



## Fact Sheet on Compromise Agreements

### What is a compromise agreement?

It is a legally binding contract between an employer and an employee or ex-employee.

Compromise agreements are used to settle actual or potential workplace disputes and, where there has been a dismissal, to ensure that there has been a clean break.

Employers are increasingly using compromise agreements as a mechanism to safeguard themselves against possible future claims to an employment tribunal, especially in redundancy situations.

### Why do employees need to see a solicitor?

Compromise agreements can be written in very legalistic language and often include complicated tax provisions. It is therefore important that employees understand the terms and effects of such agreements before they sign them.

The solicitor may also be able to help the employee negotiate more favourable settlement terms to go into the compromise agreement.

It is in any event a legal requirement that employees get professional legal advice (usually from a solicitor) as to what the compromise agreement means and the consequences of signing it.

### How much will it cost me to seek legal advice?

An employer will usually make a contribution towards the employee's legal costs in taking advice on the compromise agreement.

### PLEASE NOTE

The material contained in this fact sheet is provided for general purposes only and does not constitute legal or other professional advice. Appropriate legal advice should be sought for specific circumstances and before action is taken.

### FOR MORE INFORMATION

If you have any questions about anything in this Fact Sheet, or for advice about employment law generally, please contact **Marc Jones** on **01895 201719**, or email [marc.jones@turbervilles.co.uk](mailto:marc.jones@turbervilles.co.uk).

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