

Professional Association of Self-Caterers UK

COVID-19 General Info Update 24 July 2020

- Two Households Update
- Guidelines, Regulation and Insurance
- 28 Letting Rules Failure
- Credit card Chargebacks
- CMA are back again and why?
- Post CMA?
- Travel Insurance and Business Interruption insurance
- Cottagesure, Scofield's and NFU Mutual Business Interruption Insurance Action Groups
- **Legionella, the big risk**
- A week in the life of PASC
- FHL Rules for self-caterers
- Master Cancel
- VE gradings bills delayed
- A week in the life of PASC
- Joining PASC UK
- Social media
- Disclaimer

TWO HOUSEHOLDS UPDATE

The major announcement post the VAT announcement last week was the opening up of further parts of the visitor economy.

These included:

Outdoor events resuming in England from 11 July

Outdoor performances in front of a live audience are allowed to restart in England as of Saturday 11 July. According to [The Events Industry Forum Guidance](#) that was approved by DCMS, the range of outdoor events now permitted includes:

- Air Shows
- Agricultural Shows (including town and country shows)
- Carnivals, Fun fairs, fetes, steam rallies and Community Fairs
- Car boot sales
- Circuses
- Display and Performing Arts including Street Art Events
- Firework Displays
- Flower Shows and Gardening Events
- Historical re-enactment events
- Literature Fairs / festivals
- Pet and Animal Shows

- Some music concerts
- Outdoor theatres and performing arts

What relevance does this have to Two households? Two things, it shows that group sizes are becoming less of an issue and once again it contradicts the group size of 30 that is rill law. It's not going to be much of an air display if the crowd is limited to 30.... So, things are changing. Sadly though, no clear announcement on party sizes changing in England, Scotland or Wales anytime soon, and no announcement about announcements.

Many have written to the Minister on this and we get this stock response.

We are now in Phase 3 of the government's recovery strategy and all decisions have been and will continue to be based on scientific evidence and public health assessments.

From 4th July, people can travel to holiday accommodation for overnight stays in England. Domestic visits with members of the same household (or support bubble) and another household (or support bubble) are now permitted. Everybody should adhere to social distancing rules as much as possible with those outside their household (or support bubble), and use separate facilities, such as bathrooms, if possible.

This is probably the most pressing issue that we have to resolve as it could possibly affect every booking for more than two people as they could possibly come from more than two households. A group of twenty-four could equally possibly come from two households.

What can we do? We can't police it, yet it has an impact of our insurance position. Whilst I am sure that the explanation below will still leave it as clear as mud, it does explain what we need to do to try and mitigate our risk in accidentally taking a booking for more than two households.

We have had numerous reports of large property bookings being abused by guests. Two parties arrive, do handover and check in, and later the house gets filled and trashed. This is especially been prevalent when the guests know that a key safe has been installed to aid social distancing and that the owners will only come if needed.

There are several ways to prevent this occurring. Firstly, be on hand to welcome the guests and let them know that you will. Tell them you'll be checking back frequently to ensure that everything is to their satisfaction. Both should help.

Many owners are checking guests on Facebook. It is quite incredible how stupid some people are. And may be posting about the party that they are planning to hold. Then you can take the appropriate action.

It is now the time to look at the August bookings with regard to group sixes to ensure that you are within the guidelines. We have held back with our own property until now, but will be communicating with our affected guests this weekend. Interest is still astonishingly high for large properties in August so it may still be possible to rebook with two household parties.

Again, keep watching PASC UK Facebook as this is where you will read of any changes to this pressing question first.

Ultimately the decision is made by the PM and Chief Medical Officer, so again watch Facebook at <https://www.facebook.com/pascukltd> as a decisions could come at any time.

However, the legal position....

The “two households” issue forms part of the “Staying alert and safe (social distancing)” government guidelines. It does not form part of the Regulations. However, businesses are legally obliged to comply with health and safety legislation, which imposes legal obligations on business owners to protect their employees and others from risks to health and safety, including risks such as Covid-19. The guidance on social distancing is a measure designed to reduce the risk of people contracting Covid-19 and therefore if members knowingly allow guests from more than two households to book and stay at their accommodation, then that could be interpreted as a breach of their legal obligations under health and safety legislation to minimise the risks to the health and safety of their employees and guests.

In relation to the query:

“What if a group says they are two households when booking, and after forensic examination by perhaps an insurer, turns out to be four households? Most booking systems only take lead bookers name and number in party. Track and Trace the same. Both are voluntary as I understand it.”

The guidance on taking information about guests visiting hospitality businesses (<https://www.gov.uk/guidance/maintaining-records-of-staff-customers-and-visitors-to-support-nhs-test-and-trace>) states:

- *customers and visitors*
 - *the name of the customer or visitor. If there is more than one person, then you can record the name of the ‘lead member’ of the group and the number of people in the group*

So, the typical booking systems you describe fall within the guidance. If it is obvious when the booking is made that there are more than two households involved or the guest informs the member that there are more than two households and the member then proceeds to take the booking that could be a breach of their legal obligation to minimise risk under health and safety laws.

We would therefore recommend that members take a practical approach that will satisfy their legal obligations to minimise risk by:

- 1) Stating somewhere on their websites and booking forms that their policy is to only accept bookings which comply with the two households rule.
- 2) At the point of booking ask the guest to confirm that the group contains no more than two households.
- 3) Reiterate the two households and other social distancing guidelines in any pre-arrival information sent to guests and in any information booklet at the accommodation itself.

