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Advice for Consumers: Holiday accommodation booking cancellations occurring during the official lockdown period

The outbreak of Coronavirus (COVID-19) is an unprecedented and rapidly evolving. Restrictions on non-essential travel and the mandatory closure of many business premises has prompted a number of enquiries from hotels and other accommodation providers seeking clarification as to their rights and obligations in relation to forced cancellations. We have also received a steady stream of enquiries from members of the public concerning the cancellation of holidays and as a result we are now offering this advice and guidance to anyone wondering where they stand.

In Cornwall and the Isles of Scilly, we have seen many examples of customers and businesses being flexible and working constructively to avoid the need to cancel completely, either by securing a revised booking or by making other arrangements (i.e. deposit/monies held pending the lifting of restrictions and the re-opening of bookings). These voluntary arrangements show that the majority of customers are keen to have a holiday to look forward to once the current restrictions are lifted and have in-turn helped businesses struggling with the financial impact of the current situation.

For customers who are unable to postpone to an alternative date, standard booking terms and conditions apply where holidays have to be cancelled. Some businesses may have included a specific term to cover events beyond either party's control, such as 'force majeure'. However, smaller holiday accommodation providers may not have extensive written

terms and conditions that cover such scenarios. In these extraordinary times, and as a last resort, legislation that was introduced during the Second World War may be considered.

The government's restrictions in response to COVID-19 may therefore bring into effect the rights and obligations contained within the Law Reform (Frustrated Contracts) Act 1943. Although this legislation contains a statutory entitlement to a refund for any contract that has "*become impossible of performance or been otherwise frustrated*" (e.g. as a result of the current COVID-19 restrictions), customers should be aware that a business may deduct any reasonable costs they have incurred in performing their part of the contract, up until the frustrated event. In such circumstances, it may be more financially advantageous for customers to pursue a claim under their travel insurance.

Ultimately claims under the 1943 Act would have to be enforced through the County Court. It is hoped that the majority of cases will be resolved between customers and accommodation providers alone.

Practical steps to resolving a holiday cancellation issue:

- Check any terms and conditions relating to your booking. Do they state that all monies will be refunded in situations where cancellation occurs due to 'force majeure' (i.e. major unforeseen events outside of either party's control)? If so, contact the business to request a refund and follow their processes in the first instance.
- If you have travel insurance, check the small print to see if your booking was covered; and if so, contact your insurer to register a claim.
- If your accommodation booking was over £100 and you paid some or all of the amount by credit card, you may be able claim through your

credit card company. Contact your credit card provider to register a claim.

- Finally, as a last resort, where the accommodation provider continues to refuse a refund and you have no other means of getting your money back, then you may consider issuing a claim via the county court, under the Law Reform (Frustrated Contracts) Act 1943.

Notes:

1. That under this legislation, the provider is permitted to withhold some monies for costs that they have incurred in dealing with your booking.
2. You will need to demonstrate that any alternative arrangements offered by the accommodation supplier are unworkable for the customer.

Remember, accommodation providers and holiday companies are facing significant financial pressure at this time, but they will be very keen to re-book customers to recover business later in the season (subject to the lifting of current restrictions and in line with Public Health England advice). Likewise, it may take time for the business to be in a financial position to be able to provide a refund.

If you need further advice or information about cancelling a booking due to COVID-19 please call the Citizens Advice Consumer Service on **0808 223 1133** or contact Cornwall Council Trading Standards at businesscompliance@cornwall.gov.uk.

Important note: The above advice relates to bookings made directly to accommodation providers (or via their agents) and not package holidays (where travel, accommodation and/or excursions are sold together).