



Employment Rights Act 1996

1996 CHAPTER 18

PART X

UNFAIR DISMISSAL

CHAPTER II

REMEDIES FOR UNFAIR DISMISSAL

Compensation

118 General.

- (1) ^{F1} . . . Where a tribunal makes an award of compensation for unfair dismissal under section 112(4) or 117(3)(a) the award shall consist of—
- (a) a basic award (calculated in accordance with sections 119 to 122 and 126), and
 - (b) a compensatory award (calculated in accordance with sections 123, 124, [^{F2}124A and 126]).

^{F3}(2)

^{F3}(3)

(4) ^{F4}

Textual Amendments

- F1** Words in s. 118(1) repealed (25.10.1999) by 1999 c. 26, s. 44, **Sch. 9(11)**; S.I. 1999/2830, art. 2(3), **Sch. 2 Pt. I**
- F2** Words in s. 118(1)(b) substituted (1.10.2004) by **Employment Act 2002** (c. 22), ss. 53, 55(2), **Sch. 7 para. 38**; S.I. 2004/2185, **art. 2**
- F3** S. 118(2)(3) repealed (25.10.1999) by 1999 c. 26, ss. 33(1)(a), 44, **Sch. 9(10)**; S.I. 1999/2830, art. 2(1)(3), **Sch. 1 Pt. I, Sch. 2 Pt. I** (with **Sch. 3 para. 8**)

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F4 S. 118(4) repealed (1.11.2004) by [Employment Act 2002 \(c. 22\)](#), ss. 54, 55(2), [Sch. 8](#); S.I. 2004/2822, [art. 2\(b\)](#)

Modifications etc. (not altering text)

C1 S. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548](#), [reg. 3](#)

119 Basic award.

- (1) Subject to the provisions of this section, sections 120 to 122 and section 126, the amount of the basic award shall be calculated by—
 - (a) determining the period, ending with the effective date of termination, during which the employee has been continuously employed,
 - (b) reckoning backwards from the end of that period the number of years of employment falling within that period, and
 - (c) allowing the appropriate amount for each of those years of employment.
- (2) In subsection (1)(c) “the appropriate amount” means—
 - (a) one and a half weeks’ pay for a year of employment in which the employee was not below the age of forty-one,
 - (b) one week’s pay for a year of employment (not within paragraph (a)) in which he was not below the age of twenty-two, and
 - (c) half a week’s pay for a year of employment not within paragraph (a) or (b).
- (3) Where twenty years of employment have been reckoned under subsection (1), no account shall be taken under that subsection of any year of employment earlier than those twenty years.
- (4) ^{F5}
- (5) ^{F5}
- ^{F6}(6)

Textual Amendments

- F5** S. 119(4)(5) omitted (1.10.2006) by virtue of [The Employment Equality \(Age\) Regulations 2006 \(S.I. 2006/1031\)](#), regs. 1(1), 49(1), [Sch. 8 para. 27\(2\)](#) (with regs. 44-46)
- F6** S. 119(6) repealed (15.12.1999) by [1999 c. 26](#), ss. 9, 44, [Sch. 4 Pt. III para. 23](#), [Sch. 9\(2\)](#); S.I. [1999/2830](#), [art. 2\(2\)\(3\)](#), [Sch. 1 Pt. II](#), [Sch. 2 Pt. II](#) (with [Sch. 3 paras. 10, 11](#))

Modifications etc. (not altering text)

- C2** S. 119 applied (1.11.1998) by [1998 c. 39](#), s. [24\(4\)\(a\)](#); S.I. [1998/2574](#), art. 2(1), [Sch. 1](#)
- S. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548](#), [reg. 3](#)
- S. 119 applied (6.6.2000) by [1992 c. 52](#), s. [70A](#), [Sch. A1 para. 160\(2\)](#) (as inserted (6.6.2000) by [1999 c. 26](#), s. 1, [Sch. 1](#); S.I. [2000/1338](#), [art. 2](#) with transitional provisions in art. 3)

120 Basic award: minimum in certain cases.

- (1) The amount of the basic award (before any reduction under section 122) shall not be less than [^{F7}£5,500] where the reason (or, if more than one, the principal reason)—
 - (a) in a redundancy case, for selecting the employee for dismissal, or

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(b) otherwise, for the dismissal,
is one of those specified in section 100(1)(a) and (b), [^{F8}101A(d),] 102(1) or 103.

