

Employment Law— Compromise of Employment Claims

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Are you being made redundant?

We all know that in these uncertain and recessionary times job security is a major concern for employees.

Employers will often wish to bring the employment relationship to an end by offering or negotiating financial terms under what are known as “Compromise Agreements”.

If correctly drafted, these Agreements, when signed by both the employer and the employee:

- bind the parties to the terms of the Agreement; and
- importantly, will prevent an employee from subsequently bringing proceedings in either the Employment Tribunal or in Court in connection with those claims that have been compromised.

To be valid, a Compromise Agreement must make it clear that the conditions which regulate Compromise Agreements (as provided by the Employment Rights Act 1996 and subsequent Antidiscrimination Acts and Regulations) are satisfied.

Have you been offered a Compromise Agreement?

One of the requirements for a Compromise Agreement to be binding is that the employee must take advice from a relevant independent adviser as to the terms and effect of the Agreement and, crucially, its effect on an employee’s ability to make a subsequent claim. A “relevant independent adviser” will include a qualified lawyer.

Our Employment Team is able to offer the appropriate advice to employees and the legal costs of the employee for taking independent legal advice are usually met by the employer.

Likewise, so far as the employer is concerned, it is vital that a Compromise Agreement is properly drafted to ensure that it is binding on the employee.

Talk to an expert

Our Employment Team at Leeds Day offers a drafting service for employers and can provide all the advice that is required by an employer who wishes to effect a negotiated settlement with an employee without running the risk of any subsequent proceedings being issued.

For further assistance please contact us on 01480 464600



T 01480 464600
F 01480 408740



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The information contained in this note is correct to the best of our knowledge at the time of publication. It is intended as a general guide only and should not be taken as specific advice.

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