

# Ellisons

## SOLICITORS

### Essential Information Leaflet: EMPLOYMENT COMPROMISE AGREEMENTS

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Compromise agreements are contracts between employers and employees which allow the parties to settle any potential claims whether under the contract of employment or any employment law statute.

Increasingly, compromise agreements are used as tools to benefit both parties when an employment relationship ends. For the employee, the compromise agreement will usually offer a payment over and above that he or she is entitled to under his or her contract of employment or in law, in return for not commencing or continuing with any claim against the employer with reference to the employment history or its termination.

For the employer, in addition to the employee promising not to continue or commence any claims against the employer with regard to the employment history or its termination, the compromise agreement can afford an opportunity to agree other matters such as promises with regard to confidentiality, return of property and so on.

For a compromise agreement to be legally binding, various statutes provide that certain conditions must be met. In particular, the employee must have sought and received advice on the content and legal implications of the compromise agreement from a relevant independent advisor.

As stated above, a compromise agreement is essentially a contract between the parties and any breach of its terms and conditions can be actioned in the usual way via the High Court or County Court. Breaches can also be actioned in the Employment Tribunal where it can be shown that the compromise agreement was entered into before the termination of employment.

*The information given herein is not a comprehensive guide to the law and is intended to be a brief and non-exhaustive summary only. Specific legal advice should be sought for actual cases*

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