

Compensation Limits



If you are dismissed from employment, you may have one or more claims for e.g. unfair dismissal.

The law sets a cap on the value of certain claims.

That can be particularly important if you are a director, senior executive or other senior professional with a substantial remuneration package.

This factsheet sets out some of the general principles that apply when we come to value a case.

Unfair Dismissal Claims

If you are unfairly dismissed and wish to pursue a claim in the Employment Tribunal there is a maximum amount you can be awarded.

An Employment Tribunal can award a 'Basic Award', calculated in the same way as a statutory redundancy payment, according to the following formula –

- half a week's pay for each complete year of employment below the age of 22;
- 1 week's pay for each complete year of employment aged between 22 and 40; and
- 1.5 weeks' pay for each complete year of employment you were 41 or over.

A week's pay is currently capped at £489 (from April 2017), although the cap tends to increase every year. The most that can be awarded is 30 weeks' pay, equating to £14,670.

The second part of unfair dismissal compensation is the 'Compensatory Award'. This covers your lost earnings, benefits, pension and bonuses, for example. This compensation is also capped. In the Employment Tribunal, the maximum you can claim is the lesser of either 52 weeks' gross pay or £80,541.00 (as at April 2016).

Therefore, if you earn a six figure salary, the most you can claim in a Tribunal for unfair dismissal compensation is £93,332 if you are aged 61 or over with 20 years' or more service.

There are some exceptions to this maximum if you have been automatically unfairly dismissed e.g. dismissed because you were a health and safety or trade union representative or dismissed because you 'blew the whistle'. In those types of cases (and discrimination claims) there is no cap on the amount that can be claimed.

If you have a long notice period and high earnings, you may also be able to make a claim for notice pay in the County Courts, separate from your unfair dismissal claim.

A claim for breach of contract can be made in the Employment Tribunal - but the most that can be claimed is £25,000.00. More substantial claims are pursued in the County/High Courts. You should take specialist advice if you are going to run simultaneous cases in the Tribunals and Courts; the law is technical and mistakes tend to be expensive.

Discrimination Claims

There is no cap on compensation for discrimination.

If you are dismissed for discriminatory reasons you can claim loss of earnings, benefits and other losses that flow from the dismissal.

You can also claim an "injury to feelings" award, which compensates for the hurt feelings caused by the discrimination. The amount of compensation awarded depends on the circumstances of the case. However, for the most serious cases of discrimination we see awards of between £19,800.00 to £33,000.00. For less serious cases the band is £6,600.00 to £19,800.00. For minor harassment or discrimination claims an award might be in the region of £550.00 to £6,600.00.

If the discrimination has caused a recognised psychiatric illness you might also be able to claim personal injury damages.

An aggravated damages claim can be made where an employer acts in a particularly malicious, insulting, high handed or oppressive manner. That might include cases where the employer tries to cover up discrimination or seriously victimises the person complaining about discrimination.

Interest can be claimed on discrimination compensation. If you have been discriminated against, your claim for compensation might be significant.

It is important to get proper legal advice regarding the value of your claim. It might be worth more or less than you think.

For further information on compensation limits and other Employment Rights, please call our Employment Rights team on 033 3344 9603 or email info@morrishsolicitors.com

Sign up to our monthly employment email update by emailing clair.watmore@morrishsolicitors.com

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