

Appeal No. UKEAT/0273/18/BA

EMPLOYMENT APPEAL TRIBUNAL
FLEETBANK HOUSE, 2-6 SALISBURY SQUARE, LONDON EC4Y 8AE

At the Tribunal
On 28 March 2019

Before

HER HONOUR JUDGE EADY QC

(SITTING ALONE)

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APPELLANT

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RESPONDENT

Transcript of Proceedings

JUDGMENT

APPEARANCES

For the Appellant

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SUMMARY

Disability related discrimination – section 15(2) – knowledge; section 15(1)(b) – justification; loss and mitigation; compensation

It was accepted that the Claimant was a disabled person for the purposes of the **Equality Act 2010** - by reason of the fact she suffered from mental and psychiatric impairments, namely stress, depression, low mood and schizophrenia – but she had not disclosed these conditions to the Respondent and had given alternative reasons for health-related absences during her employment. The ET accepted that the Respondent had no actual knowledge of the Claimant’s disability but found it should have made more enquiries into the position and that it therefore had constructive knowledge for the purposes of section 15(2) **Equality Act**.

The Respondent had dismissed the Claimant because of her poor attendance and time-keeping. The first reason related to something arising from her disability; the second did not. The Respondent was able to demonstrate that it had a legitimate aim - in that it needed a dependable person in the Claimant’s post – but, the ET concluded, given the intemperate and precipitate nature of the decision-making process, the Respondent could not show its summary dismissal of the Claimant was a reasonably necessary means of achieving that aim. It therefore upheld the Claimant’s complaint of unlawful disability discrimination under section 15 **EqA**.

Going on to consider remedy, the ET sought to apply the guidance in **Abbey National plc v Chagger** [2010] ICR 397, finding that - had the Respondent made further enquiries - the Claimant would have continued to hide her mental health problems and would have refused to engage with any occupational health or other medical referral that might disclose her history. That being so, the ET found that there would then have been a 50% chance that the Claimant would have been the subject of a non-discriminatory dismissal and that, in any event, her employment would have ended before she had reached two years’ service. Allowing that the Claimant’s poor time-keeping had also fed into the decision to dismiss, the ET considered that this should result in a 20% reduction in her compensation for contributory fault.

The Respondent appealed against each of these findings.

Held: allowing the appeal in part

On the question of constructive knowledge, the ET had focused on what it considered might have been the further steps the Respondent could reasonably have been expected to take; it had failed, however, to ask itself whether the Respondent could then have reasonably have been expected to know of the Claimant's disability. Its further findings relevant to loss answered that question: had the Respondent made the further enquiries the ET considered might have been expected, it would still not have known of the Claimant's disability because she would have continued to hide the true facts of her mental health condition. That being so, the answer for section 15(2) purposes was that the Respondent neither knew, nor could reasonably have been expected to know, of the Claimant's disability. The Respondent's appeal was allowed on this basis.

As for justification, the question for the ET was whether the Respondent had made good its justification of the Claimant's dismissal. The ET's reasoning went to the question whether the summary nature of the dismissal was justified but did not fully engage with the issue of the dismissal more generally. Doing so, the ET would have needed to take into account the business needs of the employer (**Hensman v MoD** UKEAT/0067/14 applied) but its reasoning did not demonstrate that it had. Had it been necessary to determine this point, the Respondent's appeal on this ground would also have been allowed.

On the question of loss, in the circumstances of this case, the ET had permissibly taken account of the other, non-discriminatory reason for the Claimant's dismissal (her poor time-keeping) when assessing contributory fault. Ultimately the Respondent's appeal against the ET's findings on loss amounted to perversity challenges and did not meet the high threshold required. If the challenges to the ET's liability findings had not been upheld, the Respondent's appeal on the question of loss would not have been successful.

A **HER HONOUR JUDGE EADY QC**

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1. The appeal in this matter raises questions as to the approach to be adopted to the determination of constructive knowledge for the purposes of section 15(2) of the **Equality Act 2010** (“**EqA**”); to the assessment of proportionality in terms of any justification of unfavourable treatment under that section; and to the approach to the assessment of loss in a discrimination claim, both in terms of apportionment and in a determination of contributory fault.

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2. In giving this Judgment, I refer to the parties as the Claimant and Respondent, as below. This is the Full Hearing of the Respondent’s appeal from a Judgment of the London Central Employment Tribunal (Employment Judge Snelson, sitting with lay members Messrs Ballard and Tyler on 30 January to 2 February 2018; “the ET”), whereby the ET held that the Claimant’s complaint of disability discrimination under section 15 of the **EqA** was well-founded. The Claimant was represented before the ET by a legal representative; she is now represented by Mr Robinson, acting on a *pro bono* basis through the Free Representation Unit. The Respondent has been represented by Mr Milsom of counsel throughout.

