
A summary of the claims employees can make on insolvency of their employer

Redundancy – subject to at least two years+ of employment;

- Half a week's pay for each full year you were employed and under 22 years old.
- One week's pay for each full year you were employed and between 22 and 40 years old.
- One and half week's pay for each full year you were employed and 41 or older.
- Capped at £700* a week (any excess is a claim against the insolvent employer).
- The calculation is based on a maximum of 20 years' service.

Statutory redundancy pay under £30,000 is not taxable.

Arrears of wages ;

- Previous 8-week period.
- Capped at £700 per week.
- This is subject to Income Tax and National Insurance.

Holiday pay entitlement based on employment contract but:

- Holiday days owed not taken ('holiday pay accrued').
- Holiday days taken not paid for ('holiday pay taken').
- Up to 6 weeks holiday.
- Only 8 days can be carried over from the previous holiday year.
- Capped at £700 per week.
- This is subject to Income Tax and National Insurance.

Notice Pay or Pay in Lieu of Notice (called "PILON")

- Statutory = one week per full year of service.
- Contractual – anything over statutory entitlement is an unsecured claim against the insolvent employer.
- Capped at £700 per week.
- This is subject to Income Tax and National Insurance.

Note that employees are expected to mitigate their losses by claiming any relevant benefits and obtaining new employment during the notice period.

Pension contributions – employee and employer

- These are recovered on behalf of the employee and paid directly to the pension provider.

Note: * the £700 per week applied from the 6th April 2024.