

Case Reports

- Med Hotels: Supreme Court Ruling

Case Reports

- Med Hotels



Med Hotels Case

- The Good



Med Hotels Case

- The Good
- Booking Conditions (Med and the customer) stated that Med acted as booking
- agents on behalf of the hotels, apartments and villas and that the

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- customer's contract would be with the accommodation providers and that the customer was responsible for paying for the accommodation.

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- Under the Accommodation Agreement between the hotel and Med, Med agreed to act as 'agent' on behalf of the hotel as 'principal',

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- to deal accurately with reservation requests and to relay all monies received from customers which were due to the hotel.

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- the hotel agreed to honour all reservations or to provide alternative accommodation if it could not, to resolve complaints directly with the customer

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- The Bad



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- The Booking Conditions also contained certain cancellation charges and deposit forfeits.

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- Med was entitled to receive a commission from the hotel calculated as any sum charged to a customer in excess of the agreed net rate.

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- Med placed deposits and other monies received from customers in its own bank account not a suspense account and arguably treated monies which it received from customers and their agents as its own monies.

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- Med sometimes dealt with complaints and compensation in its own name and without references to the hotel.

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- Med dealt with customers in its own name (and not as intermediary) in
- those cases where the hotel was unable to provide accommodation as booked.
- Med placed its own handling agents in the resorts.

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- The Ugly



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- Med made advance payments to hotel in respect of prospective bookings in order to secure a better net rate/commission for which it paid the net sum in advance.

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- Med set its own commission but did not provide the hotel with invoices in respect of its commission (nor even notify the hotels of the amount of that commission);

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- so making it difficult for the hotels to comply with their obligations to account for VAT

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- Contracts



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- Booking Conditions with Clients = Agency Status

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- Booking Conditions with Accommodation Suppliers = Agency Status

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- The Supreme Court concluded that these contractual arrangements were sufficient to create an agency/principal relationship between Med hotels and the accommodation providers

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- Agency Terms of Business
- Check your suppliers Terms of Business