

"How can travel agencies develop a comprehensive legal strategy for crisis management that ensures compliance with legal obligations while maintaining operational resilience and customer trust?"

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Tourism Law

04.04.2025

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Introduction

An industry that is among the most sensitive to unforeseen circumstances is tourism. Travel agencies, most notably, are also directly affected by natural disasters, political upheaval, airline strikes, or a global health crisis like COVID-19. Not only do these situations create travel disruptions, but they also have legal implications involving refunds, cancellations, the rights of consumers, and the responsibilities of employees. While quick responses are a must for agencies in crisis, it takes a legal strategy, as well, to ensure that they are staying compliant, keeping their clients protected, and continuing to keep the business going.

Travel agents operate under a crystal clear set of legal guidelines. They must comply with consumer protection laws, manage contracts with suppliers, protect employees, and deal with customer data responsibly even in a crisis. Legal obligations like these do not go away just because things are in doubt. If anything, a crisis makes those more challenging to manage. Getting it wrong can lead to lawsuits, penalties, or loss of customer trust.

This report discusses how travel agencies can prepare and implement a legal strategy that enables them to respond to crises effectively. The aim is to address the question:

"What does a complete legal strategy for creating a travel agency crisis plan look like that focuses on legal implications of actions but does not lose sight of operational resiliency and customer trust?"

The report will first explain how a travel agency usually operates and the key areas of law that it interacts with as a background to explore this. It will then examine key legal duties in a crisis, best preparation and risk management practices, and a legally sound approach to communicating with customers and partners. Using real examples and case studies, you will learn what works and what doesn't. The report concludes with practical guidance on developing effective legal crisis strategies tailored to the tourism industry.

Business Model and Legal Exposure of Travel Agencies

Travel agencies serve as a link between the traveler and the service provider. They may offer different tours for which they contact the airline, the hotel, the tour operator, and insurance companies. Although some agencies still work through physical offices, many have begun to move toward digital platforms where users can easily book packages online. No matter the delivery model, the core function is the same: the connection between consumers and other tourism services and providers, often generating revenue from commissions, markups, and service fees (Xiang, Magnini, & Fesenmaier, 2015).

The travel agency business model contains a well-defined rights structure for different stakeholders that come into play. Examples are clients, third-party suppliers, internal staff, insurance providers, and regulators. Agencies contract with service providers, and when they create travel packages, they may be legally recognized as the “organizer” by the EU Package Travel Directive (Directive (EU) 2015/2302). This classification adds liability, so the agency must deal with non-performance, refunds, and customer protection if something goes wrong.

Before a trip, legal obligations involve accurately promoting a trip, clearly outlining terms and conditions, providing appropriate disclosures, and fairly managing customers’ payments. If publication houses and other agencies face issues in terms of delivery as a result of inadequate briefing during the trip, they may be liable to a penalty of sorts. Customers may significantly complain or seek compensation after the trip if their experience differs from what was promised. These legal exposures exist in the traditional and online travel agency models (Buhalis & Law, 2008).

Data privacy is another essential area. Laws like the General Data Protection Regulation (GDPR) impose strict requirements on online agencies that collect personal information and require examples like transparent consent processes, secure data storage, and disclosure procedures in the case of a data breach (European Union, 2016). Non-compliance can result in huge fines and affect your reputation.

These legal exposures became all the more evident during the COVID-19 crisis. The agencies became stuck between customers demanding refunds and suppliers refusing to pay. Most had no legal terms in their contracts to handle these disputes smoothly. This led some to litigation and others to lose customer trust when delaying or denying refunds (Gössling, Scott, & Hall, 2020). This is another example of how vulnerable travel agencies are during crises when legal protections are scant, ambiguous, or nonexistent.

Moreover, knowing the travel agency business model is the key to understanding where legal risk exists. Any legal strategy for crisis management must address contractual, consumer-oriented, regulatory, and operational risks. This section provides a foundation for the following legal analysis, rooted in the primary research question explored in this document: whether travel

agencies can craft a legal strategy focusing on compliance, resilience, and customer trust in times of crisis and how that strategy can be executed.

Legal Obligations of Travel Agencies During Crises

Traveling agencies operate in a tangle of legalities that become incredibly sticky in times of crisis. Travel transactions usually take place between travelers and tourism business entities. However, they also have legal obligations of great importance. These responsibilities expand when pandemics, natural disasters or geopolitical conflicts make travel untenable. In such circumstances, travel businesses must take steps promptly and transparently to comply with some legal obligations protecting consumers and the business.

