

**DECISION 2019 - 02 - 05**  
**TRAVEL AGENCY COMMISSIONER – AREA 3**

Jo Foged  
685 Remuera Road  
Remuera, Auckland 1050  
New Zealand

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**Applicant:**

***Kazi Travels and Tours*** (“the Agent”)  
IATA Code 423 0525  
Feni, Bangladesh.

**Respondent:**

Agency Administrator, International Air Transport Association (“IATA”)  
Singapore.

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**The Case and Decision:**

The Agent defaulted on BSP settlements amounting to BDT 23,520,039 (USD 277,603.00) and indicated a desire to enter into a repayment plan with IATA. There were some message exchanges with IATA as to the amount of deposit required which culminated in the Agent paying a 21 percent deposit. IATA sent the Agent a repayment plan allowing a one month installment in light of the expiry date of the Agent's financial security (FS). The Agent sent IATA a repayment plan involving 10 monthly installments. Meantime a number of interim payments were made.

On 27 December 2018 IATA advised the Agent that subject to it providing a FS totalling BDT 20,000,000 with expiry date 31 December 2019 it would allow the Agent a 6 month repayment plan. The Agent complied with that request same day and at that point the amount outstanding was BDT 5,020,039 (USD 59,250.00).

Based on the 1 instalment repayment plan, which had a payment date of 31 January 2019, and with a substantially smaller amount outstanding, the Agent sought an extension to 31 March 2019 for the full settlement. This request was declined by IATA, who encouraged the Agent to refer the matter to this Office.

In considering this matter it is clear that the root cause for the Agent's BSP settlement failure was the extension of credit to its customers and sub-agents who had not paid by the due dates. This is a risk taken by the Agent and is a common practice in most markets but is one fraught with uncertainty and potential financial disaster.

IATA's position with regard to the length of time that it would allow the Agent to repay the full amount is somewhat confusing inasmuch as it offered a 6 month plan subject to the Agent meeting the FS requirement yet when it came to finalising the plan a much tighter condition was imposed. The writer can only conclude that IATA's objective was to receive payment for the Airline sales as early as possible. It is fortunate that the Agent considers that it can make full payment by 31 March 2019. It should be emphasised that the Rules allow for a repayment period of up to 12 months.

It is clear that the Agent is determined to settle its debts and the fact that it has made a number of payments during the repayment plan negotiation, which has reduced the amount owed substantially, has motivated the writer to grant the Agent the extended time sought.

The Parties have complied with the terms of Resolution 820e and were placed on notice that in the writer's judgement an oral hearing was not necessary and that this decision would be based on the written information submitted.

Therefore, based on the foregoing, it is hereby decided as follows:-

1. the Agent's ticketing authority is to be reinstated subject to the following conditions:-

(a) settling all BSP billings by 31 March 2019, and

(b) paying all fees and charges associated therewith.

This Decision is effective as of today.

Decided this 5<sup>th</sup> day of February 2019 in Auckland.

The following sub paragraph of Resolution 820e is brought to the attention of the Parties:

"2.10 - within 15 days after the receipt of the decision, a party, with notice to the other parties, may request that the Commissioner gives an interpretation of the decision or correct in the decision any error in computation, any clerical or typographical error, or any error or omission of a similar nature. If the Commissioner considers that the request is justified, he shall make the interpretation or correction within 15 days of receipt of the request. The interpretation or correction shall form part of the decision."

In this particular case the 15-day time frame expires on 20 Feb. 2019.

If after having pursued this process a Party still considers itself aggrieved by this Decision the Party has the right to seek review by arbitration as detailed in Resolution 824, Section 14.

Finally, I seek your authority for this Decision to be posted on the private pages of the Travel Agency Commissioner website which can only be accessed by the 3 TACs and the 12 members of the Passenger Agency Programme Global Joint Council. In the absence of advice to the contrary by 21 Feb. 2019, I will assume that there is no objection to that action being taken.

Yours faithfully,

**Jorgen Foged**  
**Travel Agency Commissioner Area 3**