



SHAME ON GOVERNMENT MINISTERS AND HM TREASURY, SAYS AITO (www.aito.com)

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SME members of AITO (www.aito.com), the UK's specialist holiday companies, lambasted Government ministers and HM Treasury and their claim, announced by a Gov.UK press release on 19 July 2017, that *'Rip-off card charges will be consigned to history, after Ministers act to end these unfair fees for millions of people across the country'*.

Says Derek Moore, Chairman of AITO: "Such headlines are the hallmark of tabloid newspapers and not of a responsible Government. The existing system, when managed by honest independent businesses (such as AITO operators and AITO agents) is transparent, and allows consumers to choose the least-costly payment option, ie BACS, debit cards and cheques; it does not encourage customers inadvertently to pay yet more hidden fees to banks and credit card companies.

"This is not an initiative of the UK Government; it emanates from the EU in the form of a Directive from Brussels. The UK Government had no part in its inception and cannot claim any such supposed credit.

"Furthermore, the Gov.UK press release wrongly claims that all charges levied by the travel industry are a profit centre. This is both libellous and incorrect. There are few if any companies within the specialist tour operator and independent travel agency sectors that charge a fee of more than 2% to 2.5% for payment made by credit card – and such fees simply recoup the charges made by the banks for handling the transactions.

"The Gov.UK press release totally ignores the fact that it is the banking sector that imposes these charges - not the tour operators and travel agents which are being wrongly criticised. The banks impose varying charges depending on the type of card being used by the consumer. Our member tour operators and travel agents have no idea, when accepting credit card payments, exactly what they will be charged for taking consumer payments in this way.

"How on earth can the Government claim any moral high ground in respect of fairness and transparency when it totally ignores the basic facts?

As a direct result of this decision, tour operators will be forced to increase their prices across the board. This means that all consumers will be paying more for their holidays, which will add to inflationary pressures. "As we have often told Government", says Moore, "the travel industry works on wafer-thin margins. For example, the inability of modestly-sized travel agents, on fixed commission levels, to recoup the 2% to 2.5% card fee charged by the banks could see a 20% reduction in their profitability.

“The Government claims to be helping families with the cost of living but is in fact encouraging our big-business banking industry to lead their customers into debt, which will bring the banks huge monthly interest fee income. This is robbing poor-man Peter to pay fat-cat Paul, to put it mildly.”

Currently, those consumers who do not pay by credit card are able to secure a lower holiday price. Going forward, all consumers, whether paying by card or cheque, will be forced to pay a higher price. This so-called ‘rip-off’ ban is in fact detrimental to consumer choice as well as badly damaging thousands of small businesses.

Says AITO’s Moore: “If the Government really seeks to lower the cost to the consumer when paying by credit card, then it should address its concerns to the banking sector, and not to honest independent businesses such as AITO’s specialist agents and tour operators.

“In fact, it’s encouraging the Great British Public to get itself deep into debt, and is thus going against the Government’s own stated aim to prevent the misery that debt brings to hundreds of thousands of its subjects.”

It should be noted that AITO and other bodies within the travel industry have made all these points very clearly in replying to the Government’s Consultation document; unfortunately, the industry’s sage and straightforward advice has simply been ignored by those in power.

Ends

AITO, established 41 years ago, is an alliance of 120-plus independent specialist holiday companies and a similar number of independent travel agencies, all supporting a consumer-facing charter to offer their customers the best in terms of personal advice, wide-ranging holiday choice, quality service and full financial protection, allied with concern and care for the environment.

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