
STATUTORY INSTRUMENTS

1992 No. 3288

**The Package Travel, Package Holidays
and Package Tours Regulations 1992**

Bonding

17.—(1) The other party to the contract shall ensure that a bond is entered into by an authorised institution under which the institution binds itself to pay to an approved body of which that other party is a member a sum calculated in accordance with paragraph (3) below in the event of the insolvency of that other party.

(2) Any bond entered into pursuant to paragraph (1) above shall not be expressed to be in force for a period exceeding eighteen months.

(3) The sum referred to in paragraph (1) above shall be such sum as may reasonably be expected to enable all monies paid over by consumers under or in contemplation of contracts for relevant packages which have not been fully performed to be repaid and shall not in any event be a sum which is less than the minimum sum calculated in accordance with paragraph (4) below.

(4) The minimum sum for the purposes of paragraph (3) above shall be a sum which represents:—

- (a) not less than 25% of all the payments which the other party to the contract estimates that he will receive under or in contemplation of contracts for relevant packages in the twelve month period from the date of entry into force of the bond referred to in paragraph (1) above; or
- (b) the maximum amount of all the payments which the other party to the contract expects to hold at any one time, in respect of contracts which have not been fully performed,

whichever sum is the smaller.

(5) Before a bond is entered into pursuant to paragraph (1) above, the other party to the contract shall inform the approved body of which he is a member of the minimum sum which he proposes for the purposes of paragraphs (3) and (4) above and it shall be the duty of the approved body to consider whether such sum is sufficient for the purpose mentioned in paragraph (3) and, if it does not consider that this is the case, it shall be the duty of the approved body so to inform the other party to the contract and to inform him of the sum which, in the opinion of the approved body, is sufficient for that purpose.

(6) Where an approved body has informed the other party to the contract of a sum pursuant to paragraph (5) above, the minimum sum for the purposes of paragraphs (3) and (4) above shall be that sum.

(7) In this regulation—

“approved body” means a body which is for the time being approved by the Secretary of State for the purposes of this regulation;

“authorised institution” means a person authorised under the law of a member State to carry on the business of entering into bonds of the kind required by this regulation.