MONARCH AIRLINES: ANOTHER AIRLINE BANKRUPTCY WITH OVER €291 MILLION IN PASSENGER COMPENSATIONS LEFT UNACCOUNTED

News / Airlines

In the last few months, European aviation industry has been shaken by collapsing and failing airlines. Falling like dominoes, struggling carriers cannot keep up with arch rivalry, thus more and more announce bankruptcy. The latest Monarch Airlines collapse has hit approx. 860 thousand passengers with additional 110 thousand left waiting to be brought back home. According to EU 261 law that should be protecting European citizens, afflicted Monarch Airlines' travellers could be entitled up to €291 million in compensations. However, current EU regulation falls short to defend rights of travellers that were caught up in airline bankruptcy.

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Recently, three major European carriers collapsed leaving region's biggest airlines chalk up bigger profits. According to aviation experts, it is only the start of a more far-reaching industry consolidation that is expected to whittle the number of European airlines down to numbers of only a few profitable carriers. Smaller and weaker aviation players that are in financial difficulty cannot keep up with more efficient competitors and it is inevitable that only the most adaptable will survive the shake-out.

Such future prospects are obnoxious news for flying Europeans. With accelerating passenger flows, a great number of travellers are at risk to be left without the reimbursement for cancelled flights, because the current EU law favours bankrupt airlines and not the harmed travellers. Just in Monarch Airlines' case, over 110 000 were left stranded, which could equal into over €6 million if they were entitled to a compensation outlined in the EU laws, let alone almost 900 000 that will not have a chance to go on their holiday or make that dream trip. According to EU Regulation 261/2004, bankruptcy does not fall under extraordinary circumstances laid out in the EU law. Yet this is not the only regulation's flaw, as recent Ryanair crisis highlights even more shortcomings.

Ryanair has recently cancelled 20 thousand flights from 2017 October to 2018 May, which will affect up to 715 thousand travellers. The figure for Ryanair debt in EU compensations for the affected passengers initially was as high as €100 million. However, the carrier specifically issued full cancellation lists informing customers more than two weeks before their scheduled departure time, fully understanding that the company would get away with not paying compensations that may be reaching up to €600 for each passenger. Meaning, 82% of the afflicted Ryanair flyers were left without the compensation. Nevertheless, it does not really help the airline, which still owes passengers over €53 million, according to SKYCOP's numbers.

As Marius Stonkus, the CEO of global claim platform www.skycop.co.uk explains, "In the last 5 months three European airlines collapsed and another major carrier cancelled 20 thousand flights which led to the company's worst crisis in its history. Numbers of affected passengers have reached millions and yet not even everyone will be entitled for compensation. In our opinion, watching such recent events in aviation industry, there should be more strict rules implemented into EU laws to protect passengers – it should be reconsidered," claims M. Stonkus, "With Aliatalia, Air Berlin and Monarch all going bust in a relatively short period, the industry looks to be going through a period of flux and more airlines are expected to fall in the coming years which in turn will continue to leave millions of people stranded and deluded."

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05 OCTOBER 2017

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