

The operation to help customers affected by the failure of the Monarch Airlines Group

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Summary

The Monarch Airlines group of companies, except for Monarch Aircraft Engineering Ltd, entered administration on Monday 2nd October 2017 at 4am UK time.

We have prepared this factsheet to explain how the CAA put in place a programme to fly home those who were abroad, together with our role as a regulator and how the ATOL protection scheme works.

We also summarise key information about how much the programme cost and how it was funded.

We have been as open as possible in describing how this situation unfolded. At the same time, we have protected commercially sensitive matters exempt from disclosure under the Freedom of Information Act.

This document gives the facts and figures behind the operation.

At 4am on Monday 2nd October 2017, the Monarch group went into administration, becoming the UK's largest-ever airline failure.

In the early hours of that morning, the best advice we had was that 110,000 people were overseas, unaware the flights they had booked to return them to the UK no longer existed. Of those, about half were ATOL-protected, giving them the assurance of being flown back at no extra charge.

Full access to passenger data confirmed that 110,000 figure. Experience suggested not all would arrive for their replacement flight, having already made alternative travel arrangements. In the event, we flew 85,000 back to the UK.

In the following two weeks, 98 per cent of those people flown to the UK in the Civil Aviation Authority's programme arrived on the same day they had originally booked. The majority were returning from Spain and Portugal.

The government instructed the CAA to repatriate every Monarch customer, regardless of whether or not they were covered by the ATOL scheme.

The final flight of the programme was from Tel Aviv to London Luton just after 03.30 on Monday October 16th, carrying 122 passengers. The final day had seen 23 flights with seats for 4,500 people returning from 20 destinations.

A further 300,000 bookings for future flights and holidays had been made. Of these, 20,000 were ATOL-protected under Monarch's licences and approximately 80 per cent of claims made had been refunded by the Air Travel Trust within three months of the failure.

The final cost of the repatriation operation is expected to be around £53 million.

Andrew Haines, then Chief Executive of the Civil Aviation Authority, said: “This was a phenomenal challenge and required the cooperation and support of many businesses, government departments and individuals.

“Like any other airline, we faced operational challenges, including bad weather and air traffic control strikes abroad. Despite this, so much of the feedback we have received from passengers was very positive. This was not a job any of us wanted to do but we are pleased to have all played our part in Britain's largest peacetime repatriation.”

Background to the Monarch operation

Licences

To operate its airline and package travel business, Monarch needed to be granted the following licences from the CAA.

- Air Operator's Certificate (AOC);
- Operating Licence (OL), which includes an assessment of an airline's financial position;
- Route Licences - permission to fly two particular routes between the UK and non-EU destinations;
- Air Travel Organiser's Licences (ATOLs) for their package holiday businesses.

Once approved, an AOC, OL and route licence are continuous, companies do not need to renew them. However, they may be suspended or revoked if, for example, an operator becomes insolvent. Even then, this only takes place after a structured decision-making progress has been completed.

An ATOL is an annual licence and is renewed every 12 months. Monarch's ATOLs ran from 12th October 2016 to 30th September 2017. For more background on ATOL, go to page 18.

Risk of failure, contingency planning

On Tuesday 29th August, Monarch's directors advised the CAA it was working with KPMG to explore a range of options, including selling group companies, group assets or re-positioning as a long-haul airline.

Although its cash position was healthier than it had been in previous years, Monarch said difficult trading conditions and an increasingly competitive market had made its medium and long-term future uncertain.

On learning of the directors' concerns, we continued to monitor closely the financial health of Monarch. We took steps to review our pre-existing contingency plans to ensure preparedness for every eventuality.

We concluded that the risk of failure had increased significantly and following consultation with Government, CAA was instructed to take appropriate steps to implement pre-existing contingency plans with the principal aim of minimising detriment to consumers.

The plan was designed to allow the CAA to be confident that it could run the repatriation programme when needed. Some of the planning context was supportive of a successful operation, including the availability of sufficient flying capacity and the co-operation of the group's directors and insolvency practitioner. In the absence of such factors the contingency plan would not have been so robust.

