

DECISION 2014 – 05 – 19A
TRAVEL AGENCY COMMISSIONER – AREA 3

Jo Foged
685 Remuera Road
Remuera, Auckland 1050
New Zealand

Applicant:

Standard Travels
No 22-7-387/2,
Near City Court Purani Haveli
Hyderabad,
India 500002
Represented by Mr. Syed Mahmood Afzal, Managing Partner

Respondent:

Agency Administrator, Geneva
International Air Transport Association, IATA
Represented by Ms. Nadya Widjaja, Manager Agency Management Asia/Pacific,
IATA, Singapore.

The Case and Decision:

The Agent was terminated on 27 January 2014 for defaulting on the payment of INR 8,067 (USD 137.86). A further issue was the non-submission of a financial security by the due date. With regard to the non-submission of a financial security the Agent dispatched the registration forms together with an undated cheque for INR 630,000, the maximum claimable amount in the case of a default, to the default protection insurance provider.

In its request for review the Agent repeatedly stated that it would have settled the outstanding amount had IATA specified the reason for the billing. It had requested IATA to advise whether any further amounts were owed having settled 2 BSP billings. A request for same made on 3 October 2013 was not answered. With regard to the default protection insurance scheme issue the Agent could not understand why IATA had sent it the option letter with the instructions for inclusion if it was not eligible for participation.

IATA stated that the Agent had received 3 BSP billings for concurrent periods. The Agent had paid the first and last of the 3 but had not settled the amount which eventually led to the termination action. It was strange that the first and last billings could be paid but somehow the second period billing was overlooked.

The Agent claimed that it had no evidence of the INR 8,067 billing and repeated requests for details of its content had remained unanswered. Having paid the 2 BSP billings the Agent asked an IATA staff member to advise if there were any more outstandings and the

staff member gave a commitment to respond to that question and failed to do so. IATA confirms that circumstance to be accurate.

The Agent's financial security has been debited for INR 15,106.03 composed of the unpaid billing amount, a late remittance fee of INR 6,796.03 plus interest of INR 243.00.

Both Parties have agreed to waive their rights to an oral hearing and have allowed the writer to reach a decision based on the written information submitted as provided for in sub paragraph 2.3 of Resolution 820e. The Agent lodged its request for review within the 30 day time limit specified in sub paragraph 1.2.2.3 of the same Resolution.

This case has been protracted and the description of the circumstances leading to the termination have been edited to avoid inclusion of peripheral information. The core issue is that the Agent would not pay the INR 8,067 billing until it was informed on the cause for same. It turned out to be an ADM as was the case for the other 2 billings. The Agent admitted that it did not issue tickets as carriers were not prepared to grant it appointment in view of the minimal financial security held by it. Instead it acquired tickets from consolidators and airlines. It specialised in group tours and fare quotes for same would not be issued by carriers to non-IATA agents. Similarly visas to certain countries to which its clients wished to travel could not be acquired unless the Agent was IATA accredited. In short the lack of accreditation would see the entity going out of business.

It is of some concern to the writer that this Agent is not fulfilling the objective associated with IATA accreditation namely the sale by it of air transportation services. However, the agency model represented by this Agent appears to be accepted in this market and is of some longevity.

In the full knowledge of the looming termination action the writer cannot understand why the Agent would hold out and insist on sighting justification for such a modest amount before settling. Any prudent businessman, in my opinion, would pay the small sum involved and then seek details afterwards. While the Agent may have felt justified in wanting to know what the debt was for, one hopes that the events surrounding this case will be borne in mind for the future.

With regard to the non-submission of a financial security the confusion that seemed to have arisen cannot be regarded as a complete excuse but a sufficient degree of misunderstanding is evident to give the Agent the benefit of the doubt.

This case has tested the writer's judgment capabilities. Over a period the pendulum of who to rule in favour of has swung between the Parties. The event that swung the decision in the direction of the Agent was IATA's failure to reply to the Agent's 3 October 2013 query seeking information on any further outstandings. Apart from that omission it must be said that IATA has been generous in allowing the Agent time to perform.

The Agent's reliance on IATA accreditation in order to stay in business has also been an influence, however it is anticipated that the events involved in this case will be a salutary lesson and that there will be no repetition.

Based on the foregoing it is hereby decided as follows:

1. The Agent is to be re-instated subject to a financial security being submitted to IATA within 30 days of the date of this Decision.
2. The Agent is to pay any fees associated with this process.

Decided this 19th day of May 2014 in Auckland

Jorgen Foged
Travel Agency Commissioner Area 3

Notes:

1. As per Resolution 820e, Section 4, any Party has the right, if it considers itself aggrieved by this Decision, to seek review by Arbitration in accordance with the provisions of Resolution 824, Section 14.
2. The Parties are advised that effective from 1 June 2012, according to Subparagraph 2.10 of Resolution 820e, any of them may request an interpretation of this Decision, or for a correction of any error in computation, any clerical or typographical error, or any omission in this Decision. Such request must be made within 15 days of receipt of the electronic version of this Decision.