

Special report

TELEGRAPH TRAVEL. Saturday, June 2, 2001

Picture: Mark & Ron Morgan



John Palmer, left, was jailed last week for eight years for running a timeshare scam in Tenerife. Although he's no longer operating, touts are still on the prowl. Alexander Davidson reports

Watch your backs on the beach



Hard sell: Some timeshare operators use high-pressure methods to peddle, often to middle-aged and elderly couples, properties that may depreciate in value

The timeshare tout who had canvassed me in Tenerife appeared stunned when I asked him to take me to a resort owned by the island's best-known timeshare entrepreneur, John Palmer.

"Avoid Palmer's timeshares," he urged. And that was *before* Palmer's conviction as a fraudster. In a business notorious for bending the law, Palmer, who was jailed last week for eight years for swindling thousands of holidaymakers in a timeshare scam centred on Tenerife, was regarded even by his peers as a man to be feared.

The tout, who had introduced himself as Stingray, was a short, stout Geordie in his twenties. "I've seen couples who've had a sales presentation at his [Palmer's] resort. High pressure isn't the word. They've been five hours in there and come out shaking."

On payment of a hefty tip, Sting-

ray led me to Palmer's flashy Island Village resort. Normally, he was paid about £80 for every couple he could lure to his own timeshare resort, but he was not above switching his loyalties. That evening, he would introduce me to one of Palmer's salespeople.

By the time I had stepped on to the driveway of Island Village, Stingray had already vanished. Three armed guards — Palmer's henchmen — sauntered up to me. At his trial, it was revealed that Palmer employed up to 16 of these for his personal protection.

I was an author researching a book on timeshare who wanted to take a look round, I explained. One of the guards muttered into his mobile, his eyes fixed on my face. He shook his head and fingered his gun. "Mr Palmer wants you off the premises," he said. He and his colleagues stepped forward. I didn't hang around.

Later that evening I met Stingray in a cellar bar in Playa de las

Americas, the main tourist playground in Tenerife. He introduced me to Paul, one of Palmer's salesmen, who told me how the scam worked.

The ideal target was someone who was already a timeshare owner and who was on holiday. "If he is stupid enough to buy once, he will again," he smirked.

The salesman would promise potential buyers, frequently middle-aged or elderly couples, that he could sell the timeshare they had already bought for, say, £4,000 for as much as £8,000 on condition that they "upgrade", buying a new apartment. The clients would be charged £10,000 for the new unit — an enticing 20 per cent discount on the standard price in return for completing the transaction immediately.

To make the deal look attractive, the salesman would double-count the figures using the following argumentation: "In effect, you've paid only £6,000 for your

new timeshare — this being the £4,000 that you had originally paid for the old timeshare, which we buy from you for £8,000, plus an extra £2,000, which brings your payment for the new timeshare up to £10,000.

"This £6,000 that you effectively pay is half the £12,000 asking price for the new timeshare. By this, you will have made 100 per cent profit on your old timeshare and bought a new timeshare at half price. It is the deal of a lifetime."

To seal the transaction, the salesman would ask the purchasers to buy before the old timeshare was sold. To help them, the resort would arrange a bridging loan of £10,000. The buyers ended up holding two timeshares and were in debt. The sting was that the situation stayed this way as the resort often failed to resell the original timeshare.

When I asked for Island Village's resale figures, Paul pan-

icked, and asked why I wanted them. Soon his colleagues in the bar were surrounding me. I smelt burning cloth and looked down. Somebody had set my left trouser turn-up on fire. I stomped about, blew at the flames, drenched them with cola — and got out quick. It was my cue to leave Tenerife.

John Palmer's trial revealed that, at its worst, timeshare can be a racket involving the ruthless exploitation of the vulnerable and gullible.

Not all timeshare arrangements fall into that category, though. At its best, timeshare can offer a high-quality holiday experience in properties that retain their value. Big brand-name companies such as Wimpey, McInerney, Sheraton, Marriott and Hilton all offer accommodation in attractive locations which, if used for many years, can represent reasonable value for money.

But there are many less well

established timeshare companies offering deals where this is not the case, and where many of the hard-sell techniques used by Palmer are commonplace.

Most timeshare promoters start by luring you to a minimum two-hour hard-sell presentation by offering you a dubious gift — such as a “free” holiday on which you will have to pay for the flights.

In theory the product stands up. A week's timeshare may set you back £6,000, although this will vary according to the size of the apartment and the season. As an owner, you have the right of use of an apartment in a resort for one or more weeks every year — for a specified period of years that could be as low as 10 or 15, or could be for perpetuity. You can use, lend, bequeath, rent or sell your timeshare.

The salesman claims that timeshare is an appreciating asset offering inflation-proof holidays.

In reality its value often decreases, particularly in poorer quality resorts. It is often difficult to rent out. Every year, maintenance charges of an average £270 per timeshare week are levied on timeshare owners, and these are prone to rise. As an owner, you must always pay these. If you don't, your timeshare may be repossessed.

Timeshare owners can exchange their weeks for others through one of the main exchange companies for a fee, but this is only on a like-for-like basis. The owner of a week in a downmarket timeshare will not easily swap for a week in a luxury resort; an owner of winter weeks will find it hard to swap for time in the summer. This lack of flexibility makes it even harder to resell.

If you are new to timeshare, you might not discover these flaws until it is too late. As an incentive to buy on the day — without having time to think about it — you will be offered a 20 per cent discount, or perhaps more. If you cannot raise the cash, the company will provide a loan at a high interest rate.

There are four million timeshare owners worldwide, of which 400,000 are British. Half of those who bought in the past two years want to sell, according to a recent US survey.

If you are stuck with an unwanted timeshare — including one in Palmer's overpriced resort — don't expect to be able to get rid of it easily. Resale agencies and auctions have a poor record.

If, on the other hand, you really want to buy a timeshare, do so from a reputable timeshare resale agency and bargain hard. Many sellers are desperate, and you can sometimes buy at discounts of up to 90 per cent.

In my opinion, all timeshare sales presentations — especially abroad — should be avoided. If you are among the one in 10 who end up buying after such a presentation, though, remember that under European Union legislation there is now a 10-day cooling-off period in Europe, extending to 14 days in the United Kingdom, during which you can withdraw from the purchase with no financial penalty. You should

also not be asked to pay a deposit. Beware, though, that these legal safeguards do not always apply — for instance, when the product is sold under a different name, such as a holiday points deal.

In my experience the bad outweighs the good in the timeshare industry. And while Palmer's operation is an extreme example of how bad it can get, his is not the only one to take greedy advantage of holidaymakers.

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