If members do this then they will be able to demonstrate to their insurers that they have taken reasonable steps to minimise the health and safety risk by asking their guests to comply with the social distancing guidelines. It is about taking reasonable steps and using common sense where it is obvious that a group comprises more than two households.

GUIDELINES, REGULATIONS AND INSURANCE

REPEATED AS HUGE VOLUME OF QUESTIONS ON THIS

Since allowed to open, many properties have been breaching the Government Guidelines, such as pool opening or group sizes, and as previously noted, PASC UK has advised that this may well be self-insuring, Deeper investigation into Government Websites has shown this to be the case.

Those that insist on saying on social media, that they're open and don't give a dam about the rules really are putting their businesses at risk. Insurance companies are a ghastly lot and will use any excuse possible to invalidate a claim. Having posts saying that you are in breach of what is legislated is both unnecessary and highly risky. Lecture over.

Read on, and if you have indoor pools and hot-tubs, PASC UK advice remains, difficult as it is, keep them closed until the official opening date.

Let's try clarify this complex situation.

PASC UK has commissioned legal advice from a leading SW Legal Firm, Stephens and Scown on this, and the result is clearly laid out below. Please bear in mind that the only policy document that I had was an RSA one, but nearly all will have a similar clause to this in it.

You must exercise care in the selection and supervision of **Employees**.

11 Statutory Requirements

You must comply with all statutory requirements and other safety regulations imposed by any government or local authority in relation to letting out **Your Buildings**. Failure to do so may invalidate **Your Policy** cover.

12 Financial or Trade Sanctions

We shall not provide coverage or be liable to provide any indemnity or payment or other benefit under this **Policy**

1. Firstly, I would make the general point that members will have different insurance policies. Many of them will contain clauses the same as or similar to clause 11 of the general policy conditions in the policy you have sent me and I have based my general advice below on this but, of course, when it comes to issues of interpretation, the Court will look at the specific wording of the policy in question.
2. The RSA response that you quote below raises the issue of swimming pools and indoor play areas. It is a legal requirement for swimming pools and indoor play areas to be closed – they are specifically listed in Schedule 2 of the Health Protection (Coronavirus, Restrictions) (No 2) (England) Regulations 2020 (“the Regulations”) as businesses subject to closure. Section 4 of the Regulations specifically states that a person responsible for carrying on a business *or providing a service* which is listed in Schedule 2 must cease to

carry on that business or to provide that service. The Regulations also state that if a business listed in Schedule 2 forms part of a larger business, the person responsible for carrying on the business complies with the requirement if they close down the relevant part of the business. My interpretation of these provisions is that they include a swimming pool that is part of a self-catering business.

3. I would therefore advise PASC members with swimming pools and indoor play areas to comply with the Regulations by keeping these facilities closed. The Regulations are statutory instruments, so if a member has a policy containing wording the same as or similar to clause 11 of your policy then opening up these facilities would be a breach of the Regulations and could therefore potentially invalidate their policy.
4. As regards the interpretation of the wording of clause 11 of your policy and any potential ambiguity in relation to this wording, the way that the Court will approach matters is the same as in the interpretation of any contractual provision. The starting point is for the Court to look at the natural and ordinary meaning of the words used. Clause 11 states,

“You must comply with all statutory requirements and other safety regulations imposed by any government or local authority in relation to letting out Your Buildings. Failure to do so may invalidate Your Policy cover.”
5. The key words to consider here are *“statutory requirements and other safety regulations”*. The ordinary meaning of *“statutory requirements”* seems to me to be primary or secondary legislation i.e. acts of parliament and statutory instruments. Regulations are a form of statutory instrument and the ordinary meaning of *“safety regulations”* would be legislation relating to safety. The explanatory note of on the government’s legislation website supports these interpretations - <https://www.legislation.gov.uk/understanding-legislation>. The word “guidance”, on the other hand, denotes advice or information.
6. In summary, therefore, it is important that members comply with the primary and secondary legislation relating to Covid-19. That means keeping swimming pools and other facilities listed in Schedule 2 of the Regulations closed. If the member has complied with this requirement and, for example, guests use the facilities in breach of the closure and an accident occurs, it is difficult to see how an insurer could refuse a claim under the public liability section of a policy, assuming the member complies with any specific requirements of the policy.
7. Similarly, in the situation you described to me yesterday, where there are already members of two households staying at a property and they invite a member from a third household to stay without the knowledge or consent of the owner, it is difficult to see how the insurer could resist liability for a claim in the event of an accident or damage to the property provided the assured has complied with the Regulations and (in the case of members with clauses in their insurance policies similar to clause 11) all health and safety legislation in place. Health and safety legislation imposes obligations on business owners to protect employees and others from risks to their health and safety. The Covid-19 guidance for hotels and other guest accommodation refers to the need for a site-specific risk assessment and all PASC members should have complied with this requirement as part of the re-opening process. Whilst the guidance is not legislation, the requirement to

protect from risk is a legal requirement enshrined in legislation and the risk assessment represents a way of demonstrating that a business has taken steps to minimise the risk.

8. Members can also minimise the scope for a dispute with insurers by ensuring that they have clear signage on their properties designed to make guests aware of the social distancing and other government guidance.

I trust that the above comments will be useful for your newsletter to members.

You also asked me to provide a template letter for members to use to try to get some assurance from their insurers that their cover will not be invalidated in the event that guests breach the government guidance relating to Covid-19. I have prepared the attached draft. It is drafted on a generic basis, assuming that all members will have a clause similar to clause 11 in their policies, but members should be advised to check the full terms of their own policies first and consider whether it is appropriate to send the letter. It may be something of a double-edged sword, in that if the insurers respond, they could seek to try to impose further requirements on policyholders. I would also say that from my own experience with insurers, it can take a long time to get an answer from them.

