

Dear Siobhán,

Many thanks for your email below.

As stated previously whilst the consultation was far reaching in its findings there are still too many issues of fairness and equitable practice around the whole of this piece.

I believe ATOC has and still is acting as a cartel in setting commissions at a higher rate for its members (the TOCs) than it offers to third party providers such as the TIS and TMC market. This unlevel playfield has existed since the TOCs via ATOC began to reduce commissions across some of its channels but not all. Even today there are still some channels receiving more than what Redfern as a TMC receives, yet we still have to run our business in exactly the same way as any other business. ATOC is hiding behind the excuse that TMCs can and have historically charged top up fees. Yes we have and indeed continue to do so because we cannot live on the miserly 3 they pay us, hence being forced to charge extra fees. Their stance that their own TOCs need more commission because their model is different and costs more just proves that 3% is not tenable or sustainable to them so what gives them the right to make assumptions that a TIS or TMC can survive on 3%. I do not recall any TMC ever being consulted, we were simply told that this was going to happen. I believe the only reason they do not lower inter TOC commissions is that they cannot or do not wish to charge fees like TMCs.

If ATOC wishes to remain credible and ORR has the influence then I believe that ORR should be asking why there is such disparity in the market place that it has knowingly created, moreover they have acted as a cartel at the explicit instruction of their TOCs.

In a similar vein, Redfern retails rail tickets via its own website online. How is this any different from what they categorise as internet sales? We have the same costs surely to every other internet sales service provides for rail tickets, or at least very similar, a moot point I believe ATOC has ignored because it suits them to ignore it.

There is also the issue of TOC selling inventory on their own websites but not making the same inventory and fares available to TMCs for example, what they term holiday-maker or leisure type advance fares. As far as I am concerned a rail ticket could and should be sold to anyone who is willing to pay for it and thus no "market differentiation" should be applied. The reason for this "discrepancy" that the TOCs give is that they wish to control their own non negotiated fares. However I fail to understand why they choose not to sell fares through all channels. Besides if they did sell all fares through a TMC, then they would pay less in commission than if an inter TOC sale took place (3% versus 5%) which represents a saving to each TOC on every transaction. Surely the fact that they only unidirectionally sell through each TOC and it costs more has occurred to them. Or is ATOC (sic. each TOC) willing to forgo the extra costs and retain 2% to keep control of certain fares in the marketplace?

I may be cynical but just recently ATOC is about to trial selling Season Tickets via TMCs. Why is this? I believe again this is because it is more expensive to run and administer via their own systems online (the TOCs) and so have decide to offer a trial to TMCs disguised as a service offering improvement yet we all know it is purely so they can close more expensive-to-run station retail outlets and replace it with some sort of dedicated TMC offering at a cheaper rate. How is this any different to selling a full inventory of fares as mentioned above? It is not and frankly is another example of the TOCs acting under a cartel to monopolise their position as a sole provider to the UK market place and ensure they disadvantage what does not suit them. In effect this is protectionism.

As you can see TMCs have had a raw deal for many years now and the only reason we sell rail tickets is because there is a demand for a one stop shop fully integrated service from

many of our business community customers. The fact that ATOC pays us less commissions simply means we have had to charge extra fees to help support our own R&D costs and improve our offering to our customers. Imagine what we could have done had some draconian licence restrictions that have been thrust upon us including commission reduction! I know that the business community is the fastest growing channel for ATOC. It is not incoidental that it is also the cheapest channel and that situation has been caused deliberately by ATOC and the TOCs. It is purely driven by consumer demand that TMC and business rail sales have dramatically increased and thus our sector has grown exponentially.

In summary all we wish is a level playing field, whether that involves an increase for TMCs or a decrease for inter TOC and Internet sales and once given that I believe the TMC community will not only be appreciative and support ATOC and the TOC more but also increase sales even more. More importantly it is in the interest of the customer for this to happen and that is something in my option that has been lost a little in ATOC thinking and I am pleased to see that ORR has picked this point up.

Best regards,

Neil

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