

Case Study HR: Unlawful Deductions



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As a business owner, you want to ensure that the money you invest into your people and resources isn't wasted. It's, therefore, no wonder why so many employers recoup certain costs from employees, particularly when they leave the business.

Despite this being a widely acknowledged practice, it's not always straightforward to implement and it can leave employers at risk of making unlawful deductions from pay.

We've recently helped a business who landed themselves in hot water after making a large deduction from a leavers final pay due to Company vehicle damage.

While it should have been a cut and dry case i.e., they had a clause built into their employment contracts around deductions from wages and the individual had signed a separate vehicle agreement, things weren't as they seemed.

The contractual clause was vague and any reference to recouping Company vehicle costs was in relation to replacements for lost or unreturned items, rather than damage and neglect. Furthermore, despite their vehicle agreement outlining the terms of use, it did not refer to any monetary consequence for non-compliance.

The only reference to monetary deductions was around the employee's liability to pay the insurance excess costs if they were found at fault of an accident. In addition to all of this, the Company also failed to give the employee advance notice of their intention to make the deduction, which left the individual blindsided by their final pay slip.

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Although the Company were within their rights to expect the vehicle to be kept in good working condition, their policies let them down when it came to acting on this

As you can imagine, this resulted in frustration on both sides; Spectra therefore, stepped in as an independent, impartial third party to negotiate a reasonable resolution that fell within the remit of the Company's policies. While the business was not able to recoup 100% of the costs they had intended, Spectra was able to strategically navigate the Company's policies to negotiate an agreeable figure with the employee to cover the main damage costs. This avoided the matter being further escalated via ACAS and was seen as an amicable resolution for both parties.

The Spectra team went on to conduct a full review of the Company's policies and procedures to ensure that they would avoid this situation from happening again in the future.

The business has since become a retained client after seeing the value of our service from a commercial perspective when it comes to lawfully navigating trickier HR matters. By investing in our service, they now have expert HR support on hand and peace of mind that their policies and procedures will remain effective and in line with best practice methods.

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