

# DECISION 2011-08-08

A2-2011-10

## Travel Agency Commissioner Area 2

Helene Cedertorn  
Nybohovsbacken 34 B Stockholm  
Sweden

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### **The Matter:**

Request for Review by the IATA Agency Administrator under IATA Resolution 818g Attachment A section 1; 1.8 and 1.7

### **Review initiated by:**

The Agency Administrator  
International Air Transportation Association, IATA  
Spencer House, 23 Sheen Road, Richmond upon Thames, TW9 1BN, London, United Kingdom  
Represented by: Mr Forest, Country Manager United Kingdom & Ireland and Ms Elena Ciuperceanu, Manager Passenger Services United Kingdom & Ireland

### **Agent**

Travelworld (Ramsey) Ltd  
2 Peel Street, Ramsey  
IM8 1JH Isle of Man, United Kingdom

Represented by: Ms Patricia Shimmin

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### **Formalities etc:**

IATA suspended the IATA license of the Agent initially under Resolution 818g Attachment A section 1 para 1.8, Prejudiced collection of funds, and requested review by the Travel Agency Commissioner under these rules in an e-mail the 21<sup>st</sup> of June 2011. The basis for the decision to suspend the Agent was information provided from three airlines in addition to information obtained via BSP, indicating that the Agent used refunds to limit net to be paid via BSP. IATA attached to its request for review copies of the Agent Billing Analysis Summary May 2011, information from three airlines, a list of amounts to be paid Jan-June 2011 as well as copies of two ADMs.

The Agent responded in an e-mail the 27<sup>th</sup> of June and asked for interlocutory relief during the proceedings.

After some correspondence the undersigned decided not to grant interlocutory relief in a decision the 30<sup>th</sup> of June 2011.

IATA provided final statement an e-mail the 20nd of July 2011 and also listed conditions it wishes to apply before considering re-instatement.

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The Agent responded in e-mails the 20nd of July and 1st of August 2011.

The Agent has agreed to that an oral hearing is not necessary in this matter. The undersigned finds that a decision could be based on the written submissions, without jeopardizing the procedure, given the nature of the matter and the arguments of the parties.

### **Arguments of IATA in summary**

The agency license has been suspended in accordance with the provisions of Resolution 818g Attachment A, para 1.7.8 "Accounting Irregularities Safeguards", based on substantiated information provided by a number of carriers that, as per para 1.7.8.2. " the agent is attempting to circumvent the reporting and settlement requirements", with the result that BSP airlines' ability to collect monies for tickets sold is seriously prejudiced.

IATA asked those airlines to do a full audit of the agency sales activity and received reports, which indicate that, from the beginning of this year (or earlier) the agency started a practice of issuing high value tickets, which were subsequently reissued in exchange for an MCO, and then refunding both ticket and MCO in subsequent months, sometimes several times each of them, as illustrated by the worksheets provided by Airlines and attached herewith; through this practice, usually done in the last week of each month, the agency was in fact reducing their BSP remittance every month by substantial amounts and using the airlines affected as an illegitimate credit facility. In most cases, as it is illustrated in the attached worksheets, the tickets issued were just a vehicle for generating high value (multiple) refunds. This is a clear accounting irregularity as per paragraph 1.7.8.1 (vii) "Violation of STD exchange or refund procedures..."

One can infer that this practice was pursued for either unlawful financial gain or, more probably, because the agency was in serious financial difficulty and unable to meet its BSP monthly remittance amounts due for tickets sold legitimately. This has resulted in serious losses for BSP airlines, some of them quite high (all attached) while some other airlines have registered losses too, but have not completed yet their audit trail.

On the 18th of July 2011, the agency suspended its Direct Debit facility for BSP Settlement and offered to pay by cheque an amount of £4187.66 out of a Billing total for June 2011 of £23,146.07, less than 20% of the total billing (see attached), stating that (all) high value tickets issued in the month were no show and are due for refund. There were also 2 ADMs the agency marked as canx. both for refund malpractice, one for a flown ticket, the other for a refund of £3 150.50, against a ticket issued for £169.70. All other tickets issued in the month were for low or very low value, which confirms the assumption above that high value tickets were issued just as a vehicle for generating high value multiple refunds.

The agency management has failed so far, in spite of repeated invitations, to offer any form of explanation for this malpractice.

With a view to the above, may we therefore submit that the IATA license held by Travelworld (Ramsey) Ltd is not considered for reinstatement until the following conditions have been met in full:

1. The agency settles all outstanding amounts with all BSP airlines involved;

2. The agency submits to IATA fully audited annual accounts for the financial year ending April 2011, in order to establish the agency financial standing accurately and transparently;
3. The agency provides a financial security, calculated based on their BSP actual cash turnover (to include the unlawful refunds) to be kept in place for a year after reinstatement, so that IATA is satisfied that the agency has eliminated any malpractice and is operating in accordance with the provisions of the Resolutions governing its IATA license.

IATA has also submitted documentary evidence in support of its argumentation.

### **Arguments of the Agent in summary**

Some BA ticket numbers and their refunds have been found to be in order. Some ticket numbers appear to have been mixed up and those for refund due to non use should have read and some should be voided. One ticket number was not used and therefore it was correctly applied for refund.

This has all given the Agent a very sharp wake up call and this will be rectified and BSP administration will be given the utmost priority in the future.

### **The Review**

The undersigned finds that the IATA has provided documentary evidence of practices that indicate that IATA had good cause to suspend the Agent and initiate a TAC Review in this matter, based on the regulations as laid out in Res 818g Attachment A section 1.8. and later the rules under 1.7.8 the same Attachment. IATA has provided specific and detailed information on serious malpractices.

The Agent has not been able to counter evidence the general argumentation by IATA, though the Agent has queries on some specific items.

The purpose of this review is not to detail exactly item by item, but to ensure that IATA had cause under the resolutions to suspend the license as IATA Agent. It is my opinion that IATA had such cause on the basis of the evidence presented. The conditions for re-instatement as described by IATA seem sensible and proportionate in the circumstances.

### **Decision**

The decision by IATA to suspend the Agent stands. It is for IATA assess if the Agent may be re-instated under the stipulated conditions, or if it shall be permanently removed from the Agency List. It is not appropriate to allow this status for a too long period of time and this is why the IATA Agency Administrator is allowed to permanently remove the Agent from the Agency List after six months from the date of this decision, if the conditions are not met.

The conditions for re-instatement are;

1. the Agent shall settle all outstanding amounts with all BSP Airlines involved, or agree on an re-payment schedule that satisfies all parties;
2. the Agent shall submit to IATA fully audited annual accounts for the financial year ending April 2011, in order to establish the financial standing of the Agent accurately and transparently;

3. the Agent shall provide a financial security, calculated based on their BSP actual cash turnover (to include the unlawful refunds) to be kept in place for a year after reinstatement. (Note that financial security may also, in some circumstances, be requested under the local financial criteria for the UK and this may be a separate issue after the financial review under 2. above.)

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Decided in Stockholm 2011-08-08

Helene Cedertorn

Signed original copies of this decision will be sent by postal mail to the parties.  
Sent this date by e-mail to Mrs Shimmin, Mr Forest and Mrs Ciuperceanu.

**Note:**

**The parties may, if considered aggrieved by this decision, seek review by arbitration in accordance with the provisions of Resolution 818g, section 12.**