Contract law is arguably the most relevant law in a crisis. Travel agencies are bound by contracts with customers and third-party providers including airlines, accommodation providers, and local operators. Crises like this can disrupt service availability, leading to mass cancellations and complicated legal questions about who owes what and to whom. For instance, the doctrine of force majeure lets parties off the hook when it comes to fulfilling contractual obligations if extraordinary events unfold but is only enforceable if it is expressly stated in the contract. As many travel agencies learned during COVID-19, fuzzy or absent clauses expose them to refund requests that they cannot legitimately deny (Holloway, Humphreys, & Davidson, 2020). Your contract should include what qualifies as a crisis, how refunds or credits will work, and what responsibilities fall to the agency.

In the EU, these obligations are reinforced by the Package Travel Directive (EU) 2015/2302. Also under this law, travel agencies that package two or more services (say, a flight and hotel) are "organizers," and must offer a full refund within 14 days if a trip is canceled due to "unavoidable and extraordinary circumstances." This is a strict consumer-facing obligation in law. Moreover, even if a hotel or airline does not wish to reimburse an agency, the agency is legally required to pass those funds back to a consumer (European Commission, 2020). The COVID-19 pandemic showed just how damaging this can be for agencies without good contractual protection — or reserves — in place. Interestingly, a large majority of European tourism enterprises were engaged in what came to be known as refund war-related legal disputes during COVID (Gössling, Scott, & Hall, 2020).

The other one is consumer protection law. Agencies must provide accurate, timely updates about cancellations, delays, or changes. EU Unfair Commercial Practices Directive prohibits customers from being misled or a consumer right to goods or services from being concealed. Some agencies were even sued during the pandemic, for example after announcing that they were providing refunds "subject to airline policy," even though they were obligated for those refunds themselves (Niewiadomski, 2020). This dissonance between what was legally required and what was being said had highly negative effects on consumer trust and led to significant opportunities for lawsuits and regulatory action.

This is relevant to consider for consumer rights and employment law, given that many agencies have laid off or terminated employees in reaction to business loss from the crisis. In the UK, for instance, there is specific legislation regarding redundancies, health, and safety in the Employment Rights Act 1996. If a travel agency makes staff redundancies without consulting with employees or providing adequate notice, it may place itself at risk of claims for wrongful dismissal (UK Government, 2019). An equipped agency will have already established a crisis protocol that also includes legally compliant redundancy plans and workplace security plans.

Another important need relates to data protection, particularly with mass communication with customers when it is needed. Agencies may have to communicate immediate updates during a crisis, collect sensitive information for refunds, or integrate with third-party booking systems. It all falls under the General Data Protection Regulation (GDPR), which requires that personal data is secured, the consent to communications is valid, and there is clarity around how data is used. In 2021, the Information Commissioner's Office (ICO) fined a UK travel company for using data it had collected due to all the COVID-related disruption. (The agency had been using the data for marketing without proper consent, violating GDPR rules (Information Commissioner's Office, 2021)).

So, why specifically travel agencies? The one piece of the puzzle, unlike an airline or a hotel, occupies a kind of equity position at the center of the supply chain and customer interface. They are legally responsible for the package but financially depend on suppliers to produce it. Moreover, when a supplier fails or refuses a refund, as happened following Thomas Cook's insolvency or some shelter-in-place shutdowns related to COVID, agencies are faced with legal

liability and not always enough cash to settle those claims. Their unique role makes their legal liability more significant during crises than other tourism players.

Travel agencies have important, widespread, and inter-connected legal obligations during crises. They include contracts, consumer law, employment rights, and data privacy. Missing the mark in these can expose agencies to reputational and legal risk. To answer the research question, how can travel agencies develop a holistic legal approach for crisis management that will fulfill their legal obligations and ensure the continuity of operations and maintenance of customer trust? Agencies must be trained and ready to fulfill these responsibilities before a crisis emerges. Firm contracts, clear refunds, staff protection systems, and a communication network that respects legalistic boundaries are not eatable sides; they are the legal backbone of a crisis-prepared travel business.

