Timeshare Directive (2008/122)

The timeshare market has evolved and new holiday products not covered by previous legislation have appeared on the market. This directive updates and clarifies the rules to protect the consumer and contributes to the proper functioning of the internal market.

ACT


SUMMARY

WHAT DOES THE DIRECTIVE DO?

The directive provides stronger protection to consumers by covering contracts for the sale of timeshare products* and long-term holiday products* to consumers. It also applies to contracts regarding the resale* and exchange* of timeshare products and long-term holiday products. It lays down rules on advertising, pre-contractual and contractual information, the right of withdrawal and a ban on advance payments during the withdrawal period.

KEY POINTS

Clear information

In good time before the consumer is bound by any contract, the trader shall provide clear, accurate and sufficient information, free of charge, using a standard form, in an official language of the consumer’s EU country.

The form should include information notably about the product (in the case of a timeshare contract, long-term holiday product contract or an exchange contract) or the service (in the case of a resale contract), the consumer’s rights and all costs. It must state that there is a right of withdrawal and the conditions under which it may be exercised. This information is an integral part of the contract.

Any advertising should state where the information in writing can be obtained. At a sales event:

- the invitation should clearly state the commercial purpose of the event,
- the information package should be available to the consumer at all times,
- a timeshare or a long-term holiday product shall not be marketed as an investment.

Right of withdrawal

Before the contract is signed, the trader must explicitly draw attention to the consumer’s right of withdrawal, the withdrawal period, and the ban on advance payments. These clauses are subject to separate signatures. The contract shall include a separate standard withdrawal form, intended to make it easy to withdraw from the contract.

The consumer has the right to withdraw, without giving a reason, for 14 days from signature or receipt of the contract. This cooling-off period is extended by 3 months where the information package has not been given to the consumer, and by 1 year if the withdrawal form is not provided.

If a consumer withdraws, any contract linked to the main contract is automatically terminated at no extra cost.

Payment

No advance payment, guarantee or acknowledgement of debt to the trader or to a third party is allowed before the end of the withdrawal period. For resale contracts, no fees should be paid to a trader in advance of the actual sale.
Payments under long-term holiday contracts are to be made in equal yearly instalments. From the second instalment onwards, the consumer may end the contract without penalty by acting within 14 days of receiving the request for payment.

**Redress**

EU countries shall inform consumers of methods of redress under national legislation, and encourage out-of-court settlements.

**WHEN DOES THE DIRECTIVE APPLY?**

EU countries had to enact and apply national legislation transposing the directive by 23 February 2011.

**KEY TERMS**

- **Timeshare contract**: a contract of a duration of more than one year under which a consumer purchases the right to use accommodation on more than one occasion, typically 1 or 2 weeks each year.

- **Long-term holiday product contract**: a contract of a duration of more than 1 year which gives the consumer the right to discounts on accommodation or to related benefits, sometimes in combination with travel or other services.

- **Exchange contract**: contract under which a consumer joins an exchange system which allows him/her to temporarily swap the benefits deriving from a timeshare contract with another consumer.

- **Resale contract**: a contract under which a trader is paid to assist a consumer to sell or buy a timeshare or a long-term holiday product.

For more information, see [“Timeshare” on the European Commission’s website](#).

**REFERENCES**

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