

# [News story: Explaining your redundancy payment](#)

We make separate payments for different parts of your claim, such as redundancy pay, holiday pay and arrears of pay. We will send you a letter each time we make a payment. This means you may get several different letters from us.

Your letter will explain what type of payment we've made and the amount of money you will receive.

## **Caps on what we can pay**

We must cap each part of your claim at £525 a week (or £508 if you were made redundant before 6 April 2019). This means if your gross weekly pay was more than this we have capped each one of your payments.

## **Types of payment**

### **Redundancy pay**

This is compensation for being made redundant. We can pay you this if you've been working for your employer for 2 years or more, and you are classed as an [employee](#). The amount we can pay you depends on how long you've worked for your employer and how old you are.

- your payment is based on your gross weekly rate of pay, which is the amount you earned each week you were employed before tax and National Insurance were deducted from your wage
- to calculate your weekly rate of pay, we use the information you provided in your application and the information the insolvency practitioner has given us. There's more information about how we calculated your redundancy award [here](#)

### **Holiday pay accrued and holiday taken but not paid**

This is payment for holidays you took but were not paid for, or holidays you were due but didn't take.

- when we work out your holiday payment we pro rata the leave you were owed. This means we look at the holidays you were entitled to take between the start of your leave year and the date you were made redundant, not the whole of your leave year
- we can pay up to a maximum of 6 weeks holiday pay. To calculate your payment, we used the information you provided in your application and the information the insolvency practitioner has given us. We don't have access to company records, so we rely on the information the insolvency practitioner has given us to verify your claim.
- most holiday payments have tax deducted at the standard rate of 20%.and National Insurance deducted at the standard rate of 12%

## **Arrears of pay**

This is payment for wages and other money you were owed by your employer. We can only make payments you are entitled to as part of your employment contract.

- we can only legally pay claims for arrears of pay for a period of up to eight weeks. Most payments are taxed at a standard rate of 20% and have National Insurance deducted at a standard rate of 12%
- to calculate your payment, we use the information you provided in your application and the information the insolvency practitioner has given us. We don't have access to company records, so we rely on the information the insolvency practitioner has given us to verify your claim

## **Loss of notice compensation, also known as statutory notice pay**

This is compensation for not being given notice or working a notice period that you didn't get paid for.

- we can pay you one week's notice for every full year you were employed. We can pay up to a maximum of 12 weeks. If your contract entitled you to a longer notice period we will cap your payment at 12 weeks
- we are required to deduct the value of any benefits you were entitled to claim during your notice period from your payment. We will do this whether or not you actually claimed them
- if you believe you were not entitled to claim benefits, you should contact your local [Jobcentre](#) and ask for a letter to confirm this. If you send a copy of this confirmation letter to [us](#), we will reassess your payment
- all loss of notice payments are taxed at a standard rate of 20%. National Insurance will be deducted at a standard rate of 12% if you were made redundant after 6 April 2018

## **Protective awards**

- this is compensation awarded by an employment tribunal because your employer didn't consult with you before you were made redundant. You're only entitled to get this payment if you or your job role was included in the tribunal judgment
- we can pay up to a maximum of 8 weeks. If the protective award was for a longer period we will cap your award at 8 weeks
- you cannot get a payment for a protective award and arrears of pay for the same time period. If you've already received money for your arrears of pay claim, we will deduct this amount from your protective award payment
- all protective award payments have National Insurance deducted at a standard rate of 12%. Your award will be taxed at a standard rate of 20% if you were made redundant in the same year the Employment Tribunal made the protective award judgment

## **Tax and NI deductions**

We are required to deduct tax and national insurance from any payments we make for holiday pay, arrears of pay, loss of notice compensation and protective awards.

We deduct tax at a basic rate of 20%. We deduct National Insurance at a standard rate of 12% unless you are on a very low income. You can find more information about National Insurance contributions [here](#).

If you think you should be taxed less than this, you can apply to [HMRC](#) for a refund.

We do not tax your redundancy payment award.

## **I'm still waiting for other payments**

In order to get your payment to you as quickly as possible we deal with each part of your claim separately. You will receive a separate letter each time we make a payment.

If you're waiting for other payments we will contact you about this.

If we need any further information from you we will contact you directly.

## **I think my payment is wrong**

We can only review your payment if you provide evidence to show it is incorrect. This could be a copy of your employment contract or a note from the insolvency practitioner.

If you think your payment is wrong, please contact the insolvency practitioner directly to check the information they provided about your claim.

If you have evidence to show the information we used was wrong, please [email it to us](#). We will reassess your claim within 6 weeks of receiving your email.