Crisis Preparedness and Risk Management

With a business on the line, being crisis prepared is important for travel agencies that want to safeguard their business, stay compliant with the law, and retain customer trust whenever crisis strikes. Instead of responding to a crisis after it occurs, successful agencies take a proactive approach to anticipate risks, prepare effectively, and embed legal and operational safeguards throughout their systems. This section describes how agencies can build a robust preparedness framework that underpins and informs the legal strategy outlined previously.

The first thing they do is risk assessment. This means recognizing both internal and external sources of threats to operations, such as pandemics, cyberattacks, political destabilization, or supplier insolvency. The likelihood that a risk will happen and the impact that it will have should be rated for each risk. This structured risk matrix helps guide which scenarios agencies should plan for. There was also a difference in the legal preparedness of agencies that had identified “mass cancellations” as a possible scenario before COVID-19 due to transparent refund policies and flexible supplier contracts (Gossling, Scott, & Hall, 2020).

Agencies must create a crisis management plan based on this assessment. This document includes recommendations for actions that may need to be taken, depending on the type of crisis. For instance, it might include procedures for dealing with cancellations, adjusting customer

communications, reassigning staff, and alerting partners. Importantly, this plan should include legal aspects such as checking contract clauses, determining when force majeure is triggered, and reviewing time frames for refunds to comply with consumer law. As further noted by the UNWTO (2020), agencies that already adopted these measures prior to the COVID-19 pandemic had fewer conflicts to deal with in legal terms and better customer loyalty.

Another key component of preparedness is training staff. It is not just management that needs to understand legal compliance; all employees, especially in customer-facing roles, should be aware of the agency's policies regarding refunds, data handling, and communication. Staff members consistently respond to these crises when trained regularly and know what is and is not permissible as defined by policy. For example, some agencies received lawsuits during the pandemic not for bad policies but because incorrectly trained staff provided inaccurate information about refund rights (Niewiadomski, 2020). Staff must also be trained on emergent tools, such as communication templates, legal checklists, and secure data-sharing platforms.

Crisis preparation also includes reviewing and updating contracts and legal documents regularly. Contracts with suppliers should include apparent cancellation and refund terms that match the agency's legal obligations to consumers. Under the Package Travel Directive, for example, if a supplier is preventing a refund because of a crisis, the agency can be left having to cover the full refund. Agencies can avoid this scenario by inserting back-to-back clauses in contracts to make suppliers legally accountable for their part of the service (European Commission, 2020). Other important legal documents, such as customer terms and conditions, also require review for clarity, legal enforceability, and transparency.

Insurance is a further layer of protection. Crisis insurance and liability coverage may absorb some financial risks that legal obligations create during a crisis. Professional indemnity insurance, for example, might cover legal fees or compensation claims from unhappy clients. However, agencies should read the fine print carefully. Some COVID-era policies excluded pandemics from coverage altogether, meaning agencies were left alone. The UK Government's earlier insolvency reviews also recommend that agencies maintain coverage, including business interruption, cyber risks, and natural disasters (UK Government, 2019).

Communication preparation is also essential, alongside legal and operational planning. Travel agencies should draft pre-approved crisis emails, social media updates, and refund notices. These templates must be legally compliant (i.e., they should not make promises of refunds that are not legally required) and in line with GDPR rules. Without clear lines of communication, legal issues will snowball, and customer trust will erode. Agencies that prepared these systems could respond more quickly and clearly when interacting with customers during COVID disruptions (Information Commissioner's Office, 2021).

Thirdly, travel agencies should assess their readiness by simulating crises or running scenario-based exercises. These can assist in detecting vulnerabilities in legal protocols, communication flow, and staff preparedness. Testing also builds relationships with suppliers, legal advisors, and insurers, who all play a role when responding to a legal crisis. According to Gossling, Scott, and Hall (2020), agencies that did mock crisis drills prior to 2020 were much better positioned to navigate COVID-19 disruptions without violating legal standards.

To specifically provide input for the research question, how can travel agencies create an all-encompassing legal strategy to manage the crisis while meeting their legal obligations and maintaining operational resilience and customer trust? This part illustrates that readiness is the operational side of legal resilience. Organizations that proactively prepare legally before a crisis cannot only remain compliant when a crisis occurs but also foster customer confidence and ultimately lower long-term risk. A future-proof legal strategy in tourism consists of risk assessments, solid contracts, articulate refund plans, staff training, and insurance.

