

Talbots Solicitors

Compromise Agreement Service

Talbots will advise you on a compromise agreement

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What is a Compromise Agreement?

A Compromise Agreement can be an effective way of bringing to an end a contract of employment. It may well be that the Employer is in dispute with the Employee over an issue which may or may not have involved disciplinary process. A compromise Agreement can be a useful device to effectively buy off the Employee from the organisation.

The advantage to the employer is that the Employer is able to remove a potential legal problem from its business and to get on with the running of its business without being a threat or the actuality of dealing with expensive and time consuming Employment Tribunal proceedings.

The advantage to an employee of a Compromise Agreement is that, in order for a Compromise Agreement to be effective, the Employee must have independent legal advice on the Compromise Agreement. The Employee, therefore, has the benefit of independent Legal Advice from a lawyer. The lawyer is obliged to advise the Employee of his or her legal rights and what remedies they could expect to receive in the event of a successful claim. Also to evaluate the offer put forward in the Compromise Agreement, and to advise the Employee on whether or not what is on offer is in the Employees best interests.

The Compromise Agreement must be in writing, it will usually provide for payment of a fee to the independent lawyer for the advice, which is paid for the Employer but this does not in any way compromise the independence of the lawyer advising on the Agreement.

In some circumstances, there may be provision for payment or part payment of the compensation put forward by the Employer for the loss of employment, to include an element of a tax free sum. The rules on tax free sums payable at the end of an employment contract are complicated, which is why you will need advice from an independent competent lawyer who is skilled and well versed in the handling of Compromise Agreements.

Talbots are well experienced in advising on Compromise Agreements - We will advise you on whether the package put forward is appropriate. We will ensure that the Agreement is in your interests and whether the terms can or are likely to be improved.