Implementing the contingency plan

By the end of September, Monarch had not renewed their ATOLs for 2017-18. Nor had they presented any funded, long-term plans for the Monarch airline business.

In addition, there had been no credible expressions of interest in the sale of the business as a going concern. At this point, it looked increasingly probable that the group would go into administration.

Monarch's advisers, KPMG, said that, were administration to take place, they would take over the running of the group at the point where all the airline's aircraft were on the ground in the UK.

For Monarch, this would mean the early hours of the morning on either a Monday or Tuesday. KPMG also said it would take many hours to make the necessary legal arrangements formally to put group companies into administration.

As we approached the end of September, we identified the early hours of Monday October 2nd as the earliest point at which we could launch a full repatriation programme.

Monarch's directors advised us late on the evening of Saturday September 30th that certain group companies no longer had any reasonable prospect of surviving and would be put into administration as soon as possible.

Monarch/KPMG made the arrangements for the court hearing to take place in the late afternoon of Sunday 1st October, asking to place the companies into administration at or around 3am on Monday 2nd October, when all aircraft were expected back in the UK.

The court made the administration order in the early evening of Sunday 1st October and ordered that the administrators would take up their responsibilities at or around 4am on Monday 2nd October.

At 4am on that day, Monarch entered administration and we launched our contingency repatriation plan. At the same time, we also served on KPMG, who were acting as administrators, proposals to revoke Monarch's OL, route licences and AOC. We also provisionally suspended their AOC with immediate effect.

How the Monarch operation unfolded

ATOL and non-ATOL

The Government took the exceptional measure to instruct the CAA to bring back to the UK all Monarch's customers, whether or not they were ATOL protected, over a period of two weeks. This two-week period would ensure the vast majority of people would be able to return home with ease.

Normally, only ATOL-protected customers would be guaranteed flights with no extra charge back to the UK following an airline failure. On this occasion, the number of customers requiring help to return home was estimated to significantly exceed the seat capacity available on scheduled flights. Without intervention by the Government and CAA, many thousands of people would have been stranded overseas for some considerable time.

Following the Government's instructions, the CAA secured a fleet of more than 60 aircraft from 24 airlines, to operate to 33 airports in 14 countries.

This became the most complex operation ever mounted by the CAA as the organisation launched and operated one of the largest airlines in the UK for two weeks. Our work included everything required in the management of an airline, covering everything from contacting tens of thousands of customers across Europe to organising ground-handlers and coach companies to help them on every stage of their return journey.

We were able to draw on the decades of collective experience to work effectively with a range of partners and organisations in what were to be enormously challenging circumstances.

Destinations served by Monarch



Destinations

Airports used in the Monarch operation

ALICANTE	GIBRALTAR	MALAGA	STOCKHOLM
ALMERIA	GRAN CANARIA	NAPLES	TEL AVIV
ANTALYA	HERAKLION	NICE	TENERIFE
BARCELONA	IBIZA	PALMA	VENICE
DALAMAN	LANZAROTE	PAPHOS	VERONA
DUBROVNIK	LARNACA	PORTO	ZAGREB
FARO	LISBON	PREVEZA	
FUERTEVENTURA	MADRID	RHODES	
FUNCHAL	MAHON	ROME	

It was not possible to replicate exactly Monarch's own fleet or schedule in the timeframe for the operation. Nor was it desirable, as it was important to minimise the cost to the taxpayer and avoid hiring aircraft which would only be half full. This meant some flights were consolidated, or combined, on to one bigger aircraft.

Where smaller aircraft had to be used, some customers were instead flown home on a scheduled airline's flight with spare seats.

As the flying programme continued into the second week, more passengers returned on scheduled flights because most had already been flown back, easing the requirement for specially chartered aircraft. This made the operation more cost-effective.

