

# Thomas Cook closes shop, 1000s of travellers stranded

Huge debt, online competition and geopolitical events have spelled the end for Britain's oldest travel company, Thomas Cook, leaving hundreds of thousands of holiday makers stranded around the world.



Image: The Rappler

The company put out a statement that it was shutting up shop after talks to secure a rescue package from its lenders failed over the weekend.

Initially, the company secured a £900m recapitalisation plan in a deal with its biggest shareholder, China's Fosun, and the travel firm's banks in August. But, then it was hit with a demand for another facility of £200m in underwritten funds by its banks.

The recapitalisation plan was "no longer applicable given the compulsory liquidation" of Thomas Cook, Fosun said in a statement.

The company, which operated hotels, resorts and airlines in 16 countries catering for 19-million people a year, currently has 600,000 customers abroad, forcing governments and insurance companies to coordinate a massive repatriation operation.

The UK's Civil Aviation Authority (CAA) said the regulator and government had a fleet of planes ready to start bringing home more than 150,000 British customers over the next two weeks.

The British regulator is also contacting hotels hosting Thomas Cook customers to tell them that they will be paid by the government, through an insurance scheme. That was after some were briefly held in a hotel in Tunisia when staff asked for additional payments to be made.

## **Contingency plan**

“Our contingency planning has helped acquire planes from across the world – some from as far away as Malaysia – and we have put hundreds of people in call centres and at airports,” British Transport Minister, Grant Shapps said.

In Germany, a major customer market for Thomas Cook, insurance companies will coordinate the response.

In the longer term, it could also hit the tourism sectors in the company’s biggest destinations, such as Spain and Turkey, leave fuel suppliers out of pocket and force the closure of its hundreds of travel agents across British high streets.

Last year’s European heatwave also hit the company hard as customers put off last-minute bookings.

The liquidation marks the end of one of Britain’s oldest companies that started life in 1841 running local rail excursions before it survived two world wars to pioneer package holidays and mass tourism.

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