

Government plans to set up exceptional Thomas Cook compensation scheme

Last month the Official Receiver identified that prior to insolvency Thomas Cook had been providing personal injury cover for customers as part of its holiday package (as it was required to do) without fully insuring against the cost of potential claims themselves.

This means it is very uncertain whether they will receive any of the compensation they would have ordinarily received against their claims.

In an Oral Statement to Parliament, Ms Leadsom said that the government is determined to act quickly to provide reassurance to individuals and families with serious claims and who have suffered life-changing injuries, illness or loss of life, and is exploring all possible ways to make sure these claimants are not left in serious hardship.

She committed to establishing an exceptional statutory compensation scheme to ensure that those left with serious long-term needs will be looked after. It will be a capped fund, sufficient to ensure there is support for those customers facing the most serious hardship as a result of injuries or loss of life for which UK-based Thomas Cook companies would have been liable.

The government must strike a responsible balance between the moral duty to respond to those in the most serious need and the responsibility to the taxpayer, so routine claims covering short-term problems will not be covered under the scheme

The government will consider a range of options and intends to bring forward any necessary legislation in the new Parliament to close this loophole.

Further details on the terms of the scheme will be set out in due course.