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3. The Respondent’s appeal was permitted to proceed to a Full Hearing on the following grounds:

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(1) whether the ET erred in its approach to the Respondent’s constructive knowledge of the Claimant’s disability;

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(2) whether the ET erred in finding that the dismissal - the unfavourable treatment - was not justified, by erroneously including non-discriminatory factors and/or by impermissibly focusing on procedural steps;

A (3) given that the decision to dismiss was also taken at least in part for non-discriminatory Reasons, whether the ET failed to properly apportion loss;

B (4) whether the ET erred in its approach to the assessment of loss (applying **Abbey National Plc and another v Chagger** [2009] ICR 624) and/or in terms of its evaluation of the Claimant's contribution?

C 4. The Claimant resists the appeal, relying on the reasoning provided by the ET.

The Factual Background

D 5. The Respondent is described as a representative organisation that brings together key contractors and trade associations in the construction industry. At the relevant time it had some 15 permanent employees. The Claimant was employed by the Respondent in the part-time role of Finance Co-ordinator from 15 February 2016 until 18 April 2017.

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F 6. It was accepted before the ET that the Claimant is a disabled person for the purposes of the **EqA** by reason of the fact that she suffers from mental and psychiatric impairments, namely stress, depression, low mood and schizophrenia. It was not disputed that the Claimant had suffered from these impairments since 2008. More specifically, psychiatric reports written in 2015 detailed an extensive history of mental health problems, involving serious overdoses and self-harm, regular cannabis abuse, a period of in-patient psychiatric care in April 2015 and a diagnosis of emotionally unstable personality disorder and paranoid schizophrenia (see the ET at paragraph 30).

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A 7. Notwithstanding that history, the Claimant did not disclose any of her health issues to the Respondent when she commenced her employment. As the ET records:

B “31. Prior to the commencement of her employment the Claimant was asked to explain the 30.5 days’ sickness absence recorded during the last year of her employment with her previous employer. She attributed the absences to knee surgery, back and neck injuries resulting from a car accident and incidental minor physical disorders. That answer was misleading, deliberately omitting any reference to her psychiatric conditions. On her own evidence (witness statement, para 11) she had taken six days’ leave on account of “work-based stress”.

C 32. Shortly after her employment began the Claimant was supplied with a form which included two “optional” questions (ie answering was optional): whether she had a physical or mental impairment which had a substantial and long-term adverse effect on her ability to carry out normal day to day activities and whether she had a disability which might require adjustments to enable her to fulfil the requirements of her job. She replied “no” to both.”

D 8. This failure of disclosure continued into the Claimant’s employment with the Respondent; the ET recording:

E “33. During her time with the Respondents, the Claimant continued to experience severe mental health problems. As before, these tended to be aggravated when domestic and family difficulties (usually to do with housing difficulties or her son’s behavioural issues) became particularly acute. On 24 March 2016, less than six weeks after joining the Respondents, she reported to her community psychiatric nurse that she had been made homeless two days earlier and believed she was on the verge of a breakdown. She received psychiatric care and medication was prescribed. Other crises followed intermittently.

F 34. Consistent with her misrepresentations on joining, the Claimant routinely attributed her sickness absences to physical ailments and, in her dealings with the Respondents, deliberately suppressed any mention of her mental health conditions. There was no sign that this was in dispute until she served her witness statement, which included the brand new assertion that she told Ms Angela Williams, the Respondents’ Office Manager, in early March 2017 (by the end of her evidence that she had fixed the date at 1 March) that she had recently been admitted to hospital and was receiving in-patient psychiatric care. For reasons explained in our secondary findings below, we reject her evidence on that point and find that the alleged disclosure was not made.”

G 9. All that said, it was common ground that the Claimant had a very poor attendance record during her employment with the Respondent: in the 14 months in question, she had some 85 days of unscheduled absence of which 52 were recorded as sick leave.

H 10. The ET accepted the Respondent’s evidence that it set considerable store by good attendance and timekeeping, that it needed a dependable presence in the role of Finance Co-ordinator and that, because the post holder interacted with other staff members, poor timekeeping in that position was likely to have an adverse impact on the effectiveness of the team as a whole.

A 11. These were concerns duly raised with the Claimant, both informally and in the more formal setting of her probation review in May 2016 and the end of year appraisal in December 2016. Nevertheless, problems with the Claimant's timekeeping and attendance continued into
B 2017 and on 12 February she was signed off with low mood and she then remained away from work until 18 April 2017, the day of her dismissal.