Ninety-eight per cent of customers brought back by the CAA programme returned on the date they were originally scheduled to fly. No-one was asked to return home any earlier than originally planned, meaning holidays were not cut short.

Just two per cent of customers were affected by factors beyond our control, including fog at Funchal and technical issues with an aircraft at Porto. Some passengers were also delayed towards the end of the programme because of seat availability on scheduled flights.

We worked with the following organisations:

Airlines

Omni Air	Blue Panorama	Orbest
Miami Air	Qatar Airways (Under British Airways contract)	Plus Ultra
Air Transat	Aigle Azur	
Hi-Fly (P)	SmartLynx	
Hi-Fly (M)	EI AI	
Titan Airways	Evelop	
Wamos Air	Thomas Cook	
Privilege	Easyjet	
Freebird	Thomson	
Arkia	Germania	
Orange2Fly	Go2Sky	

Aircraft types leased

	Boeing	Airbus
772	763	332
738	753	312
733	752	343
757		320
767		321
744		322

Airport passenger handlers

Swissport	<ol style="list-style-type: none"> 1. Used for passenger handling in UK airports (Birmingham, Leeds Bradford, Manchester, Luton (not Gatwick where CAA staff were deployed)) 2. Meet & Greet in airports and arranging coaches between Cyprus airports
HRG	Contracted to find and book 'ad hoc' flights for passengers unable to use the CAA repatriation service
Menzies	Eight destinations across Spain – assisting/meet and greet in airports and ground arrangements for passengers.
Jumbo Tours	Lanzarote, Menorca, Fuerteventura – assisting/meet and greet in airports and ground arrangements for passengers.
MTS Globe	Dalaman, Faro, Lisbon, Porto & Funchal – assisting/meet and greet in airports and ground arrangements/transfers for passengers and coaches between airports
Gibraltar -British Consulate/FCO	<ol style="list-style-type: none"> 1. Assisting/meet and greet in airports and arranging coaches out of Gibraltar to other airports in Spain 2. Meet and greet in airports and arranging coaches between Cyprus airports
HMRC Surge Teams	<ol style="list-style-type: none"> 1. Assisting/meet and greet in airports where contracted ground handlers were not available 2. Providing advanced information of the situation on the ground.

Ground handling companies

The CAA contracted with 19 handling agents providing transfers across Europe between accommodation and airport. They also acted as the main point of contact for some of the accommodation suppliers, which numbered 2,100 in all, including those listed below.

MTS Global	transfers and accommodation in Portugal & Madeira
Jumbo Tours Group	transfers and accommodation in mainland Spain, Canaries and Balearics
Koral Tourism & Travel Agency	transfers and accommodation in Turkey
Top Euro Travel	transfers on Rhodes
Kompas	transfers and accommodation in Croatia
Kompas	transfers and accommodation in Montenegro
Kompas	transfers and accommodation in Venice
Reflections	transfers and accommodation on Preveza & Lefkada
Tourico	transfers and accommodation Europe-wide
Hotel Bed	accommodation Europe-wide
Kanaris	transfers in Preveza
Ovest	transfers and accommodation in Italy
Mina	transfers in Turkey
Melsinea	transfers and accommodation in Italy
Eshet	transfers in Israel
Sunhouse	transfers in Cyprus
Deltanet	transfers in Crete
Hotel Esmeralda	accommodation in Benidorm
Excel Hotel and Resorts	accommodation in Tenerife

We would also like to thank the many colleagues in government who worked closely with us on this operation, without whose support this would not have been possible. This included ten government ministries including Department for Transport, Foreign and Commonwealth Office, the Cabinet Office and Number Ten, together with HMRC Surge teams.

CAA communications to support the Monarch operation

Our communications strategy focused on consumers, with messaging targeted at two specific groups: those yet to travel and those already overseas.

The collective priority was to ensure affected customers were given the information they needed as quickly and as clearly as possible. This required close co-operation with industry partners; working with a core team of retained Monarch employees and the administrators, affected airports, partner airlines and the travel industry.