Here's the draft letter. This will be available on the website as soon as we can get it up there on <https://www.pascuk.co.uk/covid-19>

[Insurer name and address]

Dear Sirs

Insurance cover

We have recently re-opened our self-catering business and write to seek clarification on the terms of our insurance cover.

We note that the policy requires us to comply with statutory requirements and safety regulations, which clearly means primary and secondary legislation enacted by parliament. The guidance issued by the government for hotels and other guest accommodation relating to the Covid-19 crisis contains advice and information for businesses, but is not legislation.

Whilst we are following the guidance issued by the government and asking our guests to do the same, clearly, we do not have control over the actions of our guests. There could well be occasions where our guests breach the guidance whilst staying at our accommodation, without our knowledge or consent.

In the circumstances, we ask that you confirm in writing that you agree that a breach by our guests of the government guidance will not invalidate or otherwise adversely affect our insurance cover as set out in the policy.

Given that we already have guests booked in and staying at our accommodation, we require your written response to this letter urgently and in any event within seven days of the date of this letter.

Yours faithfully

[]

CHANGES TO GUIDANCE ON GUEST SHOWING SIGNS OF COVID AT YOUR PROPERTY

REPEATED DUE TO HIGH VOLUME OF QUESTIONS ASKED ON SUBJECT

DCMS's Advice to accommodation owners has been updated to incorporate the changes that have occurred since 4th July. Among other things, the updated advice provides more guidance for accommodation businesses on what to do if a customer shows symptoms of Coronavirus while staying in the accommodation.

This has the welcome addition on a Gov.uk website of saying the guest pays if they stay, but has a weird 'except in exceptional circumstances' addition to be aware of. We are working with colleagues to get this modified.

It says:

“Unless otherwise provided for in the contractual terms of the booking, the guest will be expected to pay the costs of an extended stay in all but exceptional circumstances.
Exceptional circumstances may include but are not limited to where the accommodation provider has failed to follow government guidance to create a covid-secure environment”.

Full Guidance here

<https://www.gov.uk/guidance/covid-19-advice-for-accommodation-providers>

This does show the need to use the PASC UK protocols, as they are the national standard, for cleaning. Please also keeping a checklist of what you have done in each changeover to adhere to these protocols to protect you from the above.

The Cleaning protocols are updated regularly and are available at:

<https://www.pascuk.co.uk/standards>

Don't forget this really useful poster we managed to get from the NHS, this can be downloaded from <https://www.pascuk.co.uk/covid-19>

What you need to do if you fall ill with COVID-19 symptoms whilst visiting

If you develop COVID-19 symptoms during your visit, do not ignore or try to hide your symptoms. It is important you act quickly to help yourself and protect those around you. It is your responsibility to stay safe and keep others safe.

COVID-19 symptoms are:

- A new, continuous cough
- High temperature
- A loss or change to your sense of smell or taste

If you feel unwell and experience any COVID-19 symptoms you must:

- Stay indoors and self-isolate
- Arrange a test using your holiday address

Do not ignore your symptoms: self-isolating and getting tested quickly is the best way that you can stay safe and protect others.

You **MUST** notify your accommodation provider.

If you need medical advice while you wait for your test results please contact your regular (home) GP or call 111.

If you are staying or travelling with others, they must also self-isolate and take appropriate action based on your test result.

What should I do if my test is positive?

If you feel well enough to travel and do not need to use public transport, you should return home as quickly and directly as you can

If you feel so unwell that you cannot travel or cannot avoid public transport, you should continue to isolate and call 111 for further advice

It is important that you do not use public transport. You must also tell your accommodation provider that you have tested positive.

If you are unwell and cannot return home, you will be expected to pay all costs to your accommodation provider.

How do I book a test?

- Online: www.nhs.uk/coronavirus
- Call: 119

Please use the address of your holiday destination:

INSERT HERE

Test results are issued by text or email so you do not need to wait for your results if you are due to return home before your result may arrive. You must return home the most direct way and do not use public transport.

My test was negative, can I stay?

Stay and enjoy your visit as planned but if you need medical assistance please call your own regular GP or 111.

Who to contact if you're unwell?

- If you are ill and need medical advice, call 111 or your own GP
- In the event of a medical emergency, call 999

Produced in partnership with the COVID-19 Health Protection Boards of Devon & Torbay, Cornwall & Isles of Scilly, Dorset, Somerset and Plymouth



Further advice on COVID-19:

NHS: nhs.uk/conditions/coronavirus-covid-19
UK Government: gov.uk/coronavirus

28 DAY WINTER LETS FAILURE

Last week we told PASC UK had been working with the Tourism Alliance and Baroness Doocey to get an amendment in the Business and Planning Bill that goes before the House of Lords on Monday 13th July. If it had been successful, it would have removed restrictions on the 28-day letting limit that many operators have written into their Planning Permission for people staying in self-catering accommodation.

In short, the Government rejected this amendment. We don't know the particular reason and are investigating and will report back.

To test the water further on this, we are using our business, which has this restriction, to our local council to see how easy, post COVID, it is to have it lifted at a local level, watch this space....

CHARGEBACKS

An interesting development brought to our attention by a Member this morning. WorldPay (credit card merchant) have done a webinar on Chargebacks.

Craig McClure, Director of Relationship Management at WorldPay had some interesting comments about chargebacks and that he stated:

“local law always supersedes charge backs. if there is a law or regulation from preventing you as a business from delivery a service there is a protection from chargeback and we should not be penalised for that”

The useful stuff starts after about 11mins. They do continue to say that an alternative should be offered to the customer as in a voucher or credit if the service cannot be provided.

