

Your Legal Questions

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Q. My employers have told me that I am to be made redundant and they want me to sign a “Compromise Agreement” before they pay me anything. No-one else seems to be affected. Should I agree?

A. A Compromise Agreement is a special document which will prevent you bringing a claim against your employers in the future except in very rare circumstances. It is a statutory requirement that before signing the Compromise Agreement the employee receives professional advice from a solicitor or other suitably qualified person.

Less scrupulous employers are using the recession as an excuse to reduce their workforce even where there is no genuine redundancy. Such “sham” redundancies may be unfair dismissals or discrimination entitling employees to much higher levels of compensation. Before signing the Compromise Agreement consider with your professional advisor whether you are truly redundant or whether there is another motive, for example, are you pregnant or suffering from a long term disability?

If your employer has acted properly and redundancy is inevitable, check that the Compromise Agreement covers everything to which you are entitled. The main benefits are usually notice pay, accrued holiday, bonuses or commissions, and the redundancy payment itself. Many employers have enhanced redundancy schemes which pay more than the statutory redundancy entitlement. Check your employment contract and staff handbook to see if you qualify. Perks such as a company car, gym membership and healthcare normally finish at the end of your notice period but you may be able to negotiate a longer period. Pensions are strictly outside the scope of the Compromise Agreement but you should contact the scheme administrators to ensure that all contributions are paid up.

Remember, you get no second chance so don't be pressured into signing unless you are convinced it is a fair deal.

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