We followed a detailed, hour-by-hour plan, ready to activate as soon as Monarch's board decided to put the business into administration. We used social media and broadcast channels, together with national and regional newspapers, to ensure carefully drafted messaging and advice was available to the largest number of people both here and abroad.

Messaging to customers due to fly from UK

Specially designed tweet, advising customers not to go to their UK airport on the day Monarch went into administration.



Monarch

All **Monarch** flights from the UK are cancelled, do not go to UK airports

For more information
Visit **monarch.caa.co.uk**
Call the helpline **0300 303 2800**

Department for Transport

Civil Aviation Authority

We were conscious that, at the time Monarch Airlines entered administration, many thousands of customers would already be on their way to UK airports expecting to fly out on holiday that day. It was essential that we reach these customers as quickly as possible, with clear advice about what this meant for them, and where they could find further information.

As well as working with the administrators, using Monarch's own customer information systems to send out emails and text messages to affected customers, we targeted regional radio news broadcasters and breakfast programmes, to ensure as many people as possible received the clear message that there would be no further flights by Monarch Airlines and that customers should not go to the UK airport.

We worked closely with the five affected UK airports – Birmingham, Leeds Bradford, London Gatwick, London Luton and Manchester – to ensure that they had all the messages and materials they needed to support customers who arrived at the airport expecting to depart that day. As well as posters and leaflets, our airport “toolkit” included suggested scripts for passenger announcements and information about our dedicated call centre and website, for them to direct customers towards.

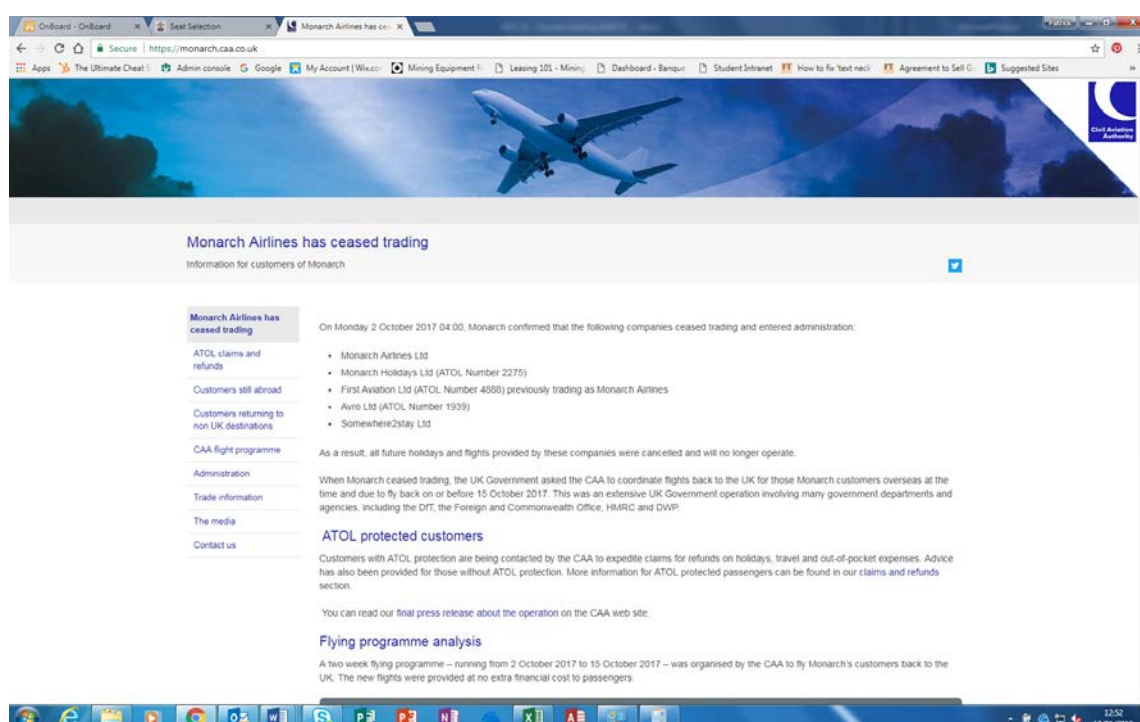
This coordinated approach ensured that the vast majority of affected customers heard the message before arriving at the airport, with relatively few arriving at Monarch's check in areas.