Legal Considerations in Crisis Communication

Even in a crisis, communication can either safeguard or imperil the business's legal and reputational well-being. For travel agencies, communicating with customers, suppliers, and regulators has a direct impact not only on their compliance with legal duties but also on their public perception and customer trust. When uncertainty hits, customers look for honesty, updates, and consistency. Meanwhile, travel agencies are subjected to specific communication norms depending on contract terms, data legislation, or consumer protection.

The most significant body of law most applicable to communication is the General Data Protection Regulation (GDPR). It kicks in when agencies send cancellation emails, policy changes, or updates about safety and procedures. Building trust is, in part, ensuring that agencies communicate through secure platforms and that consent (particularly in cases of mass communication) is acquired (European Union, 2016). Sending a marketing email masquerading as a notice about an emergency is a no-no. In one case from 2021, a travel agency received legal action from the UK's Information Commissioner's Office (ICO) for using lists of customers waiting for a refund to send them marketing email communications (Information Commissioner's Office, 2021). Crisis communication also heavily involves consumer law. However, agencies cannot provide false information or omit key facts that affect a customer's decision under the Unfair Commercial Practices Directive. During the pandemic, some agencies said that refunds were "subject to airline policy," although under the law, they were entitled to process these refunds directly under the Package Travel Directive. These false claims resulted in legal complaints and reputational harm (Niewiadomski, 2020). Manage communications timely and consistently. If travel agencies take too long to issue updates, send conflicting information, or fail to respond in writing, they could fall afoul of negligence and regulatory timelines. Under the Package Travel Directive, consumers are entitled to written notice of cancellation and their rights within a reasonable period. European Commission (2020): Communication of clear, written, and timely information contributes to the mitigation of legal conflicts in the event of disruptions to travel. Travel agencies can protect themselves by creating pre-approved communication templates, including refund notifications, trip cancellations, policy changes, and data disclosures. An attorney should be consulted to ensure compliance with GDPR and consumer protection laws. This enables agencies to issue rapid responses without misstatements that could lead to legal repercussions. Transparency fosters customer trust and can mitigate legal risk. Doing so will lead to customers who, instead of communicating bad news such as delays, refund timelines, or lack of support, and retaining customer loyalty and comprehension, will be able to provide this from the beginning (UNWTO, 2020). In contrast, those who didn't reach out or who were vague had a higher number of complaints filed.

This section shows that communication is not a soft skill; it is a function that is sensitive to legal issues and requires deliberate care. For travel agencies, effective communication helps avoid a

lawsuit, prevents a customer complaints avalanche, and preserves business relationships—elements all aid a company's compliance and operational resiliency gains during a crisis.

Case Studies and Examples

Crises have shown how unprepared certain travel principles are when the law seeks an obligation. Here, we present two case studies that provide lessons on how to handle legal crises: the collapse of Thomas Cook in 2019 and the disputes over travel refunds during COVID-19.

These events reveal the gaps in the rules of many travel contracts. One prominent example is the sudden collapse of the Thomas Cook Group, which deposited more than 600,000 travelers around the globe and led to widespread refund claims. The company struggled financially, but the real burdens fell on travel agents and regulators grappling with the legal fallout. Urgent problems followed under EU-wide rules called the Package Travel Directive, as many customers had paid upfront for packages. Travel agents contracted to Thomas Cook were still legally required to process refunds, even if they were awaiting payments from the now-failed operator. This led to the UK Civil Aviation Authority (CAA) having to launch the largest peacetime repatriation in the UK, and many agents are facing complaints, threats of legal action, and reputational damage (UK Government, 2019). The case spotlighted the need for tighter financial protections and more clearly defined legal responsibilities among agencies and suppliers.

A year later, another global crisis, the COVID-19 pandemic, arrived. Mass refund requests inundated travel agencies with border closures and cancellations. Under the Package Travel Directive, agencies were legally bound to provide full refunds when cancellations occurred due to “unavoidable and extraordinary circumstances” (European Commission, 2020). However, many suppliers still refused to pay, and agencies were bound. Some agencies either postponed refunds or only provided customers with vouchers without their consent, bringing about the wrath of regulators, complaints under the GDPR, and civil lawsuits (Niewiadomski, 2020). In contrast, agencies with crisis policies and back-to-back supplier contracts were in a much better position to fulfill their legal obligations and retain customer trust.

