



A new Milestone for Customer Rights

The international and European associations ICOMIA and EBI, along with the German VDC and the insurance broker YACHT-POOL, have developed a charter framework agreement aimed at balancing the interests of customers and fleet operators. It's not an easy read, but it leaves little room for ambiguity.

In the chartering scene, contracts between fleet operators and end customers have been a challenging topic for years. Each operator seemed to be doing their own thing; some terms and conditions (AGB) were just a short DIN A4 page long, while others stretched to eight pages in tiny print. Many contracts from charter companies piled excessive obligations onto the skipper, while significantly limiting their own liability.

The magazine YACHT repeatedly warned about critical clauses in these contracts that often carried nearly unmanageable risks. There were many such clauses, for instance, when the security deposit mentioned in the contract—typically the amount of the deductible for the boat's hull insurance—was described as: “The deposit does not have to correspond to the amount of the hull insurance deductible.” However, the latter amount was never specified. This effectively meant the skipper was signing a blank check for the fleet operator, which could be costly.

Another troubling clause often found in contracts stated, “Defective or missing equipment on board does not entitle the customer to a reduction of the charter price.” In plain terms: if the bow thruster is broken, the autopilot is not functioning, or the outboard motor for the dinghy is missing, there's no chance for financial compensation. YACHT has even encountered contracts where sails or dinghies were excluded from hull insurance coverage.

It should be noted that about 90 percent of charter vacations proceed without major issues, and customers often don't feel the need to read their contracts closely. However, they should, because many important aspects are covered: How much must be paid if one has to cancel the trip at short notice? How long must one wait if a boat isn't ready when the crew arrives?

This issue needs to be addressed at the European level. The International Council of Marine Industry Associations (ICOMIA) and the European Boating Industry (EBI) have taken the Fair Charter Contract from the German insurer YACHT-Pool as a basis and, together with national charter associations, including the Association of German Yacht Charter Companies (VDC), have developed a standard document. After extensive discussions, a roughly five-page document has been created that balances the rights and obligations of customers and fleet operators, while also considering recent EU law.

“It was indeed the case that some charter contracts from individual fleet operators contained provisions that were not compliant with EU law,” says Dr. Friedrich Schöchel from the insurance broker Yacht-Pool. Many years ago, his company addressed this issue by formulating the so-called “Fair Charter Contract” to put an end to the dilemma.

In Croatia, the proposal received significant attention, but it remained an exception in the international charter market. “EBI approached me to discuss whether we could develop a standard framework for the European market based on the contract. That has now happened.”

This led to the elimination of two outdated practices in contract law that still linger in the minds of many skippers, agents, fleet operators, and even lawyers. “Two important points relate to the jurisdiction and the governing law in case of disputes over a charter. Many fleet operators still believed that German customers had to sue them at the company's headquarters, which has been economically unfeasible for decades due to travel and translation costs,” explains Dr. Schöchel.

Some fleet operators thought they were safe with this belief. “However, the EU has long clarified this through consumer protection laws: If the company through which the contract is concluded has a German website and German contracts, German law applies, regardless of where the company is based abroad. Secondly, disputes are handled in the court that is located in the customer’s place of residence,” Dr. Schöchel adds.

Now, there are EU-aligned “General Charter Conditions” that the respective national associations are encouraging their member companies and fleet operators to adopt. However, this is not mandatory; each company decides whether to follow the regulations. Nonetheless, the recommendations are likely to be well-received, as companies can save on expensive legal consultations.

The Association of German Yacht Charter Companies (VDC) is also pleased that there has finally been progress on this issue, as stated by its chairman, Christian Zaloudek: “We have been discussing the standardization of contracts with our European fleet partners for many years. This is much more customer-friendly and makes things clearer for both customers and agencies. That’s why we actively contributed to the development of this joint standard contract in many consultation rounds. For the future, we can now strongly recommend it to our fleet partners; this carries a lot more weight. I think it will be well received.”

So, what does this new contract actually include that is noteworthy and beneficial for charter crews? One clear rule is that any delay in handing over the charter yacht—such as if it still needs repairs—entitles the customer to a proportional reduction in the charter price. Waiting a day for the boat? You pay for one day less!

Additionally, deficiencies in equipment, such as defective or missing items, now entitle customers to financial compensation. Is the promised bow thruster missing? No outboard motor for the dinghy?

There are also ongoing issues regarding the return of the security deposit. Companies often withhold deposits longer than necessary, even without complaints. Now it’s stipulated that the funds must be released within 24 hours after the return. Another common problem is when a crew wants to return a boat, but no base staff is available for check-out before their departure. According to the new contract, if the boat is returned on time and the base manager fails to take over or refuses to provide a signed copy of the return protocol, the boat is considered returned in good condition.

The benefit of the new contract lies in its regulation of many such practical details that have arisen over the years. Dr. Friedrich Schöchel agrees: “Many elements from decades of experience with our security deposits and skipper liability insurance have been incorporated into this contract.”

This also includes a point that has long been quietly ignored by charter companies: GPS tracking of the vessels. Many fleets have been equipped with corresponding sensors for years. How this aligns with European data protection regulations has always been a question that few wanted to address. The new contract draft now explicitly notes the GPS tracking of the boats.

Of course, the five-page document also includes various obligations for the skipper: damages must be reported immediately, penalties for late returns, liability for gross negligence beyond insurance coverage, and similar provisions. Therefore, reading the terms and conditions of a charter should be an essential part of the process, even if hardly anyone feels like doing it in the excitement of preparing for their vacation.