

# RUSSIAN TOUR OPERATOR BANKRUPTCY CAUSES SIGNIFICANT PROBLEMS FOR TRAVELLERS



Neva may be one of most well-known names in travel agencies in Russia, having a number of offices across European Russia, but, since last week, they have ceased operations after officially declaring themselves bankrupt. According to Neva's chairman, the decision to end the agency's long reign was due to the combination of increased competition and a bad season brought on by the economic situation, which made the business unprofitable.

The company may have gone bust but things are not entirely over yet because they find themselves caught in the middle of queries from the 17,000-20,000 worried holidaymakers that are looking to travel on a holiday booked through the agency and are potentially ticketless and, even worse, the estimated 6,000 clients already on holiday abroad who are wondering how they will be returning home. Neva are trying to assure everyone that is currently booked with them or travelling with them that they will provide help, claiming in their online statement that they will offer all the “moral support” they need. This is not the best choice of words as it is sure to sound a little vague and empty to those that feel stranded but, thankfully, they have added that they aim to get people home in anyway possible. In addition to turning toward what remains of their travel agency, tourists in the middle of this situation are hoping to rely on The Association of Tour Operators, Turpomosh, who are obligated to aid those that are stranded and have not paid in full.

These Russian holidaymakers should not worry too much about getting home again because help is available, but what about those that want their payments refunded?

There are options available for those that have had their vacations thrown into turmoil because of this development but optimism on their success varies depending on who you talk to. On one side of the coin you have those that hope that the company will be able to find money for refunds and alternative arrangements from their insurers. The company was insured for 454.2 million rubles and the value of the tours that could require reimbursements is below 400 million. On the other side, the Russian Tourism Union are being quite realistic about the situation, saying that it is impossible to be certain about the acquisition of sufficient funds right now and it there is still the risk that not all client will be refunded in full as the insurers only have capital of 167.7 million rubles. It seems that these stranded travellers will get home safely but it could be a while before the whole situation is resolved.

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