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Youtravel resigns from Abta

Monday, November 09, 2009

Chris Gray

Accommodation-only specialist **Youtravel.com** has resigned from **Abta**, saying the **association's new rules** covering payments to suppliers posed an "unacceptable risk" to its business model.

Youtravel is the third bed bank to quit the association over the rules, which make bed banks and others suppliers liable for money collected by agents on their behalf in the event of a failure regardless of whether the agent has passed on the cash.

It said it could not remain in **Abta** because the association had adopted a "blanket ruling" that did not reflect the complexity of Youtravel's relationships with agents.

Group managing director **Graham Nichols** said the resignation took effect immediately.

"Our relationships with agents are varied and complex and are negotiated on an individual contractual basis. In addition agents sell in many different ways which also has a bearing on the overall commercial situation," he said.

"This ruling does not take into consideration the intricacies of the supplier-travel agent relationship or the continuing evolution within this sector which will be further informed by the imminent **Medhotels' VAT case** and the **Travel Republic court case**.

"In these circumstances we find it an unacceptable risk to our business model to accept this new blanket ruling, preferring to rely on the actual contractual, commercial and practical agreements that are in place. The Abta protection of £100,000 per year is nothing like enough to cover the risk.

"As with any business decision, things will remain under review as the shape and scope of the accommodation-only sector continues to develop."

Youtravel follows Thomas Cook-owned **Hotels4U** and **Medhotels** in leaving Abta in protest at the new rules. Cosmos-owned **somewhere2stay**, which has said it will

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stay in Abta, is now the only bed bank in the association.

Abta chief executive Mark Tanzer said: "We regret that any ABTA Member feels the need to leave the Association. However we will continue in our discussions with Youtravel and other Bedbanks"

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