[^{F9}(1A) ^{F10}

(1B) ^{F10}]

[^{F11}(1C) Where an employee is regarded as unfairly dismissed by virtue of section 104F (blacklists) (whether or not the dismissal is unfair or regarded as unfair for any other reason), the amount of the basic award of compensation (before any reduction is made under section 122) shall not be less than £5,000.]

^{F12}(2)

Textual Amendments

- F7** S. 120(1) sum substituted (1.2.2013) by [The Employment Rights \(Increase of Limits\) Order 2012 \(S.I. 2012/3007\)](#), arts. 1(1), 3, [Sch.](#) (with art. 4)
- F8** Words in s. 120(1) substituted (1.10.1998) by [S.I. 1998/1833](#), [reg. 32\(5\)](#)
- F9** S. 120(1A)-(1B) inserted (1.10.2004) by [Employment Act 2002 \(c. 22\)](#), [ss. 34\(6\)](#), 55(2); [S.I. 2004/1717](#), art. {2(2)} (subject to art. 3)
- F10** S. 120(1A)(1B) omitted (6.4.2011) by virtue of [The Employment Equality \(Repeal of Retirement Age Provisions\) Regulations 2011 \(S.I. 2011/1069\)](#), [reg. 3\(7\)](#) (with regs. 5-7, 9)
- F11** S. 120(1C) inserted (2.3.2010) by [The Employment Relations Act 1999 \(Blacklists\) Regulations 2010 \(S.I. 2010/493\)](#), [reg. 12\(6\)](#)
- F12** S. 120(2) repealed (17.12.1999) by [1999 c. 26](#), [ss. 36\(1\)\(a\)\(3\)](#), 44, [Sch. 9\(10\)](#); [S.I. 1999/3374](#), art. 2(b) (c), [Sch.](#)

Modifications etc. (not altering text)

- C3** S. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548](#), [reg. 3](#)
- C4** S. 120(1): power to amend conferred (17.12.1999) by [1999 c. 26](#), [s. 34\(1\)\(b\)](#); [S.I. 1999/3374](#), [art. 2\(b\)](#)

121 Basic award of two weeks' pay in certain cases.

The amount of the basic award shall be two weeks' pay where the tribunal finds that the reason (or, where there is more than one, the principal reason) for the dismissal of the employee is that he was redundant and the employee—

- (a) by virtue of section 138 is not regarded as dismissed for the purposes of Part XI, or
- (b) by virtue of section 141 is not, or (if he were otherwise entitled) would not be, entitled to a redundancy payment.

Modifications etc. (not altering text)

- C5** Ss. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548](#), [reg. 3](#)

122 Basic award: reductions.

- (1) Where the tribunal finds that the complainant has unreasonably refused an offer by the employer which (if accepted) would have the effect of reinstating the complainant in his employment in all respects as if he had not been dismissed, the tribunal shall

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

reduce or further reduce the amount of the basic award to such extent as it considers just and equitable having regard to that finding.

- (2) Where the tribunal considers that any conduct of the complainant before the dismissal (or, where the dismissal was with notice, before the notice was given) was such that it would be just and equitable to reduce or further reduce the amount of the basic award to any extent, the tribunal shall reduce or further reduce that amount accordingly.
- (3) Subsection (2) does not apply in a redundancy case unless the reason for selecting the employee for dismissal was one of those specified in section 100(1)(a) and (b), [F13]101A(d),] 102(1) or 103; and in such a case subsection (2) applies only to so much of the basic award as is payable because of section 120.
- [F14](3A) Where the complainant has been awarded any amount in respect of the dismissal under a designated dismissal procedures agreement, the tribunal shall reduce or further reduce the amount of the basic award to such extent as it considers just and equitable having regard to that award.]
- (4) The amount of the basic award shall be reduced or further reduced by the amount of—
- (a) any redundancy payment awarded by the tribunal under Part XI in respect of the same dismissal, or
 - (b) any payment made by the employer to the employee on the ground that the dismissal was by reason of redundancy (whether in pursuance of Part XI or otherwise).
- [F15](5) Where a dismissal is regarded as unfair by virtue of section 104F (blacklists), the amount of the basic award shall be reduced or further reduced by the amount of any basic award in respect of the same dismissal under section 156 of the Trade Union and Labour Relations (Consolidation) Act 1992 (minimum basic award in case of dismissal on grounds related to trade union membership or activities).]

