

Compromise Agreements

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“Compromise agreements are normally used by employers as a means of settling work related disputes”

Introduction

Rahman Lowe Solicitors regularly advise employees and senior executives on compromise agreements and we have a track record of success in negotiating favourable terms for our clients. Our employment lawyers have significant experience of advising on and negotiating straightforward agreements to the more complex and high value settlements, which include bonuses, share options and long term incentive plans.

What are compromise agreements?

Compromise agreements are normally used by employers as a means of settling work related disputes.

A compromise agreement is essentially a formal, legally binding agreement made between an employer and employee (or ex-employee) in which, the employee agrees not to pursue particular claims in relation to his or her employment or its termination, in return for a financial settlement.

If a claim is already underway in the Employment Tribunal then either an ACAS agreement or a compromise agreement can be signed by the parties to settle the dispute and to withdraw the Tribunal claim.

Are they binding?

It is not unusual to be asked to sign a compromise agreement although they are not legally enforceable unless they meet certain requirements.

Section 203 of the Employment Rights Act 1996 states that employees should obtain independent legal advice before signing an agreement to ensure they understand the terms. Some terms of the compromise agreement may prevent employees from pursuing a claim in the Tribunal.

Our expert employment lawyers, based in London don't just 'sign-off' compromise agreements we add value by advising our clients on whether the terms of the compromise agreement are fair and whether you can obtain an increase in the amount of compensation offered in the compromise agreement.

When you sign a compromise agreement, you agree to waive your contractual and certain statutory rights. It is therefore very important for an employee to take independent legal advice as soon as possible on the terms and effect of a compromise agreement.

You may still be able to bring certain claims after you have signed a compromise agreement such as if the terms of the agreement are breached; if your employer does not pay the compensation/agreement reached, accrued pension or personal injury claims that you are unaware of as at the date of signing the compromise agreement.

Legal advice and fees

Our employment solicitors are regularly instructed to advise on complex compromise agreements. It is important to obtain legal advice from an expert employment lawyer as each compromise agreement will be different and will be tailored to the individual employee. You will therefore need to be advised on the payment/compensation being offered in the compromise agreement. You also need to fully understand the terms of the compromise agreement as it can mean you cannot pursue a claim against your employer in the Employment Tribunal or Civil Courts.

We do not charge for compromise agreement advice. Our solicitors press employers to pay for the legal advice received by our clients. An employer may offer to pay for all or contribute to some of the legal fees. The legal fees can vary from £350 plus VAT and can increase to around £5000 plus VAT for very senior executives/directors. We regularly advise senior executives on the terms of their compromise agreements. If additional advice is required, so not just relating to the compromise agreement itself, the legal fees will increase. The additional legal fees will depend on how much extra work is required. This could be negotiating the amount of the payment/compensation, negotiating the wording of a reference to be included in the compromise agreement or amending the wording of the compromise agreement.

“We do not charge for compromise agreement advice. Our solicitors press employers to pay for legal advice. Whilst some employers pay legal fees they are not obliged to do so”

What if I don't want to sign an agreement

An employer may end your employment if you do not agree to sign an agreement and they won't agree to pay for the legal advice you received relating to the agreement, so you would be responsible for these. You may also need to pursue a claim in the Employment Tribunal and so it is important that legal advice is obtained urgently as you have three months less one day from the date of termination of your employment or act complained of within which to bring a claim.



Our expert compromise agreement lawyers regularly negotiate high value settlements for senior executives

Can any deductions be made?

It depends on the payment and what it is compensating you for. Certain payments are tax free such as the first £30,000 of a payment for loss of employment or redundancy. You will usually have to pay tax and NI on wages and holiday pay. Your legal advisor will be able to advise you in detail on any deductions to be made from your payment.

Confidentiality

A compromise agreement will normally contain a confidentiality clause so you cannot discuss the terms although you may be able to confirm that you have reached an agreement with your employer without specifying the terms. Sometimes an employer might want the fact that a compromise agreement has been signed to be kept confidential.

If you have any questions or would like to talk to one of our expert employment lawyers based in Canary Wharf, London about a compromise agreement matter, please call us today on 020 7956 8699 or email info@rllaw.co.uk.

About us

We are a niche firm of employment and discrimination lawyers. We have practised successfully in the City and at some of the UK's largest employment law firms. We also have expertise of working in-house.

Rahman Lowe offers the same quality service and advice as large City law firms but unlike most of our peers in the City, we act for both companies and senior executives. This enables us to anticipate problems before they arise and to advise on tactics.

We work in partnership with our clients and our priority is to build long term trusted relationships. Our partner led teams are committed to ensuring that our legal advice consistently exceeds our clients' expectations.

Our employment lawyers are experts and they regularly conduct seminars and training on developments in Employment and Discrimination Law for our clients. We also conduct training for LexisNexis, a leading global professional information provider and the Chartered Institute of Personnel and Development (CIPD), Europe's largest network of HR professionals.



We add value by maximizing our clients' entitlements

Bespoke employment law advice

Our specialist employment lawyers provide bespoke employment law advice, which is tailor-made to meet your specific requirements. We use our legal knowledge to provide creative solutions and our emphasis is on service and results. We have significant experience of the following:

- Compromise agreement advice
- Discrimination law (all types)
- Whistleblowing
- Unfair dismissal
- Redundancy
- Drafting and negotiating terms and conditions
- Equal pay
- Disciplinary and grievance
- Bonus disputes
- Breach of contract and wrongful dismissal claims
- FSA regulatory matters.



“Jahad provides us with pragmatic employment law advice. He is strategic, commercial and very client friendly. I would have no hesitation recommending him”.

Marta Grande
HR Manager, Vivienne Westwood Ltd

“Jahad is an extremely knowledgeable employment lawyer who provides prudent and pragmatic advice. He exhibits a real can-do attitude. The team at Rahman Lowe provides an excellent service”.

Peter To, Director
City Quays Ltd

Contact us

Please feel free to telephone us to discuss your own position and concerns.

Our employment law solicitors, based in Canary Wharf, London provide pragmatic advice on all aspects of employment law.

29th Floor
One Canada Square
Canary Wharf
London
E14 5DY

T 020 7956 8699

E info@rllaw.co.uk

W www.rllaw.co.uk

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