

New Directive Covering Timeshare, Long Term Holiday Products, Resale and Exchange



In February 2011, a new Directive in respect of certain aspects of timeshare, long term holiday products (also known as holiday clubs) resale and exchange contracts comes into force around Europe. This Directive replaces the current timeshare Directive, which has been repealed.

General terms

- A 14 calendar day cooling off period (harmonized throughout Europe) applies from the day of conclusion of the contract or the day when the consumer receives the contract
- All advance payments are prohibited, including acknowledgement of debts
- A separate form of cancellation has to be provided to the consumer. Where the consumer has not received the form, the withdrawal period starts from when the consumer receives it
- The consumer has the right to be provided with pre contractual information in a language of his choice, provided it is a language of the European Community
- Additional information, such as the conditions for terminating the contract, the language used, whether the trader has signed a code of conduct and the possibility of out of court dispute resolution as set out in the annex should be supplied or, the consumer should be told where it can be obtained
- Ancillary contracts are automatically cancelled if the consumer cancels the contract
- Timeshare or long-term holiday products cannot be sold as an investment
- For resale, the prohibition of advance payment applies until the actual sale takes place or the resale contract is otherwise terminated
- For long-term holiday products, payments must be made according to a staggered schedule. Payments, including the membership fee should be divided into equal yearly instalments and the trader must send a written request for payment at least 14 days in advance of each due date. And from the second instalment, the consumer may terminate the contract without incurring any penalty by giving notice to the trader within 14 days of receiving the request for payment