

Public Hearing on Timeshare in the European Parliament

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For last 25 years timeshare in Europe has been a war zone between traders and consumers. And, until about five years ago, the traders were winning

The core problem is an industry riddled with anti-consumer practices.

That is not to say that there are not honest traders and happy timeshare owners. But it is unfortunate that we in Europe have a more than our fair share of rogues than in other parts of the world..

Timeshare in North America is booming with nearly 4 ½ million owners and increasing at greater than 10% every year.

In Europe, with a much larger population than that of the US and Canada, we have only 1 ¼ quarter million owners - a number that is reducing every year.

This differential between the fortunes of North America and the misfortunes of Europe are indicative of the adverse effect that anti-consumer practices have had on the fortunes of what is inherently an excellent product.

The three main anti-consumer practices affecting consumers are :-

- the hard sell
- the lies told by sale people
- owners being fleeced by greedy traders

The industry has achieved the un-enviable reputation for its expertise in what is commonly called the “hard sell” – an intensive, highly structured, 3 to 4 hour presentation where the consumer is taken through a series of performances to get them into a position where they would say yes to anything.

And many do.!

So, in 1994, Parliament, in order to redress the balance in favour of consumers, introduced two requirements

The first requirement was to provide a minimum 10 day cooling off period to enable purchasers to get their brains back in gear in order to decide whether or not they wanted to continue with the purchase.

But a number of Member States, even in 1994, recognised that 10 days was inadequate because of increasing length of holidays and improved this to 14 days in their national laws

Now, 13 years later, the Commission propose to make 14 days universal throughout EU at a time when consumers are taking even longer holidays. And 14 days is hardly in line with the Commission intention to make the new Directive “future proof”.

But I believe that the Consumer Commissioner, with a stroke of her pen, could replace 14 with 28 without detriment to any articles within the Directive or to any other relevant piece of European legislation.

Parliament also introduced, in 1994, a total ban on the taking of a deposit which was designed to remove financial pressure on consumers to continue with an agreement that they wanted to terminate. This ban has worked well although some traders have found ways to circumvent the existing Directive.

So it is very encouraging that the Commission proposes a tightening of the ban to block these circumventions. This is absolutely essential for the protection of consumers and has been welcomed by all the members of our Alliance.

The second main problem for consumers are the lies told to them by the sales people.

Logically a purchaser would only agree to pay 15 to 25,000 Euro after having been satisfied that they would get good value for this major expenditure. But the paperwork they receive is sparse to the point of obscurity.

The contract only says that they have “joined a club” or have bought rights “to use a week in a resort” – without any statement of the actual benefits of joining the club or using the accommodation.

It may be months or even years before the purchaser realises that many of the promised benefits don't exist. But, in the absence of the promises being in writing, they are powerless to take any action to obtain compensation.

So it is regrettable that the proposed Directive hardly improves on the existing Directive by requiring more specific definition of what information should be provided

In the absence of a re-write of the Annex's I suggest that the Commission consider the provision of "Guidance Notes" explaining exactly what information should be provided to a purchaser. This would not only help to traders to clarify what is required of them but would also give comfort to consumers so encouraging them to continue with a purchase.

The hard sell and misrepresentation practices of mainstream timeshare were quickly adopted by a new product, Holiday Clubs, which are almost indistinguishable from conventional timeshare to a consumer.

Complaints about the sales practices of holiday clubs have now overtaken complaints about timeshare sales practices although overall the majority of complaints still relate to timeshare, not holiday club, problems

So it is encouraging that the proposed Directive will provide the same protection to consumers in respect of holiday clubs as for timeshare. And the closing of the other two loopholes – trial packs and boats – is also very welcome.

The final major problem for consumers is their actual ownership of timeshare which has become the new battleground between trader and consumer

Owners are being caught in an evil trap between a rock and a hard place.

On one side – the rock - they are under severe pressure, including being taken to court, to pay annual fees which are rising two to three times faster than inflation. Timeshare fees, on average, have doubled over the last ten years at a time when inflation has only increased by 35%.

On the other side – the hard place - they are unable to get out of their ownership obligations by selling because a great many timeshares are now totally worthless. The lucky few who do make a sale get only a tiny fraction of what they originally paid.

It is therefore very disappointing that the Commission does not to include a requirement that clubs and resorts should be under the full democratic control of owners.

This omission will leave the door open for traders to continue stealing money from owners or driving them out so that the resort can be re-developed.

In conclusion - I earlier likened the timeshare industry to a war zone where the traders were winning.

But things are changing.

- There are now fewer owners than 5 years ago
- There are now fewer timeshare resorts than 5 years ago
- And many traders are struggling financially as sales become ever more difficult to make.
Effectively a self inflicted wound

All because the general public are shunning timeshare having concluded that it is often no better than a scam.

Now that the European industry is in decline it is a very great pity that the existing Directive was not reviewed 5 years ago – then there would have the possibility of recovering the fortunes of the industry.

Now the very best a new Directive can do is stop a large number of consumers being fleeced by unscrupulous rogues in Europe.