Dedicated website: monarch.caa.co.uk

As part of our existing contingency planning, the CAA has the ability to launch – in a short period of time – a dedicated website with information for consumers and industry stakeholders. A bespoke website was available to affected consumers within minutes of the Monarch group entering administration.

This was the primary source for information on replacement flights, with affected customers able to find new departure times and essential detail, wherever they were.

As the focus shifted from the flying programme to processing ATOL refunds, we reviewed the website to ensure that the information available reflected this transition.



Dedicated social media team

Social media, particularly Twitter, was a vital communication channel and was a key part of our front-line response. Throughout the two-week flying programme, we maintained a 24/7 social media monitoring and query-handling service to ensure we could acknowledge and respond to concerns as quickly as possible. This meant we could update customers on changes to the flying programme, escalate concerns from vulnerable passengers to the CAA team and address issues directly with customers as and when they arose.



Dedicated call centre

As part of our normal contingency planning, we have arrangements in place with a call centre operator which can, at very short notice, establish a 24/7 helpline.

In the days before the Monarch administration, 260 agents were trained to handle calls from customers who could be affected. The helpline (reduced rate within the UK, as well as a specific phone number for customers dialling from overseas) was also readied for launch. The call centre subsequently maintained constant operation, overseen by CAA managers, throughout the two-week flying programme. It handled a total of 52,460 calls during that fortnight and for a further seven weeks beyond.

Customers were directed towards the dedicated website in the first instance, which provided a range of information on flight details, refunds and their rights. Those who needed to talk to someone were helped by the call centre team, which also escalated more complex cases to the CAA managers on-hand.

This escalation team made special arrangements for vulnerable customers, including those requiring therapeutic oxygen during their flight or wheelchair assistance at airports,

ATOL protected customers having difficulties with their accommodation providers, and those who were concerned about flights due to depart imminently, were also supported.

As the flying programme progressed, an increasing number of flights were consolidated, with customers being provided with seats on scheduled flights back to the UK. The call centre and escalation team contacted passengers overseas to ensure they were aware of their new flight arrangements. They made sure as many people as possible arrived at the airport in plenty of time for their return flight to the UK.

For more on how the operation progressed, read our regular news releases [link](#).

Monarch operation background: what is ATOL?

All holidays bought from a UK travel company that include flights from the UK must be financially protected by the Air Travel Organisers' Licence (ATOL) scheme, managed by the CAA.

ATOL companies are required by law to pay £2.50 for every passenger sale they make to the Air Travel Trust (ATT).

The ATT is responsible for looking after customers if the ATOL-holder with which they are booked fails. When this happens, the ATT flies people who are abroad home and compensates those who have not yet travelled.

The ATOL licensing regime is designed to protect passengers by reducing the number of failures.

The CAA performs the administrative functions of the ATT and there is an agreement in place between the two parties which governs that relationship. The CAA acts as the ATT's agent in the exercise of its powers, including repatriating consumers and compensating them for losses they have incurred as a result of the failure of an ATOL holder.

ATOL covers all overseas air holidays where a flight and accommodation or car-hire have been booked together and some flights booked separately.

The CAA uses this fund to ensure consumers either complete their holiday or – if they cannot fly abroad – receive a refund. In the case of Monarch, this process was activated on behalf of the 54,000 customers covered by ATOL who were due to fly in the future.

What is the Air Travel Trust?

The purpose of the Air Travel Trust (ATT) is to manage and apply the trust fund to provide compensation to customers who have suffered a loss as a result of a failed ATOL holder.

The ATT is the primary source of funding when an ATOL holder fails and meets refund and repatriation costs. The CAA administers the fund on behalf of the ATT.