We would suggest that it's a good listen for all if they have a chargeback and how to try to defend it.

However, word of warning, it should be noted that WorldPay have authorised Chargebacks against our own business, Higher Wiscombe. A guest had insurance and refused to use it. We told her that we would credit, defer or refund if her insurance refused to pay out. She successfully charged back against us.

You can watch the webinar here.

https://players.brightcove.net/5076297064001/default_default/index.html?videoId=6155848060001

CMA ARE BACK AGAIN AND WHY

We're afraid that the CMA are back again and will be looking at how holiday accommodation has been looking after its guests during COVID. This will just cause even more issues for owners.

As you may be aware the CMA has established a Taskforce to identify, monitor and respond to competition and consumer problems arising from coronavirus and the measures taken to contain it. They have just published their first report on some of the work of the Taskforce, focusing on the complaints they have received and the actions they have taken in response. Three sectors were initially prioritised: holiday accommodation; weddings and private events; and nursery and childcare providers, but because of the number and nature of complaints being received, package holidays have now been included in the scope of the investigation.

<https://www.gov.uk/government/publications/cma-coronavirus-taskforce-update-21-may-2020/protecting-consumers-during-the-coronavirus-covid-19-pandemic-update-on-the-work-of-the-cmas-taskforce>

More detail here <https://www.gov.uk/government/news/update-on-cma-covid-19-taskforce> Here are the key points:



As part of the Taskforce's work, it is asking the public for information about businesses behaving unfairly, for example regarding cancellations and refunds or retailers charging unjustifiably high prices.

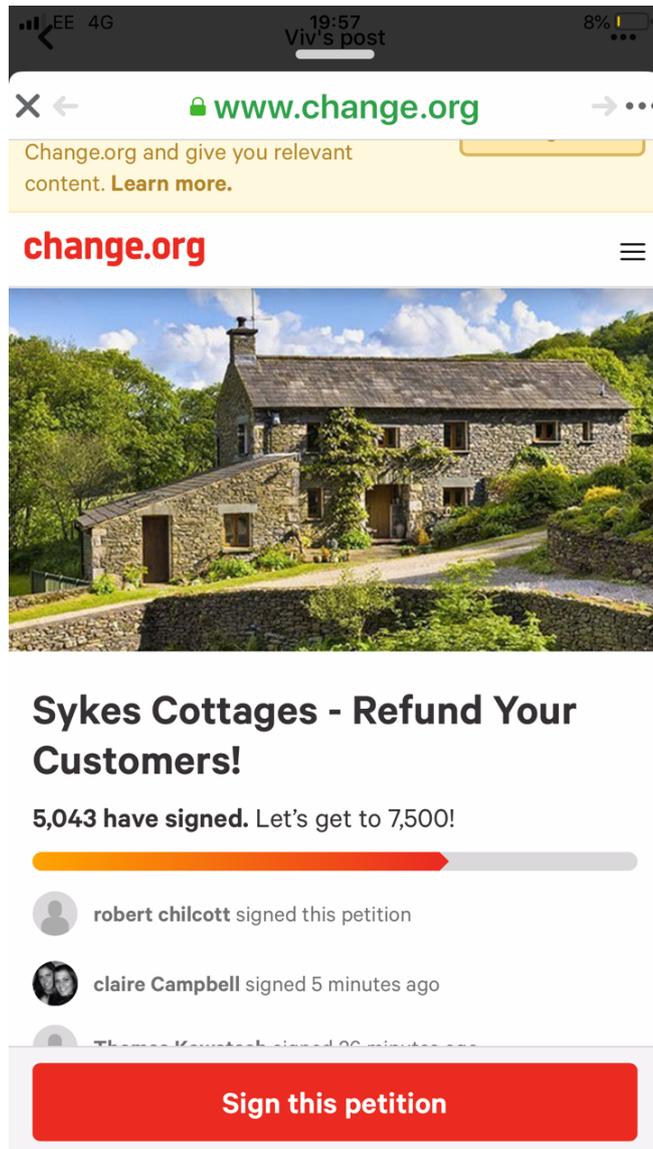
Some of the highlights in this update include:

- From 10 March to 17 May, the CMA has been contacted more than 60,000 times about coronavirus-related issues. Between 11 – 17 May on average 1,200 people a day contacted the CMA.
- Since mid-April, the majority of complaints received by the CMA have been about unfair practices in relation to cancellations and refunds. Holidays and airlines account for almost 27,000 complaints, three-quarters of the total number of complaints about cancellations and refunds.
- The CMA has launched a programme of work to investigate whether companies are breaking the law. Three sectors were initially prioritised: holiday accommodation, weddings and events and nurseries. The CMA has opened cases in respect of certain companies in these sectors and further details will be announced in due course. As a result of the rise in the number of complaints, package holidays have now been included in the scope of the investigation.

The overall number of submissions relate to just over 16,000 individual private sector businesses in the UK, or less than 3 in 1000. The vast majority of businesses are behaving in a reasonable way, but the CMA will not hesitate to take enforcement action if there is evidence that businesses have breached competition or consumer protection law.

