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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

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

Ben Butler

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Administrators of [Virgin Australia](#) 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.

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“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.

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An Australian court has already given them [a month’s breathing space](#) before they become liable for payments that must be made under about \$2bn in aircraft leasing contracts.

Separately, they have also [asked a court in the US](#) 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.

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