



# The Collapse of Thomas Cook: What Does this Mean for Ex-Staff?

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The collapse of Thomas Cook this week has led to the loss of up to 21,000 jobs worldwide. It has been revealed that the company had a “balance sheet black hole” of more than £3.1billion after it ceased trading on Monday. Winding up orders were made against Thomas Cook Group plc and its associated companies. The court has appointed the Official Receiver as the Liquidator.

Up to 9,000 Thomas Cook staff in the UK have been directed to a Government information web page. This informs staff that they can apply to the Insolvency Service for a statutory redundancy payment and other payments such as wages and holiday pay owed. It has been reported that staff will not receive their September salaries from their employer but will have to apply through the Insolvency Service.

It has been further reported that as staff had not been consulted about the collective redundancies they may be able to claim a protective award under the Trade Union and Labour Relations (Consolidation) Act 1992. In theory, staff could be entitled to up to 90 days’ pay (the protective award) on top of any unpaid wages, holiday entitlement and their normal statutory redundancy payment. However, any protective award, and other sums which exceed limits set by the Insolvency Service, will need to be claimed against the insolvent company’s estate. This will be pointless where there is no prospect of any funds being recovered in the insolvency process.

More broadly, this does stand as a reminder of the importance of the consultation process for employers within redundancy. ACAS guidelines suggest that when considering redundancy, employers should consider a broad range of factors and procedure, including:

- Whether there is an alternative to redundancy?
- Has the employer followed their own redundancy procedure?
- Has the employer informed employees about the possible redundancies?
- Have the employer consulted the employees about the proposed redundancies?
- Has the employer paid the appropriate redundancy pay to employees?

Insolvency issues will inevitably impact on the extent to which employers can comply with these requirements and each case is fact specific.

For any advice and assistance with redundancy and the applicable consultation process, including in the context of insolvency proceedings, please contact [Catharine Geddes](#) or another member of the LA [Employment and HR Team](#).