Textual Amendments

F13 Words in s. 122(3) inserted (1.10.1998) by [S.I. 1998/1833, reg. 32\(5\)](#)

F14 S. 122(3A) inserted (1.8.1998) by [1998 c. 8, s. 15, Sch.1 para. 22](#); [S.I. 1998/1658, art. 2\(1\), Sch. 1](#)

F15 S. 122(5) inserted (2.3.2010) by [The Employment Relations Act 1999 \(Blacklists\) Regulations 2010 \(S.I. 2010/493\), reg. 12\(7\)](#)

Modifications etc. (not altering text)

C6 Ss. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548, reg. 3](#)

123 Compensatory award.

- (1) Subject to the provisions of this section and sections 124 [F16, 124A and 126] , the amount of the compensatory award shall be such amount as the tribunal considers just and equitable in all the circumstances having regard to the loss sustained by the complainant in consequence of the dismissal in so far as that loss is attributable to action taken by the employer.
- (2) The loss referred to in subsection (1) shall be taken to include—
- (a) any expenses reasonably incurred by the complainant in consequence of the dismissal, and

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) subject to subsection (3), loss of any benefit which he might reasonably be expected to have had but for the dismissal.
- (3) The loss referred to in subsection (1) shall be taken to include in respect of any loss of—
- (a) any entitlement or potential entitlement to a payment on account of dismissal by reason of redundancy (whether in pursuance of Part XI or otherwise), or
- (b) any expectation of such a payment,
- only the loss referable to the amount (if any) by which the amount of that payment would have exceeded the amount of a basic award (apart from any reduction under section 122) in respect of the same dismissal.
- (4) In ascertaining the loss referred to in subsection (1) the tribunal shall apply the same rule concerning the duty of a person to mitigate his loss as applies to damages recoverable under the common law of England and Wales or (as the case may be) Scotland.
- (5) In determining, for the purposes of subsection (1), how far any loss sustained by the complainant was attributable to action taken by the employer, no account shall be taken of any pressure which by—
- (a) calling, organising, procuring or financing a strike or other industrial action, or
- (b) threatening to do so,
- was exercised on the employer to dismiss the employee; and that question shall be determined as if no such pressure had been exercised.
- (6) Where the tribunal finds that the dismissal was to any extent caused or contributed to by any action of the complainant, it shall reduce the amount of the compensatory award by such proportion as it considers just and equitable having regard to that finding.
- [^{F17}(6A) Where—
- (a) the reason (or principal reason) for the dismissal is that the complainant made a protected disclosure, and
- (b) it appears to the tribunal that the disclosure was not made in good faith,
- the tribunal may, if it considers it just and equitable in all the circumstances to do so, reduce any award it makes to the complainant by no more than 25%.]
- (7) If the amount of any payment made by the employer to the employee on the ground that the dismissal was by reason of redundancy (whether in pursuance of Part XI or otherwise) exceeds the amount of the basic award which would be payable but for section 122(4), that excess goes to reduce the amount of the compensatory award.
- [^{F18}(8) Where the amount of the compensatory award falls to be calculated for the purposes of an award under section 117(3)(a), there shall be deducted from the compensatory award any award made under section 112(5) at the time of the order under section 113.]

Textual Amendments

- F16** Words in s. 123(1) substituted (1.10.2004) by [Employment Act 2002 \(c. 22\), ss. 53, 55\(2\), Sch. 7 para. 39](#); [S.I. 2004/2185, art. 2](#)
- F17** S. 123(6A) inserted (25.6.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\), ss. 18\(5\), 103\(2\)](#) (with [s. 24\(6\)](#))
- F18** S. 123(8) inserted (1.10.2004) by [Employment Act 2002 \(c. 22\), ss. 34\(5\), 55\(2\)](#); [S.I. 2004/1717, art. 2\(2\)](#) (subject to [art. 3](#))

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Modifications etc. (not altering text)

- C7** S. 123 applied (1.11.1998) by [1998 c. 39, s. 24\(4\)\(b\)](#)
 Ss. 117-127A applied (with modifications) (2.7.1999) by [S.I. 1999/1548, reg. 3](#)
 S. 123 applied (6.6.2000) by [1992 c. 52, s. 70A, Sch. A1 para. 160\(2\)\(b\)](#) (as inserted (6.6.2000) by [1999 c. 26, s. 1, Sch. 1; S.I. 2000/1338, art. 2](#) (with transitional provisions in [art. 3](#)))

124 Limit of compensatory award etc.

- (1) The amount of—
 (a) any compensation awarded to a person under section 117(1) and (2), or
 (b) a compensatory award to a person calculated in accordance with section 123,
 shall not exceed [^{F19}the amount specified in subsection (1ZA)].

