:

- A risk-based APC could encourage and incentivise less risky operating practices but would significantly increase complexity. If the CAA decides to adopt a risk-based approach, we implore it to adopt a clear transparent framework. ATOL holders must be able to clearly understand how their price has been calculated, and what they must do to improve.

It would also be essential to ensure APC rates were confidential. A publicly recorded change of an ATOL holder's APC rate could signal potential issues, creating negative publicity and ultimately could accelerate an ATOL holder's failure.

- An APC based on holiday price may offer a fair approach in respect of exposure, but doesn't reflect the likelihood of failure, thereby penalising adequately capitalised, low risk, specialist tour operators.
- A fixed fee represents the most simple and cost-effective option though we accept it does not necessarily reflect the ATT's level of exposure in terms of risk or holiday value.

We note that any change to APC mechanisms would require substantial IT system changes across the industry to implement. Furthermore, if the APC varied during the licence period, this could incur system costs for the operator and its agents to adapt pricing.

### Financial markets option

#### **Should the CAA explore further the financial markets model?**

In theory, the financial markets should be suitably qualified to adopt and run a risk-based market solution. However, we note that other European territories were unable to sustain their solutions during the Thomas Cook Group failure. Covid-19 has also significantly reduced insurance capacity and appetite.

Our view is that a financial market solution should be introduced as an alternative option to other methods of protection, though we do not see it is viable as the sole option.

#### **What risks do you see in implementing such a model?**

As evidenced over the last 18 months, the insurance market can be volatile and there is always the risk of a reduction in capacity, particularly when any risk of failure increases. Historically, there has also been difficulties in obtaining cover for the largest risks.

#### **If the CAA were to implement the financial markets model, should it retain their claims and repatriation services?**

Given the CAA's experience in repatriation, both large scale and smaller, we would recommend that it retains this role for the benefit of the consumer.

We understand that the majority of claims handling is already outsourced by the CAA and given that many insurers have claims handling systems and resources in place, we do not see the need for the CAA to retain this role in-house.

### Options that the CAA has considered but does not intend to pursue further

#### **Do you have any comments on whether or not the CAA should give further consideration to restricting when ATOL holders should be permitted to take balance payments?**

We do not support this proposal as customers should be given flexibility to pay according to their budget and operators should be able to request payment according to their supplier terms.

## Transition period

### **Do you have any comments on the incentives the CAA could offer for early compliance?**

No further comments

### **Do you have any comments on the duration of the transition period and implementation of the new framework?**

The industry needs time to recover from COVID-19 given the ongoing impact on bookings. The industry's ability to generate new income continues to be severely limited

Depending on the final proposals made by the CAA, the impact in terms of costs, cash flow and administration could be material.

Building sufficient capacity in the insurance and trustee markets will take time. The implementation timetable should factor in these resource limitations.

We recommend changes be phased in over a 2 to-4-year period.

## Pipeline monies

### **Do you have any comments on how pipeline monies should be treated under the different frameworks presented above?**

No further comments.

### **Should the ATOL holder's monies be immediately passed on to the principal and remove the need for agents to hold any pipeline monies?**

The requirement to pass all monies immediately to a tour operator would require process and system changes for both the operator and agent and additional resources would be required in order to immediately process individual payments of both deposits and balances on a daily basis instead of monthly and manage the accounting process for commission payments and the potential credit control risk. The additional costs of this could be significant for the operator and the delay in commission income to the agent could be severely detrimental, particularly after the impact of the last 18 months.

The number of travel agents that have ceased trading and the impact on operators is relatively low. These proposals would penalise thousands of agents based on the outcome of one large operator/agent failure. It would be more proportionate to allow operators to set their own commercial terms with agents, based on their own risk and due diligence.

The CAA has raised a concern that the failure of agents could have a financial impact on operators but in reality, this only applies to larger agents, many of which are also likely to hold an ATOL. Consequently, a more proportionate approach could be taken, based on the level of risk, whereby they could work with larger agents to ensure consumer payments are protected.

### **If agents continue to hold pipeline monies, should agents be required to use a form of segregation?**

The majority of agents are small and consequently the cost implications of segregating monies in a meaningful way is disproportionate to the benefit and risk. It is unclear who would have the responsibility to oversee the arrangements that agents put in place.

### **Agency agreements**

### **What are your views on the proposed changes to the Schedule Agency Terms and to the ATOL Standard Terms?**

This is a sensible approach to reduce future administration for agents and operators but the note in the proposed redrafting implies that agency agreements should still be reissued within 6 months, which is not a significant change, if enforced by the CAA.

If the proposal is taken forward, given that any future changes would be immediately applicable, the CAA should ensure that any future changes to agency agreements are fully consulted on and communicated to all agents and operators so that changes in rules and terms are clear and complied with.

### **Do you envisage any practical difficulties for your business if these changes were implemented with a requirement that ATOL holders must reissue their agency agreements within 3 (or 6) months of publication of the new Schedule by the CAA?**

The administration required to reissue all agency agreements is significant at a time when agents and operators are still dealing with a large amount of disruption and potentially with less staff. If no additional wording changes are required to the agency agreement, we would suggest deferring this to when they are required. However, if additional changes are required due to the implementation of other proposals, we would recommend a transition period of at least 12 months.

**Please explain how any difficulties or obstacles might impact on the timing of implementation.**

As above, our operator and agent resources are already stretched, and it is unlikely that a 3 or 6-month implementation period would be achieved.

**APC returns**

**What are your views on the proposed changes to the submission of SBA and franchisee APC Returns?**

We agree with the changes proposed as it provides a simplified consistent approach and enables easier transition between the types of ATOL.

**What are your views on the changes to APC payment terms for these ATOL holders and for franchisors?**

We agree with the changes proposed as it enables the ATT to collect the APC in a timely manner and adopts a simplified consistent approach between Franchise, SBA and Standard ATOLs.

**Online ATOL Certificates**

**In addition to the responses submitted to consultation CAP 1631, do ATOL Holders have any other comments on the proposals to introduce online ATOL certificates?**

We agree with the proposal in principle but believe that the complexity of such a system and the need to integrate it with agents and operators' systems and to enable subsequent multiple changes, has been underestimated.