Background

The main reason for their continued investigation into the sector has been the behaviour of a few. Trouble is some of the few have around 100,000 holiday cottages on their books and have been really poor in dealing with guests. We will highlight Sykes here, but others like Hoseasons are of a similar vein. Sykes even have a Change.org against them!



https://www.change.org/p/sykes-cottages-refund-your-customers?recruiter=52035497&recruited_by_id=4d8fb7d0-6736-0130-1e4a-00221968d0e0

They have an extremely active Facebook Group (Sykes Cottages Unhappy Customers Page) with over 4,000 Members. When complaints reach this kind of level the CMA is forced to take action and then those that have been equitably been trying to sort out their guests in this crisis suffer even more.

The fallout continues and owners are leaving in droves. Here is an example of Sykes correspondence to them

Dear xxxx,

We are really disappointed to hear that you would like to leave Sykes Holiday Cottages.

I understand your comments around the media. The majority of this negative publicity is generated by an incredibly small proportion of our customers. What you may not see is the phenomenal strength and depth of our loyal and supportive customer base. This support has enabled us to successfully change the dates of over 50,000 customer holidays. Sykes has waived over £1 million in fees to allow these customers to enjoy a holiday at a safer time and by doing so, protect future income for owners and indeed all those who rely on the self-catering industry.

Our relationship with our owners is of paramount importance to us, which is why we have taken the approach that we have. Where customers due to travel during the lockdown period are unable to amend, we are asking owners to refund the money that they have received. To try and help owners we are providing customers with an ex-gratia credit for the commission and fees which you have paid to us.

Our team will be in touch in order to facilitate your withdrawal.

Kind regards,

XXXX

A couple of comments on this letter. Sykes have 'waived £1m". That is a drop in the ocean for a company that says it spends over £25 million on marketing alone. Your chairs business is getting near to refunding six figures and has only three cottages.

It is highly likely that there will be consequences for the whole sector as regards payment/cancellation terms as a result of those that have blanket refused refunds, moved guests to non-equivalent dates, and increased the charges for the deferred bookings by way more than inflation.

SELF-CATERING REFUNDS

What needs to be made clear to guests is that post COVID Lockdown bookings are still under the Terms and Conditions agreed at the time of booking. This may mean that their deposit is at risk if they cancel now.

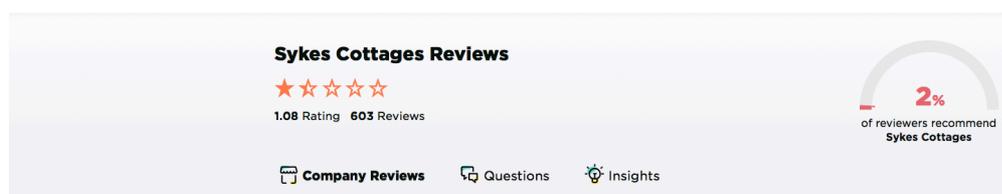
It is not for PASC UK to tell anyone how to deal with their customers, we provide guidelines only, however some who have battled too far with individual customers have had their social media trashed, and have had to close it down (hopefully temporarily) or are being called to court. This is not an expensive process for a consumer.

There is no good news on this front for COVID affected bookings in Lockdown, post the coverage of the CMA investigation and conclusions (they have not finished yet and covered in past newsletters).

Consumer Lawyers are jumping on the band wagon and offering to get ALL the money back for as little as £90.

On a larger scale look what it has done to Sykes.....

REVIEWS.io





Sykes Holiday Cottages

Reviews 18,282 • Average



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<input type="checkbox"/> Excellent	<div style="width: 51%;"></div>	51%
<input type="checkbox"/> Great	<div style="width: 9%;"></div>	9%
<input type="checkbox"/> Average	<div style="width: 4%;"></div>	4%
<input type="checkbox"/> Poor	<div style="width: 5%;"></div>	5%
<input type="checkbox"/> Bad	<div style="width: 31%;"></div>	31%

 **Stephen Wallace**
1 review

To make matters worse, in the Government briefing on the 4th June Chaired by Transport Secretary Grant Shapps.

During the Q&A the First question came from a member of the public. Charlotte asked about travel companies refusing to give people refunds for cancelled trips. Shapps says travel companies do have a responsibility to pay the money back. Trading standards can look into breaches, he says. He says he will be encouraging them to pay people back. It is not acceptable for them to just hold on to the money.

It is of course much more complicated than that.

INSURANCE COMPANIES AND TRAVEL INSURANCE

TRAVEL INSURANCE SCANDAL

We covered in some detail previously what Travel Insurance companies are doing to avoid paying out. This has reached new lows last week with major companies adding additional clauses on why they don't have to pay out.

See Response to guest from AXA with the highlighted points in red.

From: AXA Travel Insurance Limited <claims@axa-assistance-claims.com>

Sent: 21 May 2020 17:04

To: xxxxxxxxx

Subject: AXA Travel Insurance Limited - Travel Insurance Case xxxxxxxxx

Mr xxxxxxxx

xxxxxxxxxx

XXXXXXXXXX
XXXXXXXXXX

21 May 2020

Dear Mr xxxxx,

Re: Travel Insurance Claim Ref: xxxxxxxxx

Thank you for your communication.

Firstly, we would like to apologise for the delay in reviewing your information.

We are aware that many of our customers have had their travel plans disrupted or cancelled due to COVID 19 (Coronavirus) and find themselves trying to obtain refunds for flights, hotels, package trips, excursions etc.

The current advice from the government is that the CMA (Competition and Markets Authority) expect a consumer to be offered a full refund for any of the following situations:

- **A business has cancelled a contract without providing any of the promised goods or services;**
- **No service is provided by a business, for example because this is prevented by Government public health measures;**
- **A consumer cancels, or is prevented from receiving any services, because Government public health measures mean they are not allowed to use the services.**

For more information please visit the government website;

If your trip has been affected, we request that you primarily liaise with your travel provider(s) and pursue full reimbursements for your costs. Some companies are offering credit notes, vouchers or partial refunds. If you are unwilling to accept this, you will need to submit your claim for a full refund with your travel provider(s) and allow them some time to process your request accordingly.