[^{F20}(1ZA) The amount specified in this subsection is the lower of—

- (a) £74,200, and
 (b) 52 multiplied by a week’s pay of the person concerned.]

[^{F21}(1A) Subsection (1) shall not apply to compensation awarded, or a compensatory award made, to a person in a case where he is regarded as unfairly dismissed by virtue of section 100, 103A, 105(3) or 105(6A).]

[^{F22}(2)

- (3) In the case of compensation awarded to a person under section 117(1) and (2), the limit imposed by this section may be exceeded to the extent necessary to enable the award fully to reflect the amount specified as payable under section 114(2)(a) or section 115(2)(d).

(4) Where—

- (a) a compensatory award is an award under paragraph (a) of subsection (3) of section 117, and
 (b) an additional award falls to be made under paragraph (b) of that subsection,
 the limit imposed by this section on the compensatory award may be exceeded to the extent necessary to enable the aggregate of the compensatory and additional awards fully to reflect the amount specified as payable under section 114(2)(a) or section 115(2)(d).

(5) The limit imposed by this section applies to the amount which the [^{F23}employment tribunal] would, apart from this section, award in respect of the subject matter of the complaint after taking into account—

- (a) any payment made by the respondent to the complainant in respect of that matter, and
 (b) any reduction in the amount of the award required by any enactment or rule of law.

Textual Amendments

- F19** Words in s. 124(1) substituted (29.7.2013) by [The Unfair Dismissal \(Variation of the Limit of Compensatory Award\) Order 2013 \(S.I. 2013/1949\)](#), arts. 1, [2\(2\)](#) (with art. 4)
F20 S. 124(1ZA) inserted (29.7.2013) by [The Unfair Dismissal \(Variation of the Limit of Compensatory Award\) Order 2013 \(S.I. 2013/1949\)](#), arts. 1, [2\(3\)](#) (with art. 4)

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F21** S. 124(1A) inserted (25.10.1999) by 1999 c. 26, s. 37(1); S.I. 1999/2830, art. 2(1), **Sch. 1 Pt. I**
- F22** S. 124(2) repealed (17.12.1999) by 1999 c. 26, ss. 36(1)(3), 44, **Sch. 9(10)**; S.I. 1999/3374, art. 2(b) (c), **Sch.**
- F23** Words in s. 124(5) substituted (1.8.1998) by 1998 c. 8, s. 1(2)(a) (with s. 16(2)); S.I. 1998/1658, art. 2(1), **Sch. 1**

Modifications etc. (not altering text)

- C8** Ss. 117-127A applied (with modifications) (2.7.1999) by S.I. 1999/1548, **reg. 3**
- C9** S. 124 power to amend conferred (25.4.2013 for specified purposes, 25.6.2013 in so far as not already in force) by Enterprise and Regulatory Reform Act 2013 (c. 24), **ss. 15(1)-(9)**, 103(1)(i), 103(2) (with s. 24(4))
- C10** S. 124(1) applied (1.11.1998) by 1998 c. 39, s. 24(4)(b); S.I. 1998/2574, art. 2(1), **Sch. 1**
S. 124(1): power to amend conferred (17.12.1999) by 1999 c. 26, s. 34(1)(c); S.I. 1999/3374, **art. 2(a)**
S. 124(1) applied (6.6.2000) by 1992 c. 52, s. 70A, **Sch. A1 para. 160(2)(b)** (as inserted (6.6.2000) by 1999 c. 26, s. 1, **Sch. 1**; S.I. 2000/1338, **art. 2** (with transitional provisions in art. 3)

[^{F24}124A Adjustments under the Employment Act 2002

Where an award of compensation for unfair dismissal falls to be—

- (a) reduced or increased under [^{F25}section 207A of the Trade Union and Labour Relations (Consolidation) Act 1992 (effect of failure to comply with Code: adjustment of awards)], or
- (b) increased under section 38 of that Act (failure to give statement of employment particulars),

the adjustment shall be in the amount awarded under section 118(1)(b) and shall be applied immediately before any reduction under section 123(6) or (7).]

