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Impacts of the 2026 Package Travel Regulations Amendments

The Package Travel and Linked Travel Arrangements (Amendment) Regulations 2026 (SI 2026/455) made on 22nd April 2026 and effective from 6th April 2027 represent the most significant overhaul of the UK's package travel framework since its introduction in 2018.

Long regarded as a cornerstone of consumer protection in the UK travel sector, the regulations set out who is responsible when holidays go wrong, what information is needed before contracts are signed, and what protections must be in place if an agent becomes insolvent, something critical for insurers.

Data from 2023-2025 published by The Association of British Travel Agents (ABTA), the UK's largest travel association, indicates around 20% of UK adults (over 10 million) book package holidays annually, with overall overseas travel growing to 59% of the population in the year to August 2025. Package holidays remain the most popular holiday type among British travellers, with cost, security, and convenience aspects making them particularly appealing to families with young children, 18-24 year olds and over-65s. The 2018 Regulations have been key in underpinning the traveller confidence that has made this level of travel possible.

However, despite their importance, parts of the regulations have made it difficult for businesses to understand their obligations and for consumers to know when they were protected and when they were not. Legal practitioners have also struggled with the ambiguity of some definitions. As an example, Government data indicates that 61% of stakeholders found interpreting the definitions of Linked Travel Arrangements (LTAs),

introduced in 2018 to provide a middle tier of protection in the gap between traditional package holidays and independent bookings, "*somewhat or very difficult*".

Many have criticised this part of the regulation and view it as failing to deliver on its original promise and the recent amendments represent the Government's targeted response to these difficulties, which are underpinned by extensive consultation with industry, consumer bodies, and other key stakeholders.

The End of LTAs

Perhaps driven by the confusion highlighted above, the most prominent change in the 2026 Regulations is the complete eradication of LTAs as a regulatory category. Since the 2018 Regulations came into force, LTAs have existed as a distinct tier of protection below the full package regime and required businesses offering more flexible combinations of travel services to obtain insolvency protection and provide specific pre-contractual information to travellers. However, the protections afforded to consumers were considerably weaker than those available under a full package contract.

The central issue was that neither businesses nor consumers understood when an LTA was being created. The category had been introduced to capture travel arrangements that fell short of a conventional package holiday but still warranted some consumer protection. The evidence gathered during the Government's consultation highlighted that it was not achieving its purpose, and many consumers were unaware that their LTA protections were materially different from, and inferior to, those they would have enjoyed under a package contract. In addition, many businesses were uncertain whether and when their activities would trigger LTA obligations.

In debating the draft regulations in April 2026, the Government acknowledged that the LTA framework had caused confusion for consumers and unnecessary complexity for businesses, and its response is decisive in removing it altogether. Regulation 26 of the 2018 Regulations, which provided the insolvency protection and information requirements for LTAs, will be repealed in its entirety, along with Schedules 6 to 10, which set out the information disclosure requirements applicable to various types of LTA.

For insurers that have offered insolvency protection products specifically aligned to the LTA market, the regulatory basis for that tier of product will no longer exist. More importantly, the repeal removes a category of risk that has occupied an ill-defined place on the books of many underwriters.

The Fate of Former LTA Type A Arrangements

Although LTAs will be abolished, the arrangements they captured will not go entirely unregulated. Instead, the 2026 Regulations reclassify certain former LTAs upward, drawing them into the full package regime and, with it, the full range of consumer protections that covers.

The mechanism for this is an expansion of the definition of what constitutes a 'package' in Regulation 2(5) of the 2018 Regulations. The amendment adds a new category (c) that captures situations where travel services are provided to a traveller under separate contracts with individual service providers, provided that a single trader has facilitated the separate selection and separate payment for each of those services during a single visit to the trader's point of sale.

In practical terms, this covers what were previously known as LTA Type A arrangements, where a consumer visits a travel agent, hotel website, or booking platform and, in the course of that single interaction, selects and pays for more than one travel service from different providers. Under the old framework, this could result in an LTA rather than a package and therefore attract weaker protections. From April 2027, such arrangements will constitute packages in their own right and attract all the associated protections, including mandatory insolvency protection.