If you are due to travel in the future, we would ask that you contact your travel provider(s) for a potential refund along with additional advice about what options are available to you. Customers who are prevented from travelling due to Government public health measures are able to seek reimbursement from your travel provider. However, you may need to wait until closer to your departure date before this is received.

Unfortunately your travel insurance does not cover refundable costs or travel vouchers/credit notes from your travel provider.

If your claim is not one covered by the CMA guidelines, please contact us on claims@axa-assistance.co.uk and we will endeavour to review your correspondence in due course.

We, like other customer service teams around the world are experiencing an unprecedented high volume of claims, which means in some cases this may result delays. We will do our best to keep any response times as short as possible.

We thank you in advance for your patience and understanding during this challenging period.

Yours sincerely,

AXA Travel Insurance Limited

We are bringing this to the attention of Government on a weekly basis. The customer has paid for travel Insurance, they must be able to claim from the Insurance Provider who has charged the guests premium for this service.

COTTAGESURE, SCHOFIELDS AND NFU MUTUAL BUSINESS INTERRUPTION INSURANCE ACTION GROUPS

We now have three Action Groups covering the three insurers above.

COTTAGESURE ACTION GROUP

The RSA/Gallagher's/Cottagesure Action Group goes from strength to strength and now has a website. This can be found <https://cottagesure-action-group.com> It is a work in progress and will be added to as we move forwards. The group had received good coverage in the press including the Sunday Times and New York Times. If you have a policy please let us know immediately, currently, there are 350+ Members.

NFU MUTUAL ACTION GROUP

We have some excellent news for NFU Mutual policyholders. An action group will be curated by Penny Molyneux.

Their principle objective is to gather the policyholders together, in a database for further action if necessary.

These volunteers are curating the group, so that you can be ready to take on the NFU Mutual if you want to, they are not insurance specialists, or legal specialists any more than the PASC curation of Cottagesure is, so please do not swarm the email address with overly technical questions. Let the group form and take it from there as the Cottagesure Group has done so successfully. The Cottagesure Group will be sharing everything that we have put together with this new group to save them time.

Please contact penny.claim@gmail.com and send in the following information:

- Name
- Business Name
- Contact number
- The clause you are hoping to claim under

We wish this new group all the very best for a successful outcome to the Business Interruption Insurance scandal.

SCHOFIELDS ACTION GROUP

PASC Member Chris Radford is setting up a group on behalf of Schofields insurance clients. They had been told that they will pay out under their denial of access clause.

He has created a group to share experiences and take action, especially on the government grant exclusion.

The Group is here <https://www.facebook.com/groups/schofieldsgroup>

If any of you hear of any other groups that are active in trying to get self-catering policy holders pay-outs on Business Interruption Insurance, then please let us know and we will put them in the newsletter.

INSURANCE UPDATE

TRAVEL INSURANCE

We have referred many times to what the Guests first question will be on booking post COVID (What happens to my money if I cancel?) and we have suspected for a while that Travel insurance would be a toxic mix of being both expensive and lacking real cover.

Surveys are showing that customers are less likely to buy it. To our cost as a sector we already have found that the vast majority of Travel Insurers just refuse cover and refer to the CMA etc

https://www.travelmole.com/news_feature.php?c=setreg®ion=2&mid=r_r_rvdm&wid=37594&news_id=2042905

It really will be critical to get the mix of Terms and Conditions and Customer messaging right as we go forwards Post COVID. We did a webinar with the CLA and asked how many of the 500 tourism businesses watching were going to have to re-write their T's and C's. 85% said they needed to.

BUSINESS INTERRUPTION INSURANCE

There has been some good news though on this front. Some NFU policies are now beginning to pay out and the Cottagesure Action Group was successful in getting that policy included in the FCA Court Case against the Insurers in July.

The FCA's position is as follows:

As part of its investigation into Coronavirus related business interruption insurance, the FCA have published draft guidance on their expectations for insurers and insurance intermediaries when handling claims and complaints for business interruption policies during the test case. The guidance highlights the steps firms should be taking to:

- identify the potential implications of the test case on their decisions to reject claims
- keep policyholders informed about the test case and its implications for policies, claims and any settlement offers
- treat policyholders fairly when the test case is resolved

<https://www.fca.org.uk/publications/guidance-consultations/business-interruption-insurance-test-case-draft-firms>

In addition, that have provided an update in where they are in terms of their legal case – they have reviewed over 500 relevant policies from 40 insurers and identified a sample of 17 policy wordings that capture the majority of the key issues that could be in dispute – and set out a timetable for the court case which is scheduled for the second half of July.

Check the link to see if your policy is one that is going to Court in July.

LEGIONELLA, THE BIG RISK

With our properties having been standing empty for months now, we all need to be aware of the **risk of Legionella** in the water systems. This is a HUGE RISK.

Standing water presents a risk of **Legionella bacteria** accumulating, and is particularly high risk in showers, as Legionella bacteria is dispersed in airborne water droplets, so the spray created by a shower is the perfect delivery mechanism. Anyone using a contaminated shower risks breathing in the bacteria and developing Legionnaires' disease as the bug takes hold in the lungs.