Travel agencies are not only under the microscope of regulatory authorities, but consumers and the courts are also involved, underscoring how essential comprehensive legal preparation is.

While the details surrounding Thomas Cook and COVID-19 are well chronicled, agencies need to ensure that they have crystal-precise wording in the contracts they issue, clear terminology regarding refunds, and correct handling of the relevant customer data. These lessons directly feed the research question since legal strategy and crisis planning are part and parcel of compliance and customer trust. Strengthening Legal Readiness in Travel Agencies

Strategic Legal Recommendations for Travel Agencies

Based on the legal challenges discussed above and the lessons learned from the Thomas Cook and COVID-19 refund crises, travel agencies need to consider a proactive legal strategy that protects the business, ensures compliance, and sustains public trust. This part offers specific legal advice relevant to contractual risk, consumer stability, worker organization, and data security based on actual case results and existing legal constructs. However, travel agencies need to do better: for starters, they need to tighten up their contracts' language and enforceability. This encompasses identifying crisis events — pandemics or border closures, for example — as legitimate grounds for force and ensuring the responsibility for refunds is deduced. When as much of the prosperity of back-to-back clauses in supplier contracts will generally lead to the concern that obligations like refund guarantees are passed on to the service provider, the supplier contracts will pass on as much as legally possible (European Commission, 2020).

Second, agencies must have a double-layered consumer communication plan. All public communications should be pre-screened by legal advisors to substantiate alignment with the EU Unfair Commercial Practices Directive and GDPR. Crisis communications — including refund notices and cancellation policies — should not be vaguely worded (as in, "subject to airline policy") unless legally justified. The correct information is more than best practice; it is the law (Niewiadomski, 2020).

Third, procedures for employee conduct should remain according to labor laws, including in emergencies. As demonstrated by previous crises, erroneous redundancies or a failure to maintain custodial safety standards can give rise to claims of wrongful dismissal. As such, legal crisis plans should include procedures for consulting staff and written protocols for termination that adhere to employment law frameworks, such as the UK's Employment Rights Act 1996 (UK Government, 2019).

Fourth, you need to integrate data protection compliance into daily operations. During crisis events, agencies should ensure that all communication systems they use meet GDPR standards, considering that they rely on customer data collected via these systems. This leads to externalities—or, in simpler terms, people acting without given priorities.

Thirdly, scenario-based testing and legal simulations should be conducted at least annually. These exercises can help the travel agency spot weak points in contracts, crisis protocols, and communication strategies before they are exposed to real pressure. Operationally and legally ready agencies fared better during the pandemic in terms of their resilience and avoided litigation or customer backlash, according to Gössling, Scott, and Hall (2020).

In supporting the research question, such recommendations illustrate how legal preparedness and strategic planning facilitate crisis resilience while protecting legal compliance and customer trust.

Conclusion

Travel agencies are on the frontlines of legal, operational, and customer-facing responsibilities in the event of a crisis. As this report has shown, during events like the COVID-19 pandemic and the collapse of Thomas Cook, gaps in legal preparedness when clear guidance on, for example, refund obligations or data protection was missing had considerable implications for agency survival and consumer trust. Specifically, the research question was: What can travel agencies do as a whole regarding a legal plan for crisis management, beyond simply being compliant with the law, that ensures operational continuity and maintains customer trust? This report offers a clear answer to that question.

Travel agencies need to consider legal strategy not as an emergency tool but as an embedded component of their business infrastructure. A comprehensive legal strategy means clear and enforceable agreements and contracts, supplier agreements that balance liability, legally sound and timely communications with customers, compliance with employment protections related to your crisis actions with your people, and full compliance with GDPR in handling customer data, particularly during disruption. These will need to be underwritten by regular scenario testing to highlight legal and operational weaknesses before a real crisis occurs. When incorporated into an

agency's day-to-day operations, these elements not only fulfill legal obligations but also lay a base for resilience. More importantly, they also become a relationship of trust. When things go wrong, consumers stick with transparent, fair, responsive agencies. Agencies taking these steps are not simply reacting to crises. They build reputations as responsible providers of services that follow the law. In short, legal strategy is one facet of crisis management. The framework keeps the agency standing when the heat is on. Worn-out agencies would only be at further risk of disruption, tarnished reputation, and slow-to-respond industry trends in the increasingly high-stakes and competitive legal industry.

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