

# From Wage Arrears To Vessel Detention

## *Why Crew Welfare Has Become a Core Operational Risk*

*For many years, wage payments, crew contracts and repatriation arrangements were generally regarded as employment-related matters falling primarily within the relationship between shipowners and seafarers. While important, they were rarely viewed as issues capable of directly affecting a vessel's commercial performance or regulatory standing.*



Recent developments suggest that this perception is changing. Port State Control (PSC) authorities, labour organisations and regulators are placing increasing emphasis on Maritime Labour Convention (MLC) compliance, particularly in relation to crew welfare, wage payments and repatriation arrangements. At the same time, the industry continues to witness a growing number of reported crew abandonment cases worldwide. Crew welfare is therefore no longer viewed solely as a labour issue. It is increasingly treated as an indicator of management effectiveness, operational resilience and financial stability.

From the perspective of Türk P&I's Claims Department, this trend is not merely a regulatory development observed from a distance. In recent years, the Club has experienced a noticeable increase in crew-related enquiries, complaints and claims. Such matters are reported either directly by crew members or through labour organisations, including interventions coordinated by the International Transport Workers' Federation (ITF) and affiliated unions. These cases frequently involve wage arrears, delayed crew changes, repatriation concerns and allegations of abandonment.



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He graduated in 2016 from the Department of Maritime Transportation and Management Engineering at the Maritime Faculty of Dokuz Eylül University. He began his maritime career aboard dry cargo vessels operated by Deniz Nakliyatı T.A.Ş. and subsequently served as an Oceangoing Watchkeeping Officer and Oceangoing Chief Officer with various shipping companies. In 2022, he transitioned from active seagoing service and joined Gemak Shipyard as a Dock Master. Following one year of experience in this role, he worked as a P&I Marine Surveyor at Kalimbassieris Maritime for three years. During this period, he was actively involved in surveys, investigations and claims handling processes on behalf of International Group (IG) P&I Clubs, with particular focus on collision, cargo, pollution, personal injury, port and equipment damage claims, as well as a wide range of maritime incidents and disputes. Through close cooperation with shipowners, P&I Clubs, legal counsels and local authorities, he gained substantial field, operational and technical experience in the management and resolution of complex marine claims. As of April 2026, he joined Türk P&I Insurance as a Claims Executive, where he continues to apply the operational and technical expertise gained throughout his maritime career to the field of claims management.



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Our experience demonstrates that welfare-related concerns often emerge before formal regulatory action takes place and may provide one of the earliest indicators of wider operational difficulties.

### **The Changing Focus of PSC Inspections**

Historically, PSC inspections concentrated primarily on technical compliance. Navigation equipment, fire safety systems, life-saving appliances and pollution prevention arrangements traditionally represented the core areas of inspection activity. While these areas remain fundamental, inspectors increasingly recognise that vessel safety cannot be separated from the welfare and working conditions of those operating the ship.

As a result, MLC-related matters now receive considerably greater attention during inspections. Wage records, employment agreements, repatriation arrangements and financial security documentation are frequently reviewed alongside traditional technical requirements. More importantly, inspectors are increasingly interested not only in whether documentation exists, but also whether the underlying obligations are being fulfilled in practice.

A vessel may carry all required certificates and documentation. However, if crew members report unpaid wages, delayed relief arrangements or unresolved welfare concerns, inspectors may begin to question whether the company retains effective control of the vessel and its operations.

### **Wage Arrears: More Than a Payroll Issue**

Among welfare-related concerns, wage arrears remain one of the most significant warning indicators. Repeated or prolonged wage delays may suggest broader concerns, including financial distress, management failures or an increased risk of abandonment.



Claims experience indicates that many welfare-related cases follow a similar pattern. Initial complaints regarding wage delays or overdue relief arrangements frequently lead to the involvement of unions, welfare organisations or ITF representatives. Once external parties become engaged, the likelihood of PSC attention and broader regulatory scrutiny increases significantly. By the time formal intervention occurs, the underlying issue may have evolved far beyond a payroll dispute.

### **Understanding the Escalation Process**

One of the most important lessons emerging from recent cases is that detention rarely results from a single deficiency. Instead, enforcement actions often develop through a gradual escalation process. Financial pressure may lead to delayed wage payments. Wage delays generate crew concerns. Complaints are raised internally or externally. Questions emerge regarding repatriation arrangements and welfare conditions. PSC authorities expand inspections. Confidence in management begins to erode.

This progression illustrates an important reality: welfare-related detentions are often the final stage of a longer process rather than the starting point of the problem. For shipowners and managers, identifying warning signs before they escalate remains critical.

### **The Hidden Cost of Welfare Deficiencies**

The financial consequences associated with welfare-related incidents frequently exceed the original liability several times over. Once regulatory intervention begins, additional exposures may arise, including vessel detention, operational delays, charterparty disputes, legal expenses, repatriation costs and reputational damage.



In severe cases, welfare-related disputes may contribute to vessel arrest proceedings and prolonged commercial disruption. Furthermore, in abandonment scenarios, liabilities may arise under the MLC financial security regime. Payments made pursuant to MLC abandonment protections may ultimately be recoverable from the responsible shipowner by way of recourse, creating an additional layer of financial exposure beyond the immediate operational consequences of the incident.

### **The Role of MLC Financial Security**

The Maritime Labour Convention not only imposes obligations on shipowners but also requires financial security arrangements covering specific crew-related risks, including repatriation and abandonment situations.

In line with these requirements, Türk P&I supports the objectives of the Convention through the MLC-related cover and extensions available under the Club's Rules. The Club also provides the necessary MLC financial security certification for entered vessels, supporting the protection of seafarers against the consequences of abandonment and certain unpaid contractual entitlements. While such mechanisms provide an important safeguard, they should not be viewed as a substitute for effective operational management.

### **Prevention Remains the Most Effective Strategy**

Experience consistently demonstrates that welfare-related incidents rarely occur without warning. Repeated wage delays, overdue crew reliefs, increasing complaints, supplier pressure and deteriorating morale should all be treated as indicators requiring management attention. Equally important is communication. Crew members who understand that concerns are being acknowledged and addressed are often less likely to seek external intervention.



## Key Takeaways

- Wage arrears are often early warning signs of wider operational difficulties.
- Crew welfare concerns increasingly attract PSC attention.
- Detention is usually the result of cumulative failures rather than a single deficiency.
- MLC compliance and financial security arrangements play an important role in risk management. Early intervention is significantly less costly than crisis management.

Ultimately, crew welfare should no longer be viewed solely as a human resources or crewing matter. It is now a core operational risk capable of influencing regulatory outcomes, commercial performance and corporate reputation. Organisations most likely to avoid detention, abandonment allegations and associated financial losses will be those that identify warning signs early, maintain effective oversight and act before small problems develop into major incidents.

