



## Employment Tribunals - Compromise Agreements and What You Need To Know

**Compromise Agreements** are legally binding documents and once you have signed one you have **signed away many of your rights** including rights to make an **Employment Tribunal claim**. So you must **think very carefully** about what is best for you before you agree to this course of action.

It is a requirement of any Compromise Agreement that you have **received independent legal advice** before you sign and at Simpson Millar LLP we have a wealth of experience in dealing with Compromise Agreements. It is also usual that **your employer would contribute a significant amount to, if not fully cover, any legal costs**.

### What exactly is a Compromise Agreement?

It is a legally binding agreement made between an employer and an employee usually involving the employee leaving his or her job. There are several circumstances in which a Compromise Agreement might be made including redundancy, dismissal, leaving a job by mutual consent or settling an Employment Tribunal before the hearing.

You and your employer agree the terms of you leaving your job. It is vital to include everything at this stage before you sign the agreement, which is why experienced legal support is essential. Matters to think about include:

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- Any wages and/or bonuses owed
- Holiday pay for untaken leave
- Whether you will have use of your company car and/or mobile phone until you can replace them
- Who is responsible for paying tax and National Insurance?
- Will there be a confidentiality clause preventing you from talking about the agreement?
- Will your agreement contain a 'non-derogatory statements' clause which would prevent you 'bad mouthing' your employer but could also prevent your employer from making disparaging remarks about you?
- Will your employer provide a good reference? An employer is not obliged to give you a reference nor can a tribunal order your employer to do so. Being able to negotiate a good reference, or at least a neutral one, can therefore be an important factor on opting for a Compromise Agreement

Once you have signed the agreement you have generally accepted a settlement and cannot go on to make an Employment Tribunal claim or Court claim relating to your employment. However, there are some exceptions:

- If your employer breaches the agreement you can make a breach of contract claim
- Personal Injury claims you are not aware of at the time of the agreement should be still allowed but personal injury claims

based on matters you know about are usually ruled out by the terms of your agreement

- The Agreement should provide that you can still bring a claim if you are not awarded your accrued pension rights

If you are thinking of entering into a Compromise Agreement it is well worth asking for **specialist legal advice** first about whether you may be better off going on to make an Employment Tribunal claim or the Agreement is the best course of action for you.

Call our freephone helpline on: **0808 129 3320** and get the advice you need.

This guide contains information on current legal issues applicable at the time of printing. Note there may have been changes subsequently which have not been incorporated in to the material. This guide is intended for information purposes only and its content should not be applied to any particular set of facts or relied upon without legal or other professional advice. For further information on how we can help you please contact:

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## Got Legal Expenses Cover on your Home Insurance Policy?

It is important to note that if you have legal expenses cover on your home insurance policy you may be able to use this to fund the cost of instructing an employment law solicitor.