
STATUTORY INSTRUMENTS

1992 No. 3288

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

Monies in trust where other party to contract is acting otherwise than in the course of business

21.—(1) The other party to the contract shall ensure that all monies paid over by a consumer under or in contemplation of a contract for a relevant package are held in the United Kingdom by a person as trustee for the consumer for the purpose of paying for the consumer's package.

(2) The costs of administering the trust mentioned in paragraph (1) shall be paid for out of the monies held in trust and the interest earned on those monies.

(3) Where there is produced to the trustee a statement signed by the other party to the contract to the effect that—

- (a) the consumer has previously paid over a sum of money specified in that statement in respect of a contract for a package and that sum is required for the purpose of paying for a component (or part of a component) of the package;
- (b) the consumer has previously paid over a sum of money specified in that statement in respect of a contract for a package and the other party to the contract has paid that sum in respect of a component (or part of a component) of the package;
- (c) the consumer requires the repayment to him of a sum of money specified in that statement which was previously paid over by the consumer in respect of a contract for a package; or
- (d) the consumer has on cancellation forfeited a sum of money specified in that statement which he had paid in respect of a contract for a package,

the trustee shall (subject to paragraph (4) below) release to the other party to the contract the sum specified in the statement.

(4) Where the trustee considers it appropriate to do so, he may require the other party to the contract to provide further information or evidence of the matters mentioned in sub-paragraph (a), (b), (c) or (d) of paragraph (3) above before he releases to that other party any sum from the monies held in trust for the consumer.

(5) Subject to paragraph (6) below, in the event of the insolvency of the other party to the contract and of contracts for packages not being fully performed (whether before or after the insolvency) the monies held in trust by the trustee pursuant to paragraph (1) of this regulation shall be applied to meet the claims of consumers who are creditors of that other party in respect of amounts paid over by them and remaining in the trust fund after deductions have been made in respect of amounts released to that other party pursuant to paragraph (3) and, if there is a surplus after those claims have been met, it shall be divided amongst those consumers pro rata.

(6) If the monies held in trust by the trustee pursuant to paragraph (1) of this regulation are insufficient to meet the claims of consumers as described in paragraph (5) above, payments to those consumers shall be made by the trustee on a pari passu basis.

(7) Any sums remaining after all the packages in respect of which the arrangements were established have been fully performed shall be dealt with as provided in the arrangements or, in default of such provision, may be paid to the other party to the contract.