C 12. On 20 February 2017, the Claimant wrote to the Respondent to explain her absence. Although she referred to problems with her son causing her to feel "incredibly depressed" she did not refer to any clinical mental health condition, choosing instead to list various physical
D maladies, from which she said she was suffering. Moreover, although the Claimant was hospitalised for psychiatric care between 1 and 16 March 2017, she again did not inform the Respondent of that fact. In subsequent emails, she continued to provide information about various physical impairments but made no reference to any mental health problem.

E 13. That said, as the ET found, by the date of the Claimant's dismissal on 18 April 2017, as well as knowing of the her absences from work, the Respondent had the following information:

F "4. By the date of dismissal, the Respondents had had sight of a GP certificate of 13 February referring to the Claimant's "low mood", a hospital certificate of 1 March, which stated that she was expected to be an in-patient for four weeks, and a further GP certificate dated 27 March 2017, citing "mental health and joint issues". Both GP certificates declared her to be unfit for work for three weeks."

G 14. When she did return to work on 8 April, the Claimant was slightly late and failed to provide evidence to corroborate what she said was the reason for that. The Respondent's Chief Executive met with the Claimant explaining that because she felt unable to depend on her - due to her poor attendance and timekeeping - she had decided the Claimant must be dismissed. That
H decision was confirmed by letter of 19 April 2017.

A **The ET’s Decision and Reasoning**

15. Although the Respondent had conceded that the Claimant was a disabled person for **EqA** purposes, its knowledge of her disability was in issue. The ET accepted the Respondent’s case that it had no actual knowledge of any form of mental illness or mental impairment, and it specifically rejected the Claimant’s evidence that she had told the Respondent’s office manager, Ms Williams, about her mental health issues (see the ET at paragraph 45). Although the ET accepted that the Respondent had knowledge of the fact that the Claimant had faced a number of difficult personal and family circumstances, and that she had experienced stress and distress on occasions as a consequence, it concluded that: “*the weight of the evidence known to the Respondent’s pointed to these symptoms being unremarkable and unsurprising reactions to problems in her life*” (ET paragraph 46).

16. Turning then to the question of constructive knowledge - what the Respondent might reasonably have been expected to know - the ET reminded itself of the relevant statutory language and of the **Code of Practice on Employment 2011** issued by the Equality and Human Rights Commission (“the Code”). In the circumstances of this case, the ET concluded that the Respondent *was* fixed with constructive knowledge, reasoning as follows:

“48 For the purposes of our analysis, the key question is whether the Respondents had constructive knowledge on the date of the alleged unlawful act, namely the dismissal on 18 April 2017. We have recorded in our primary findings the recent information in the hands of the Respondents at the time of the dismissal. It included the GP certificates of 13 February and 27 March and the hospital certificate of 1 March. These materials, it seems to us, amounted to clear evidence that, over a period of more than two months up to the dismissal, during the entirety of which she was away from work, the Claimant experienced a significant deterioration in her mental state and there was a real question about her psychiatric health. We are mindful of the fact that any reasonableness test must take account of the relevant context, which must include consideration of the size and resources of the relevant employer. The corner shop is not to be judged by the standards of a multinational organisation. But the Respondents, although a small employer, are certainly not to be placed in the corner shop category. They run a sophisticated business, have significant resources at their disposal and benefit from a well-educated and well-informed leadership. The Claimant’s silence on her mental health could not be taken as conclusive. It is notorious that mental health problems very often carry a stigma which discourages people from disclosing such matters, even to family or close friends. In the circumstances, we conclude that, by the time of the dismissal, it was incumbent upon the Respondents to enquire into the Claimant’s mental well-being and that their failure to do so precludes them from denying that they ought to have known that she had the disability.”

A 17. Having thus found that the Respondent could not avoid liability under section 15 because
of lack of knowledge, the ET went on to consider whether it could nonetheless justify its dismissal
of the Claimant (the unfavourable treatment in this case) because of, at least in part, something
B (her attendance) arising in consequence of her disability. The ET accepted that the Respondent
had established a legitimate aim – i.e. to ensure that it maintained a reliable accounting function
- the question was whether the dismissal amounted to a proportionate means of achieving that
aim. The ET held that it was not, explaining its reasoning as follows:

