



12 July 2018

Dear Stakeholder,

HOLIDAY SICKNESS CLAIMS - THE WAY FORWARD

I am pleased to announce that the Government has taken a significant step forward to address concerns about package holiday sickness claims. We have acted in response to reports of a substantial increase in claims. Too many are dishonest, as evidenced by a number of recent cases where prison sentences have been handed down for fraudulent claims. On 7 May 2018, we amended the Civil Procedure Rules (CPR), to fix the costs of these claims so that the costs are more proportionate and the travel industry is better equipped to defend claims. This follows my predecessor's announcement on 9 July 2017, and the Call for Evidence which followed. In addition, the Government also sought expert advice from the Civil Justice Council ('CJC') to consider how lower value personal injury claims are handled more generally: that works continues.

The Government has been concerned about the recent increase in package holiday sickness claims, and its potential implications for holidaymakers, tour operators and the UK's overall reputation with overseas hoteliers. For claims submitted before 7 May, the legal costs of people in England and Wales making compensation claims against tour operators for gastric illness suffered while on holiday abroad were not controlled. These costs, which are recoverable from a defendant tour operator if the claim is successful, can be disproportionately high. This can act as a disincentive for a tour operator to challenge unmeritorious claims (as legal costs would continue to rise).

On 16 April we laid before Parliament a statutory instrument (SI) which brought into force measures to control the costs of package holiday sickness claims. The SI amended the CPR to fix those legal costs at the same rate as those that apply to claims for similar claims for personal injuries suffered in England and Wales. A new bespoke Pre-Action Protocol ('PAP') for Resolution of Package Travel Claims has also been introduced. The PAP sets out the conduct and steps the court would expect parties to take before commencing proceedings for package holiday sickness claims. In doing so, it aims to encourage earlier exchange of information and better pre-action investigation and to facilitate early settlement without recourse to litigation. The rules, together with the new PAP, came into force on 7 May 2018 and apply to new claims after that date. The rules and PAP are available at: <https://www.justice.gov.uk/courts/procedure-rules/civil>. The SI is available at: <http://www.legislation.gov.uk/ukSI/2018/479/contents/made>.

I am grateful to the Civil Procedure Rule Committee, the CJC and others for their consideration of the issues. I thank all those who responded to the Call for Evidence: the evidence we received has helped inform the way forward.

The travel industry has a vital role to play in challenging claims without merit, and it has had some success in bringing fraudulent claimants to justice. Regulatory action is also vital and we are pleased at the progress that the Claims Management Regulator and the Solicitors Regulation Authority have made to investigate potential misconduct. The way forward is set out in more detail in the Government's response, which is below.

Yours ever,

A handwritten signature in black ink, appearing to read 'David Gauke', written in a cursive style.

RT HON DAVID GAUKE MP