

Decision 20/2019
Travel Agency Commissioner - Area 2

Andreas Körösi
P.O. Box 5245
S-102 45 Stockholm, Sweden

Applicant: *Uniglobe Northline Travel*
IATA Code # 41-2 0986 2
Kenya

Respondent: International Air Transport Association (IATA)
Torre Europa
Paseo de la Castellana, número 95
28046 Madrid, Spain

Introductory remarks

First, I would like to remind both parties that the issue at hand is not for this Office to decide on how interest should be calculated in a repayment agreement, but if ***Uniglobe Northline Travel*** has presented a credible case for a Travel Agency Commissioner's review, with the purpose of having IATA's decision to terminate their Passenger Sales Agency Agreement ("PSAA") revoked.

This Decision is about IATA's decision to terminate the PSAA and not about "calculation of interest". Having said that, I have the following suggestions should IATA and ***Uniglobe Northline Travel*** do not reach an amicable solution regarding "Calculation of interest and Repayment plan",

Please consider:

1) To approach an institution (Bank or other credible lender) in Kenya or in Spain, and ask for "general terms of repayment of a loan". This would give guidance on how to consider interest after "repayments of the principle amount", when the interest is calculated for the coming period;

2) For ***Uniglobe Northline Travel*** to approach Member Airlines and enter into individual repayment agreements.

Alternative 2) includes the **full payment of 1% of the total debt** as per default day to be paid to IATA as administrative recovery cost. Meaning the 1% is NOT affected by instalments or potential interest rates agreed between Airline and ***Uniglobe Northline Travel***.

NOTE:

Both Parties are hereby advised that this is a summarised decision based on the findings of the case. Below considerations and the decision itself are based on the written statements submitted by both Parties, since according to my judgement, as allowed in Resolution 820e § 2.3, I do not see the need for an Oral Hearing.

BACKGROUND

Uniglobe Northline Travel had defaulted and has only been allowed 3 working days to accept and sign a repayment agreement based on calculations of interest to be paid which according to them does not have support in Resolutions. Their "objection" resulted in IATA's termination of the PSAA.

Dear Ms. Armiento and concerned IATA team,

Given the circumstance and knowing the consequences for an Agent to sign the repayment agreement without properly having accepted the terms, based on the admissions presented by both Parties, including my own calculations regarding "interest", I find that ***Uniglobe Northline Travel*** has presented enough material for this Office to allow a review.

CONSIDERATIONS

As this Office understands, the calculation of interest done by IATA and presented in the repayment agreement is done as if the principle amount would be owed to Member Airlines during the full repayment period, not considering any reduction of the principle amount owed to Member Airlines after each installment.

This does generate an unacceptably higher "cost for interest" than **the one** supported by Resolutions, which by any reasonable standard should be calculated on "debt per daily basis". Based on the calculations presented, as this Office sees it, IATA's calculations would not stand examination and be in accordance with local law how to calculate interest on "loans or debts".

DECISION

Based on the above:

- **The termination of *Uniglobe Northline Travel's* PSAA has to be revoked;**
- **The "calculation of interest" has to be resolved in a way that has support in local law.**

Consequently, **after** repayment of the debt, agreed interest and IATA's administrative recovery costs are settled, ***Uniglobe Northline Travel*** can again be accredited as an Agent.

This Decision is effective as of today.

Decided in Stockholm, on June 11, 2019

Andreas Körösi
Travel Agency Commissioner
IATA-Area 2

In accordance with Resolution 820e § 2.10 any Party may ask for an interpretation or correction of any error in computation, any clerical or typographical error, or any error or omission of a similar nature which the Party may find relevant to this decision. The time frame for these types of requests will be maximum 15 calendar days after receipt of this decision. Meaning as soon as possible and **not later than June 26th, 2019.**

Please also be advised that, unless I receive written notice from either one of you **before** the above mentioned date this decision will be published in the Travel Agency Commissioner's secure web site, provided no requests for clarification, interpretation or corrections have been granted by this Commissioner, in which case the final decision will be posted right after that.

Please note that if after having asked for and obtained clarification or correction any Party still considers aggrieved by this decision, as per Resolution 820e §4, the Party has the right to seek review by Arbitration in accordance with the provisions of Resolution 824 §14.

Please let me know if any of the Parties requires a signed hard copy of this decision and I will send one once the time for "interpretation or correction" has elapsed.