- If your shower has not been used for **a week or more**, run water from both hot and cold supplies through the shower hose and showerhead for two minutes. To ensure no spray escapes from the showerhead, run it through a bucket of water or full bath.
- If your shower has not been used for **two weeks or more**, disinfect the showerhead. The showerhead should be removed and the shower run for two minutes. The showerhead should be disinfected before being re-fitted by immersing for at least an hour in any solution designed for cleaning baby feeding bottles (e.g. Milton). Showerheads should be regularly disinfected about four times a year.
- **Raise the temperature to 60°C or higher.** Temperatures above 60°C will kill Legionella bacteria so make sure that the temperature of the hot water in your boiler/cylinder is set at a minimum of 60°C. Beware of burns and scalding and take extra care if you have children. Legionella can survive in low temperatures, but thrive at temperatures between 20°C and 45°C.
- If your property has been **empty for a while**, flush the whole water system for two minutes or more. First flush your toilet, then let the kitchen taps and the hand basin taps run for two minutes or more to let both hot and cold water pass through. Next, flush the shower through as described above. Finally, let any other taps run for two minutes.

(If you rush out and do this now, then you will obviously also need to do it again shortly before you open).

FURNISHED HOLIDAY LETTINGS RULES AFFECTING CLAIMS FOR SELF-EMPLOYED SUPPORT

Extensive lobbying has taken place at the highest levels in HMG to try and get owners who are paid through FHL rules to be allowed to claim support under the Self-Employed Scheme set up by HMG. We have been supported here by the Tourism Alliance and other groups, to try and get this changed. Currently HMRC are Refusing to include FHL payments under the self-employed scheme.

Explanation:

HMRC rules that say that those paid under FHL cannot claim financial support through the Self-Employed Support offered by HMG. We believe that this applies to 80% of you reading this newsletter.

If confused, check with your accountant, you are likely to discover that your self-catering income comes under the pages "Property - FHL" and NOT under "Income from Self-Employment". This means you currently will NOT qualify for the 80% up to £2500 assistance that's available.

We have provided full details of this to HMG and the impacts and will keep chasing.

In the meantime, if you haven't sent a letter to your MP, and are paid under this scheme, here's a draft for you.

You can find your MP's email here <https://members.parliament.uk/constituencies/> by entering your postcode.

Dear (name of your MP)

*As self-employed professional self-caterers, who derive (x-100% - **amend where applicable**) of our income from our luxury self-catering operation in (**insert the constituency name**), we are dismayed to learn that we do not qualify for any of the income assistance programmes being offered by the Government, because of a technicality on the Income Tax Return. At a time when the Government has (rightly) closed us down to stop the spread of Covid-19, we are reduced to zero income, and at the same time are also facing a barrage of guest requests for refunds, which we simply cannot meet. We are pleading for the Government to rectify this technicality. All "self-employed" professional self-caterers will fall into the same pitfall.*

Furnished Holiday Lettings occupy a special niche in the tax world, and – subject to meeting the FHL criteria <https://www.gov.uk/government/publications/furnished-holiday-lettings-hs253-self-assessment-helpsheet/hs253-furnished-holiday-lettings-2018> - are regarded as **trading businesses** for tax purposes. As such, unlike Residential Property, FHL income is **subject to VAT and business rates**.

From an income tax return perspective, however, importantly, FHL income is reported under "Property - FHL (Furnished Holiday Let) Income", and as such is **not classified by HMRC as a self-employment**, but is considered to be property income. For that reason, **"self-employed" self-catering operators will NOT benefit from the assistance for the self-employed under the current Government scheme**.

While the Government is likely to want to avoid paying assistance to second home owners and casual operators who do not derive their main income from self-catering, there are many unincorporated professional self-catering operators whose sole income is the operation of their FHL businesses. It should be possible within the HMRC system to include FHL income where it meets the same criteria as those applied to the assistance for self-employment, namely:

**Your self-employed trading profits must also be less than £50,000 and more than half of your income come from self-employment. This is determined by at least one of the following conditions being true:*

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income*
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period*

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

* Extract from <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

Without even taking into account the financial impact of the spectre of having to reimburse existing bookings, or move them into future periods (with all the implications that carries for future cashflow), the total absence of any current income from the usual flow of balances due and new bookings means that we – and other self-catering operators in this position – are facing significant financial hardship currently, but are unable to access any of the assistance packages being offered by Government (with the exception of the SBRR grants, where applicable).

This issue has been brought to the attention of both DCMS and Treasury, via our connections with the industry trade associations, however we have heard nothing yet. Please can we ask for your support, as our MP on this matter in these difficult times.

With thanks

Insert Owners detail and address, very important, will only look at correspondence from Constituents.

Details of the scheme itself if you are not paid under FHL can be found here.

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

<https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

REDUCING YOUR OUTGOINGS

Here are some real examples. Please, anyone who has got a saving from any supplier, let us know and we will add to next week's summary. Every little helps.

1. Plusnet gave a one-month holiday on bills. Will review in a month.
2. BT switched business to a half price tariff for 24 months
3. BT gave a payment holiday of one month
4. Rubbish and recycling providers have left all bins in place with no rental charge
5. Switch all gas/electricity to cheapest suppliers

Other savings/cashflow help may be possible from the following:

- Go through every supplier you have, and see what support they might offer you during COVID-19.
- Let all suppliers know that you are struggling and what your plans are to pay them, many are giving extended terms.
- Monthly DDs for cottage utilities – get the amounts reduced, as you won't be using power etc
- Defer Tax Payments by agreement with HMRC. The biggest one here is probably VAT.