Textual Amendments

- F24** S. 124A inserted (1.10.2004) by Employment Act 2002 (c. 22), **ss. 39, 55(2)**; S.I. 2004/1717, **art. 2(2)** (subject to art. 3)
- F25** Words in s. 124A substituted (6.4.2009) by Employment Act 2008 (c. 24), **ss. 3(4)**, 22(1)(a); S.I. 2008/3232, **art. 2** (with Sch. paras. 1, 5)

^{F26}125

Textual Amendments

- F26** S. 125 repealed (25.10.1999) by 1999 c. 26, ss. 33(1)(a), 44, **Sch. 9(10)**; S.I. 1999/2830, art. 2(1)(3), **Sch. 1 Pt. I, Sch. 2 Pt. I** (with Sch. 3 para. 8)

126 Acts which are both unfair dismissal and discrimination.

(1) This section applies where compensation falls to be awarded in respect of any act both under—

- (a) the provisions of this Act relating to unfair dismissal, and
- [^{F27}(b) the Equality Act 2010.]

Status: Point in time view as at 17/03/2014.

Changes to legislation: Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(2) An [^{F28}employment tribunal] shall not award compensation under [^{F29}either of those Acts] in respect of any loss or other matter which is or has been taken into account under [^{F30}the other] by the tribunal (or another [^{F28}employment tribunal]) in awarding compensation on the same or another complaint in respect of that act.

Textual Amendments

- F27** S. 126(1)(b) substituted (1.10.2010) by Equality Act 2010 (c. 15), ss. 211, 216, **Sch. 26 para. 33(2)** (with ss. 6(4), 205) (as inserted by The Equality Act 2010 (Consequential Amendments, Saving and Supplementary Provisions) Order 2010 (S.I. 2010/2279), art. 1, **Sch. 1 para. 5**); S.I. 2010/2317, art. 2(15)(e)(ii) (with art. 15)
- F28** Words in s. 126(2) substituted (1.8.1998) by 1998 c. 8, s. 1(2)(a) (with s. 16(2)); S.I. 1998/1658, art. 2(1), **Sch. 1**
- F29** Words in s. 126(2) substituted (1.10.2010) by Equality Act 2010 (c. 15), ss. 211, 216, **Sch. 26 para. 33(3)(a)** (with ss. 6(4), 205) (as inserted by The Equality Act 2010 (Consequential Amendments, Saving and Supplementary Provisions) Order 2010 (S.I. 2010/2279), art. 1, **Sch. 1 para. 5**); S.I. 2010/2317, art. 2(15)(e)(ii) (with art. 15)
- F30** Words in s. 126(2) substituted (1.10.2010) by Equality Act 2010 (c. 15), ss. 211, 216, **Sch. 26 para. 33(3)(b)** (with ss. 6(4), 205) (as inserted by The Equality Act 2010 (Consequential Amendments, Saving and Supplementary Provisions) Order 2010 (S.I. 2010/2279), art. 1, **Sch. 1 para. 5**); S.I. 2010/2317, art. 2(15)(e)(ii) (with art. 15)

Modifications etc. (not altering text)

- C11** Ss. 117-127A applied (with modifications) (2.7.1999) by S.I. 1999/1548, **reg. 3**

^{F31}127

Textual Amendments

- F31** S. 127 repealed (15.12.1999) by 1999 c. 26, ss. 9, 44, Sch. 4 Pt. III para. 24, **Sch. 9(2)**; S.I. 1999/2830, art. 2(2)(3), Sch. 1 Pt. II, **Sch. 2 Pt. II** (with Sch. 3 paras. 10, 11)

127A Internal appeal procedures.

No commentary item could be found for this reference c20323811.....

^{F32}127B.....

Textual Amendments

- F32** S. 127B repealed (25.10.1999) by 1999 c. 26, ss. 37(2), 44, **Sch. 9(11)**; S.I. 1999/2830, art. 2(1)(3), Sch. 1 Pt. I, **Sch. 2 Pt. I**

Status:

Point in time view as at 17/03/2014.

Changes to legislation:

Employment Rights Act 1996, Cross Heading: Compensation is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.