



Court urges Russia to act over 1982 Soviet bonds as it finds a violation of property rights

In today's Chamber judgment¹ in the case of [Volokitin and Others v. Russia](#) (application no. 74087/10 and 13 others) the European Court of Human Rights held, unanimously, that there had been:

a violation of Article 1 of Protocol No. 1 (protection of property) to the European Convention on Human Rights in respect of several of the applicants.

The case concerned Russia's failure to redeem Soviet-era premium bonds.

The Court observed that Russia had taken on the obligation to redeem the bonds but had failed to put into effect a mechanism for implementation, which was a violation of the applicants' property rights.

The Court distinguished between applicants who had provided detailed information about the origin of their bonds and those who had not provided any or a sufficiently credible response to the Court's enquiry. It ultimately awarded compensation in respect of pecuniary and non-pecuniary damage to three of the 15 claimants.

It also found that there was a structural problem in Russia with regard to the redemption of this debt and directed the Government and the Council of Ministers of the Council of Europe to discuss what steps were needed to resolve the issue.

Principal facts

The case involved claims by 15 applicants from various parts of Russia that they had acquired premium bonds issued by the Soviet state in 1982 (*облигации государственного внутреннего выигрышного займа 1982 года*) which they had not been able to redeem.

After the collapse of the Soviet Union, the Russian Government in 1992 recognised its succession to the obligations of the former USSR under the 1982 loan.

Russia passed a series of laws and regulations between 1995 and 2000 for the conversion of that debt into promissory notes. However, the implementation of those procedures has been continuously suspended, most recently for the period of 2017-2020. Legal efforts by the applicants to have the loans repaid have been unsuccessful.

Complaints, procedure and composition of the Court

Relying on Article 1 of Protocol No. 1 to the European Convention, the applicants complained that the Russian authorities had failed to discharge their obligations related to the 1982 premium bonds, which had been recognised as part of the country's internal debt.

1. Under Articles 43 and 44 of the Convention, this Chamber judgment is not final. During the three-month period following its delivery, any party may request that the case be referred to the Grand Chamber of the Court. If such a request is made, a panel of five judges considers whether the case deserves further examination. In that event, the Grand Chamber will hear the case and deliver a final judgment. If the referral request is refused, the Chamber judgment will become final on that day. Once a judgment becomes final, it is transmitted to the Committee of Ministers of the Council of Europe for supervision of its execution. Further information about the execution process can be found here: www.coe.int/t/dghl/monitoring/execution.

The applications were lodged with the European Court of Human Rights on various dates between 24 November 2010 and 3 February 2016.

Judgment was given by a Chamber of seven judges, composed as follows:

Helena **Jäderblom** (Sweden), *President*,
Branko **Lubarda** (Serbia),
Helen **Keller** (Switzerland),
Dmitry **Dedov** (Russia),
Pere **Pastor Vilanova** (Andorra),
Georgios A. **Serghides** (Cyprus),
Jolien **Schukking** (the Netherlands),

and also Fatoş **Aracı**, *Deputy Section Registrar*.

Decision of the Court

The Court noted that it had already dealt with similar claims and had found a violation of Article 1 of Protocol No. 1, owing to a failure to repay a different type of bond, the Harvest-90 bonds ([Malysh and Others](#)), and for non-redemption of the 1982 bonds ([Yuriy Lobanov](#) and [Andreyeva](#)).

It found that since Russia had taken upon itself the obligation to settle the 1982 debt, the applicants in this case had had a continuous claim against the State, starting from the ratification of Protocol No. 1 to the European Convention in May 1998 to the date of the submission of their complaints to the Court and to the present day.

Although the State had legislated to provide a framework for settlement, the process had, for reasons unclear to the Court, remained suspended since 2003.

The authorities had not acted to repay the debt nor carried out an assessment of the amount outstanding, such as looking at how much it would cost to settle it or balancing such costs against other priority expenses. In fact, such an assessment was impossible because the Finance Ministry had never completed the planned procedure for registering the bonds.

While economic turbulence might once have justified financial restrictions, the Government had not shown why the authorities had failed for more than 20 years to settle the applicants' legal entitlement.

For their part, the applicants had been active in pressing their claims, both with the administrative authorities and in court. Overall, and as in the earlier related cases, the Court found that the applicants had been left in a state of legal uncertainty for too long, which was incompatible with European Convention property rights.

[Just satisfaction \(Article 41\)](#)

In examining the claims, the Court distinguished between applicants who had provided detailed information about the origin of their bond holding and those who did not. It noted that that it was important to be able to demonstrate the time of acquisition because, owing to post-Soviet inflation and currency depreciation, the amount of losses depended on it.

It eventually found that only three applicants had provided a credible explanation of the origin of their holdings of the debt.

It held that Russia was to pay those three applicants various amounts in respect of pecuniary damage and EUR 1,800 each in respect of non-pecuniary damage. For the other applicants it held that the finding of a violation was sufficient just satisfaction for their non-pecuniary damage. It also awarded between EUR 30 and EUR 1,500 for costs and expenses to six applicants.

Article 46

The Court noted that this judgment was similar to previous cases it had dealt with. It noted a lack of progress in the enforcement proceedings and concluded that there was a structural problem owing to the authorities' continued failure to implement measures to provide some form of compensation for bond holders.

In order to comply with its obligations under the Convention, Russia had therefore to begin a genuine discussion with the Committee of Ministers of the Council of Europe, which oversees the enforcement of the Court's judgments, on the issue of what was required to comply with this and earlier judgments on the 1982 premium bonds.

The judgment is available only in English.

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The European Court of Human Rights was set up in Strasbourg by the Council of Europe Member States in 1959 to deal with alleged violations of the 1950 European Convention on Human Rights.