Also, things like:

- pausing Google Adwords (if you have an ongoing drip-feed in the background).
- Turn things like TVs, hi-fi etc off at the plug or the consumer board) so no trickle.
- Fridges, freezers etc turned off (and left open).
- Hot tubs drained (but keep the drain cap on so you don't get slugs etc taking up residence).

This is also a time to look closely at your insurance policies, and review them in the light of what you now know about how insurance companies behave.

A review of your Terms and Conditions might also be timely. Any changes that you make can only apply to forward bookings, so keep a copy of both on your website.

Tread carefully with social media at this time, there are a lot of Members who have had a torrid time on it particularly if guests are not being offered a full and immediate refund.

MASTER CANCEL FROM SUPERCONTROL

For those of you that use the SuperControl booking system, it's worth looking at an innovative new integration that is only available to SuperControl users. SuperControl have teamed up with Master Cancel who offer flexible cancellation protection - making cancellations risk free.

Master Cancel covers you, the property owner or manager - not the guest. This means that if the guest cancels **for any reason** between 60 days and 2 days of the arrival date you reimburse them 100% of the cost of their stay, and you can claim 90% of the holiday value if the dates in question are not re-booked. All they have to do is say 'I want to cancel'.

The fee is 4.4% of each and every booking and can only be applied against future bookings. Whilst some might think that this is steep, if we had all had something like this in place now, we would be feeling very different. You can also auto-uplift your pricing to cover the cost.

Master Cancel is only applicable from August 1st and on new bookings going forwards.

There is an FAQ here for more information on Master Cancel.

<https://help.supercontrol.co.uk/m/integrations/l/1130202-master-cancel>

YOUR VISIT ENGLAND/AA QUALITY GRADING

Any of you that have Visit England or AA quality assessments and direct debits looming, these have been postponed to post July 1st and April Direct Debits have been pushed to July. More information here: <https://www.visitenglandassessmentservices.com/coronavirus/>

CHECKING PROPERTIES WHILST EMPTY

Whilst properties are empty it is worth checking with your insurance company how regularly you need to check them. Each policy appears different. Get their rules from them in writing and keep a written log of your visits.

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A WEEK IN THE LIFE OF PASC UK.

Often asked what we do all week 😊 Here's a snapshot of the last week.

- We answered over 1,000 emails
- Took over 200 phone calls
- Took part in the two weekly Regional Sessions with the SW Tourism Leadership Group
- One of these is with Head of Tourism at DCMS
- Attended Virtual board Meeting for the Tourism Alliance
- Submitted papers to HMG on FHL, AirBnB being open, extending grant support and clarity on dates
- Took part in CLA Tourism Seminar
- Spoke directly to three MP's
- Wrote PASC UK, SW Tourism Alliance and Cottagesure Action Group Newsletters
- Radio interviews
- Worked with Cottagesure Action Group to submit the case to the FCA
- Worked with Premier cottages and the ASSC to prepare Opening Guidelines
- Worked with Devon industry leaders to prepare for MP Call
- MP Video call with 9 MP's for Tourism support
- Worked with VB on video calls for certification programme.

HOW TO JOIN PASC UK?

Go to www.pascuk.co.uk and follow the join instructions. We are always desperately in need of funds to continue our work in support of self-caterers. See About PASC UK for what we do. Thanks.

ABOUT PASC UK

PASC UK was formed three years ago. It had three principle objectives at that time.

1/ Reduce Business Rates for self-catering

2 Lobby for a 'level playing field', where all accommodation providers had to operate under the same rules, (think the 350,000 AirBnB properties). So that all have the same proportionate costs and regulations to operate under.

3/ Recover the right to Inheritance Tax Relief for legitimate business operating under FHL (Furnished Holiday Lettings rules).

And more.... See www.pascuk.co.uk

In January 2019, PASC UK succeeded in negotiating a reduction in Business Rates of up to 35% for most self-caters in England and Wales. Despite a tortuous year with getting the Valuation Office to apply the new system, in January 2020 they switched the system to manual for Self-Caterers, (SCAT-131) and we now hear daily of Members getting great reductions and refunds. Guides on how to Check your Business Rates are available to Members.

After years of lobbying, giving evidence to all Party Parliamentary Groups and working with all the other major accommodation associations in the UK, we had finally got HMG to agree to a round-table on how to regulate the short-term accommodation sector. Our approach has been one of keeping the sector 'safe and legal'. This meeting has been delayed by the COVID-19 outbreak but will be high on the agenda post the virus restrictions being lifted.

We were also making good progress in our representations to HMG about the reinstatement of Inheritance Tax Relief to FHL businesses provided they complied with a basic business criteria. This is also on hold whilst we all deal with the COVID-19 challenge, but will be picked up as soon as practicable.

And much more....

PASC UK SOCIAL MEDIA

Please follow PASC on Twitter @PascUK

Please follow on Facebook @pascukltd

The more of you that do, then the more effective we can be. Please it only takes a second, and if everyone who received this free newsletter did so, we would have 12,000 followers and a much louder voice. Thanks.

DISCLAIMER

We are in completely uncharted territory here, and any suggestions that we make are merely that and you should carefully consider your own business policies, and if necessary consult with your Professional Advisors. PASC is your lobbying Association, not a legal service. In addition, please be very wary of some of the advice given on internet communities, blogs and social media. There appear to be thousands of experts out there where my understanding is that there are very few.

To that end, any information you get from any source you must double check. I will always try and put the actual link to the information in the newsletters so that you can read and assess yourselves. These are unprecedented times, please take exceptional care.

Wishing each and every one of you all the best during these trying times, and please Stay Safe.

Best regards

Alistair Handyside MBE

Executive Chair

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Professional Association of Self-Caterers UK