The definition of 'single visit' to a trader's point of sale will require careful explanation, and the Government has committed to publishing guidance ahead of the April 2027 commencement date. Legal professionals advising travel businesses need to monitor any guidance closely, as the scope of the new definition of a package will largely rest on how that term is interpreted.

Clarifying the Right of Redress

The 2026 Regulations also address the organiser's right of redress against third-party service providers whose failures triggered the organiser's liability to travellers, a question that has historically generated considerable litigation in the travel sector.

Regulation 29 originally provided travel organisers with a right of redress against responsible third parties such as airlines. However, its scope and operation, particularly regarding mass cancellations and non-performance during the COVID-19 pandemic, created significant levels of uncertainty. In the case *On The Beach v Ryanair* [2023] EWHC 2694 (Comm), the High Court provided important clarification in the context of air travel refund litigation arising from the pandemic, and established, in principle, a statutory right of redress to organisers.

The 2026 Regulations reform Regulation 29 with two new provisions:

- **Regulation 29A** creates a clear and time-limited right to a refund, giving a third party up to 14 days to refund to the organiser any payments made to it if it fails to perform or cancels a travel service that forms part of a package. The 14-day period begins on whichever is the earliest between the day following cancellation or the day on which the service was due to be performed, and the third party may deduct any amount already paid directly to the traveller under passenger rights legislation or relevant international conventions.

- **Regulation 29B** provides the organiser with a right of redress, including damages, from any third party that contributed to the event triggering the organiser's obligations to compensate or reduce the price for the traveller, and that right may be enforced through civil proceedings.

The separation of the refund right from the broader right of redress removes the ambiguity that plagued the application of Regulation 29. In particular, the 14-day refund obligation creates a firm timetable that should improve cash flow for organisers managing the aftermath of third-party failures and reduce the period during which those organisers are exposed to losses.

Insurers who write travel trade credit and contingency products should review whether the new refund mechanics affect their exposure windows or the conditions under which claims fall to be paid. In principle, the robust refund timetable benefits those exposed to organiser-side risk, but the deductibility of direct passenger rights payments represents a variable that should be reflected in policy wording.

Closing the Organiser Declarations Loophole

A further important amendment relates to Regulation 30, which confirms that, regardless of how a travel business describes itself, it cannot avoid its legal obligations as a package organiser simply by declaring it is acting as a travel service provider, an intermediary, or in some other capacity, or that the products in question do not constitute a package. If an arrangement meets the definition of a package, the regulatory obligations apply.

The practice of creative self-labelling to avoid regulatory obligations has been a persistent issue in some parts of the travel sector, but the amendment provides some much-needed clarity and firmly closes any opportunity for travel businesses to say the regulations do not apply.

Preparing for April 2027

The amended regulations take effect in April 2027, giving the travel, insurance, and legal sectors almost a year to prepare, which sounds like a lot, but there is much to do. Travel businesses will need to review their booking systems, customer-facing processes, and contractual arrangements to determine whether former LTA Type A activities will now constitute packages, and, if so, ensure appropriate insolvency protections are in place. Those with protection structures calibrated to the lighter regulatory burdens under the 2018 LTA regime will need to upgrade them. Insurers and their distribution partners will also need to ensure product offerings and coverage terms are fit for purpose under the revised framework.

The 2026 Regulations will reform a framework that has developed some legitimate points of failure, such as LTAs, which have been a source of confusion for both consumers and travel operators. The expansion of the package definition, the clarification of third-party refund rights, and the tightening of the rules on organiser self-labelling together make the

regulatory landscape more coherent and workable. The guidance that the Government have committed to publish in advance will help to foster engagement within the industry.

For the insurance and legal professionals who advise, underwrite, and litigate in this space, the time between now and April next year offers the chance to understand the changes, review existing arrangements, and ensure that clients and counterparties are properly prepared for the new regime.

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