The ATT is principally funded by ATOL Protection Contributions, which are collected from ATOL holders for each person who books air travel covered by an ATOL. In some failures, the ATT may also receive funds if, for example, a bond was required by the CAA.

How do customers know if they are ATOL protected?

All ATOL protected customers should receive an ATOL Certificate as soon as they make their first payment towards their holiday. Named on the Certificate will be the company responsible for looking after the customer in the event of a failure. If the company named on the Certificate becomes insolvent then the CAA – on behalf of the ATT – will step in and look after those customers as appropriate.

This is an important document. Make sure that you take it with you when you travel.

ATOL Certificate

This confirms that your money is protected by the ATOL scheme and that you can get home if your travel company collapses.

This certificate sets out how the ATOL scheme will protect the people named on it for the parts of their trip listed below.

Who is protected? **Number of passengers:**

What is protected?

You can find more detailed information on your booking, including price, on the confirmation you will receive from

Who is protecting your trip?

Your protection

You are protected from when you were given this certificate to the end of your trip.
If stops trading, the passengers named above will either:

- 1 complete their trip and return to the UK; or
- 2 receive a refund.

Your protection depends on the terms of the ATOL scheme (available at www.atol.org.uk).

If stops trading, you must follow the instructions at www.atol.org.uk (where there will be details of arrangements to bring people back to the UK, and information on how people can claim their money back) or you can call (+44) 20 7453 6350.

Above: a sample ATOL certificate

Operation cost

During 2016 and having consulted with government, the ATT spent just over £25m on contingency planning and capability building to ensure a comprehensive plan was in place for the efficient repatriation of UK consumers in the event of a large ATOL insolvency.

These measures were put in place to ensure the CAA would be able to manage any eventuality should a large ATOL company go into administration at that time.

Approximately £23m was spent on chartering aircraft on a standby basis and associated flying costs.

This preparation informed the strategic and logistical scoping underpinning the operation in 2017 to help customers affected by Monarch's failure. The entire cost of the Monarch repatriation operation is expected to be around £53m. In organising the repatriation, the CAA acted both under the instructions of the Secretary of State for Transport and as agent of the Air Travel Trust.

The CAA ultimately bears no cost for this and has been reimbursed (the bulk being paid in advance) by the Department for Transport and the ATT. The ATT is responsible for costs relating to passengers who were customers of the Monarch group ATOL companies (First Aviation Ltd, Monarch Holidays Ltd and Avro Ltd), while costs relating to all other passengers are being paid by the Department for Transport.

The split of passengers between these categories and the approximate cost is 20 per cent ATT, 80 per cent DfT.

Additionally, the ATT is responsible for compensating customers of the Monarch group ATOL companies who had future holiday bookings at the time of failure. The cost to the ATT of these customers' claims is expected to be approximately £22m. In the first three months following failure around 80 per cent of Monarch's ATOL protected customers had been refunded.

Conclusion

As a regulator, our core task is to manage a wide range of potential scenarios and being prepared for them. In our industry, this is a serious matter and we seek to work with a broad group of stakeholders to help serve the public.

What happened to Monarch Airlines Group became the largest-ever failure of an airline in the UK and tested to the utmost our ability to respond effectively.

The CAA was at the centre of the co-ordinated response to help customers affected. Documented in this fact sheet is the full range of stakeholders and organisations who contributed to this complex, multi-layered operation.

Ranging from government departments to airport meet-and-greet teams, it details how these multiple moving parts combined to deliver what is widely judged to be a satisfactory outcome to a crisis which made headlines around the world.

Everyone involved will continue to examine how effective this response was and how it can inform planning for the future.

A critical lesson has been analysing everything we know about the Monarch administration to build even greater awareness for any potential crisis in future.

As a regulator, our duty is to consider the right response when things go wrong. Our experience in this case and that of the many organisations with which we worked in partnership, will inform the Airline Insolvency Review. Commissioned by the Department for Transport, it is examining how best to prevent – and handle – any potential failures in years to come.