

## Ryanair, others must be probed over 'aggressive' tactics, online travel operator says

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MLex Summary: Ryanair and other low-cost airlines should be reviewed by the UK Competition and Markets Authority over "increasingly aggressive tactics" to push consumer sales direct from carriers, an online travel operator has said in a paper addressed to regulators and the UK government. On The Beach called for a market probe into the sector, and said behaviors are used to "limit choice and drive out competition." On The Beach is taking legal action in the UK against Ryanair over its practices.

*Statement follows. The paper is attached.*

### FINAL CALL FOR FAIR PLAY – ON THE BEACH & UK HOLIDAYMAKERS DEMAND REGULATORS PROTECT CONSUMER CHOICE

- Low-cost airlines (LCAs) are using increasingly aggressive tactics to remove consumer choice from the market and must be stopped - On the Beach CEO, Shaun Morton.
- 74% of consumers believe regulators aren't holding airlines accountable for their bad behaviour and 84% fear that without action, airlines will get away with even worse service and higher holiday prices in future.
- In a bid to push consumers into booking directly, some LCAs are blocking bookings from online travel agents (OTAs) and reducing seat-only sales to consumers - putting choice and access to ATOL protected package holidays at risk. Poor service, scaremongering communications and invasive verification procedures are some of the tactics harming consumers.
- 75% of consumers want the Competition and Markets Authority (CMA) to use its power to investigate airlines and today, On the Beach has issued a white paper to regulators and government calling for urgent intervention.
- On the Beach is asking the CMA for a full market review; airlines to be mandated to provide OTAs with fair access to flight information and seat-only prices; and a code of conduct for airlines and OTAs to operate and work together.

MEDIA RELEASE – Tuesday, 24 October 2023, Manchester – Without urgent regulatory action, there is a critical threat to consumer choice and access to good value, ATOL protected package holidays it is claimed in a white paper launched today.

The paper, commissioned by one of the UK's leading online retailers of beach holidays, On the Beach, contains data from 3,000 UK holidaymakers\* and outlines significant consumer support in its calls for regulators to stop the aggressive tactics being used by some low-cost airlines (LCAs) to limit choice and drive out competition from online travel agents (OTAs).

The paper, endorsed by broadcaster, columnist and consumer rights expert, Martyn James, states that nearly half (48%) of consumers feel that LCAs treat their customers badly because they know they can get away with it; 74% say regulators are not effectively holding airlines to account and 84% worry that lack of effective regulation will mean a worse service and higher holiday prices in future. Consumers say that government (58%) and MPs (55%) should be doing more to protect them.

Some of the examples of aggressive behaviours from LCAs disclosed in the paper include:

- Blocking OTA bookings: Ryanair prevents OTAs from booking seats for their customers by blocking their bookings including by rejecting their credit cards. 70% of consumers believe LCAs shouldn't hinder companies from packaging flights with hotels.
- Restricting seat availability: LCAs are strategically reducing seat-only availability for OTAs and consumers, in a bid to push direct bookings. At regional airports where LCAs can have a complete monopoly or a significant share on some routes, consumers can find they have no choice of airline or package provider.
- Excessive OTA Booking Fees: Some LCAs are imposing an additional 'API fee' on OTAs, unfairly driving up the seat

price, to the detriment of customers choosing to book via an OTA.

- Barriers to critical consumer communication: Some LCAs are making it difficult for OTAs to contact their customers with crucial information about their holiday, such as flight changes / cancellations.
- Reputational Attacks: Ryanair's campaign labels OTAs as "screenscrapers" and "internet pirates", using scare tactics to deter direct bookings with OTAs.
- Delayed Refunds: Millions in refunds for Ryanair flights booked by On the Beach remain unpaid. On the Beach had to refund customers directly for Covid cancellations and is currently suing Ryanair for over £2m.

The paper also outlines the ways in which some LCAs treat consumers who have booked with an OTA differently to those who have booked direct, for example; Ryanair's excessive and invasive identify verification procedures that don't apply to direct Ryanair customers; sending communications to OTA customers that frighten them into thinking their booking isn't real or lawful; and isolated cases of LCAs removing OTA customers from overbooked flights in favour of their own package customers.

Consumer rights expert, Martyn James says, "In almost every other sector I can think of online marketplaces are embraced – so why not travel? Buying a holiday is often the biggest purchase a household makes in a year, so consumers want to be able to shop around to find the best deal. Online travel agents enable them to do that and to lose this would be catastrophic.

"I regularly hear from consumers who are tired of low-cost airlines treating them like second class citizens. Whether it's fighting for refunds or simply not receiving the service they should be; with little, or no alternative airlines available to them, they have no choice but to keep going back to these airlines for more! The low-cost airlines' dominant behaviour is escalating, and consumers are powerless.

"The Italian Competition Authority has already announced it is investigating Ryanair for what it believes could be an abuse of dominance. UK consumers deserve to be protected too and that's precisely why the Competition and Markets Authority must step in to protect consumers choice and drive higher standards for consumers and businesses in the travel sector."

Shaun Morton, Chief Executive Officer of On the Beach says, "Millions of people book with online travel agents every year because they can access choice, value and ATOL protected package holidays – and consumers have told us these things are really important to them.

"This is under threat because low-cost airlines are taking advantage of their market power and using anti-competitive behaviours, scaremongering tactics and smear campaigns to remove consumer choice, degrade the customer experience and purposefully make life difficult for online travel agents.

"Without urgent intervention, the UK travel sector will become dominated by a very small number of airline players which should be of huge concern for everyone. My hope is that the CMA will act quickly to safeguard consumer choice because if not, competition will reduce, adherence to regulations and customer service will deteriorate further, and holiday prices will only increase."

#### Consumers crave choice and protection

Where a holiday booked with an OTA is a flight inclusive package, consumers benefit from Package Travel Regulation rights and ATOL protection, something 67% of consumers stated was "extremely important" to them when choosing who to book their holiday with. The same percentage said being able to build a package with flight seats and hotels from different providers means they can find the best value holiday and 70% believe it is unfair to be penalised for not booking their flight and the hotel with the same provider.

#### Recommendations

The white paper, titled Safeguarding consumer choice in the travel sector: Preserving fair competition, an urgent call for action has been shared with members of parliament, the government and regulators including the CAA and CMA. It makes three recommendations;

1. A full market review conducted by the CMA.
2. Airlines to be mandated to provide OTAs with access to flight information and seat-only prices on a fair, reasonable and non-discriminatory basis.
3. A Code of Conduct for airlines and OTAs to operate and work together for the benefit of consumers.

On the Beach is urging UK holidaymakers to write to their local MP to support calls for regulatory action and can do so at - <https://www.onthebeach.co.uk/safeguarding-consumer-choice-in-the-travel-sector>

**Attachment(s):**

[White paper - Safeguarding consumer choice in the travel sec...pdf](#)

**Issuing Entity(ies):** On The Beach

**Document Type(s):** Study

**Areas of Interest:** Antitrust, Sector Regulation

**Industries:** Consumer Discretionary, Consumer Staples, Industrials, Transportation

**Geographies:** Europe, Northern Europe, United Kingdom