## **Support The Guardian**

Available for everyone, funded by readers







News

**Opinion** 

Sport Culture

Lifestyle



Business ► Markets Money Project Syndicate Retail More

### Virgin Australia

# Virgin Australia administrators stop giving credits and refunds for cancelled flights

Temporary move understood to be designed to shield administrators from personal liability

- Sign up for Guardian Australia's daily coronavirus email
- Download the free Guardian app to get the most important news notifications
- Coronavirus Australia maps and cases: live numbers and statistics



▲ Virgin Australia administrators temporarily halt giving customers credits or refunds. Photograph: James D Morgan/Getty Images

#### Ben Butler

Thu 7 May 202016.44 AEST







Administrators of <u>Virgin Australia</u> have stopped issuing refunds and flight credits to customers who cancel their trips.

In an email sent to customers who requested a refund or a credit, the airline said it had "temporarily paused issuing new travel credits and refunds while we wait for direction from the administrator".

The move is understood to be designed to shield the administrators – Deloitte partners Vaughan Strawbridge, John Greig, Sal Algeri and Richard Hughes – from personal liability for the credits and refunds.

A Deloitte spokesman declined to say how many customers were affected or how much their flights were worth.

Virgin Australia launches US legal action to protect aircraft from being seized



"Since the appointment of the administrators, they have been logging customer requests for refunds and credits while they work on a solution for affected customers," he said.

"The administrators will be able to provide more certainty on arrangements for those customers in coming days."

He said the administrators hoped to have a solution in place within a week and flight credits issued before the Virgin board appointed administrators on 20 April remained valid.

Under insolvency law, the administrators are personally liable for debts they accumulate while in charge of the airline.

Sign up to receive the top stories from Guardian Australia every morning

Email address

Sign up

An Australian court has already given them <u>a month's breathing space</u> before they become liable for payments that must be made under about \$2bn in aircraft leasing contracts.

Separately, they have also <u>asked a court in the US</u> to stop creditors taking action against Virgin there or seizing its aircraft.

The administrators are trying for a quick sale of the airline, which had debts of about \$6.8bn when it collapsed.

Virgin Australia's directors decided to call in administrators on the afternoon of 20 April, after the federal government rejected its bid for a \$200m bailout.

The airline had earlier requested a \$1.4bn loan, but reduced its request in negotiations with the government.

Both Virgin Australia and its bigger rival, Qantas, have been reduced to running bare-bones services as a result of the coronavirus crisis.

#### News is under threat ...

... just when we need it the most. The Guardian's honest, authoritative,

fact-based reporting has never mattered more. As we face the biggest challenge of our lifetimes, we'll remain with you, so we can all better understand and combat the crisis. But at this crucial moment, news organisations are facing an existential threat. With advertising revenues plummeting, we risk losing a major source of our funding. More than ever before, we need your support to help fill the gap.

We believe everyone deserves to read quality news and measured explanation, in times of crisis and beyond. That's why we keep our journalism free from a paywall and open to everyone – something enabled only by reader support. You're now visiting in your millions, and supporting us from 180 countries around the world.

We have upheld our editorial independence in the face of the disintegration of traditional media. Free from commercial ownership and political bias, our journalism is never influenced by billionaire owners or shareholders. Our agenda and opinions are our own, and this makes us different. It means we can challenge the powerful without fear – investigating, disentangling and interrogating.

We need your support so we can keep delivering open, independent journalism. Every contribution, however big or small, helps secure our long term future. Support the Guardian from as little as \$1 – and it only takes a minute. Thank you.



Topics

Virgin Australia

Coronavirus outbreak/ Airline industry / Business / news











# promoted links from around the web

Finally, Affordable Life Insurance for Over 50s

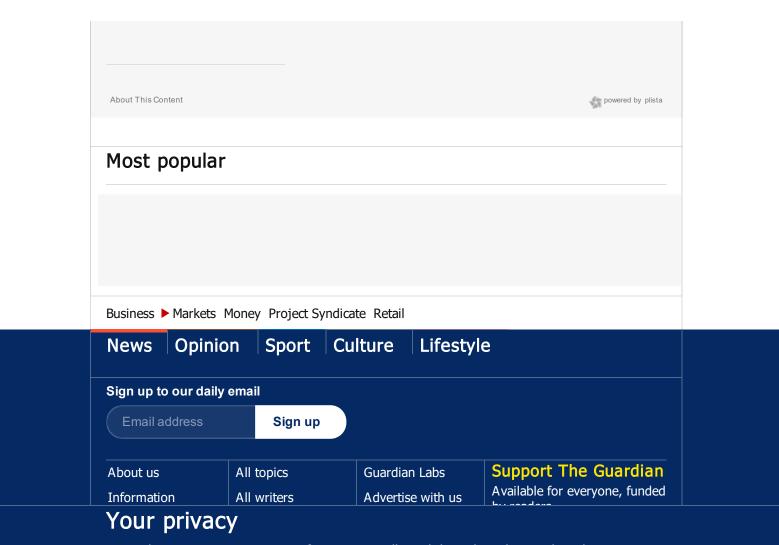
LIFE INSURANCE COMPARISON

Older Aussies Outraged Over Private Health Costs Are Flocking To This Service

HEALTH INSURANCE COMPARISON

The home loans banks don't want you to find

MOZO



We and our <u>partners</u> use your information – collected through cookies and similar technologies – to improve your experience on our site, analyse how you use it and show you personalised advertising.

You can find out more in our <u>privacy policy</u> and <u>cookie policy</u>, and manage your consent at any time by going to 'Privacy settings' at the bottom of any page.

- ✓ Information that may be used
- → Purposes



Options