C “49. As explained above, we use the term “justification” as a convenient shorthand. We have
reminded ourselves of the wording of the 2010 Act, s15(1)(b), which directs attention to whether
the act complained of amounted to a proportionate means of achieving a legitimate aim. There
was no dispute that the dismissal was intended to further the legitimate aim of ensuring that the
Respondents maintained a reliable accounting function. As to the proportionate means part of
D the test, despite Mr Milsom’s persuasive submissions, we are very clear that the Respondents
fall well short of making out the statutory defence. In so far as they are material, our conclusions
on the threshold knowledge issue are repeated. The Respondents did not comply with the Code
of Practice. They did not hold a return to work meeting. They did not otherwise enquire into
the Claimant’s current health or her recent problems. They did not propose or moot the
possibility of making a referral to OH or involving any other medical expert. Instead, what
E happened was that Ms Nichol took an intemperate and precipitate decision simply to sack the
Claimant on the spot. That was anything but a proportionate thing to do and her action denied
her the chance to make a balanced and informed decision. The Claimant’s minimal lateness on
18 April 2017 and Ms Nichol’s consequential irritation explain but do not begin to justify the
drastic step of summary dismissal. There was no need whatsoever for her to act with such haste.
Dismissal was plainly not a necessary measure in order to safeguard the legitimate aim which
we have identified. Quite the contrary. In the circumstances, the s15 claim succeeds.”

18. Having thus found that the Claimant’s claim under section 15 of the **EqA** had been made
out, the ET turned to the question of compensation. In so doing, it reminded itself that any award
F must be assessed on the basis of the true loss suffered. Thus, if there was a realistic chance that,
absent any discrimination, the Claimant would have been dismissed in any event, that possibility
must be reflected in the computation of loss (see the guidance in **Abbey National Plc and
G another v Chagger** [2009] ICR 624 EAT).

19. The ET explained the process it had followed in carrying out this assessment in this case:

H “50. We gave our oral adjudication on this part of the case in two stages. First, on the strength of the
“liability” evidence alone, we held that there was a 50% chance that, but for the dismissal, the
Claimant’s employment would have ended without liability attaching to the Respondents no later
than the second anniversary of her joining the company. We made it clear that this was a “long-stop”
finding and that it was open to the Respondents to contend at the remedies stage for a further
diminution in compensation for monetary loss under the *Chagger* principle, having regard to

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she might, realising her job was in extreme jeopardy, have faced up to the need to reveal her mental health background and problems. Had she taken the first course the Respondents would have been likely to terminate her employment on her return. Acting reasonably (our analysis assumes that they would have acted reasonably in all respects), they would have operated some sort of procedure involving a meeting on notice to consider the continuation of her employment and would have paid her in lieu of notice. Any reasonable process would have been completed in two weeks. Had the Claimant disclosed her mental health problems, the Respondents, acting reasonably, would have taken advice, involved OH or other medical resources, considered reasonable adjustments and established a regime for managing her which took account of the fact (or at least, from their point of view, the real possibility) that she was entitled to protection as a disabled person. On this assumption, there is no reason to envisage the Claimant's employment terminating before the end of the period of loss which she claims."

21. Having thus assessed the likely future loss suffered by the Claimant, the ET turned to the question of contributory conduct. It agreed that the Claimant had contributed to her dismissal by her poor timekeeping, which was not due to her disability, and - duly stepping back and considering compensation in the round - assessed her culpability in that regard as deserving of a 20% reduction in compensation,

The Relevant Legal Principles

Knowledge of disability

22. By section 15 of the **EqA** it is provided:

"15 Discrimination arising from disability

(1) A person (A) discriminates against a disabled person (B) if—

(a) A treats B unfavourably because of something arising in consequence of B's disability, and

(b) A cannot show that the treatment is a proportionate means of achieving a legitimate aim.

(2) Subsection (1) does not apply if A shows that A did not know, and could not reasonably have been expected to know, that B had the disability."

23. In determining whether the employer had requisite knowledge for section 15(2) purposes, the following principles are uncontroversial between the parties in this appeal:

- A** (1) There need only be actual or constructive knowledge as to the disability itself, not the causal link between the disability and its consequent effects which led to the unfavourable treatment, see **York City Council v Grosset** [2018] ICR 1492 CA at paragraph 39.
- B** (2) The Respondent need not have constructive knowledge of the complainant’s diagnosis to satisfy the requirements of section 15(2); it is, however, for the employer to show that it was unreasonable for it to be expected to know that a person (a) suffered an impediment to his physical or mental health, or (b) that that impairment had a substantial and (c) long-
- C** term effect, see **Donelien v Liberata UK Ltd** UKEAT/0297/14 at paragraph 5, per Langstaff P, and also see **Pnaiser v NHS England & Anor** [2016] IRLR 170 EAT at paragraph 69 per Simler J.
- D** (3) The question of reasonableness is one of fact and evaluation, see **Donelien v Liberata UK Ltd** [2018] IRLR 535 CA at paragraph 27; nonetheless, such assessments must be adequately and coherently reasoned and must take into account all relevant factors and not take into account those that are irrelevant.
- E** (4) When assessing the question of constructive knowledge, an employee’s representations as to the cause of absence or disability related symptoms can be of importance: (i) because, in asking whether the employee has suffered substantial adverse effect, a reaction to life events may fall short of the definition of disability for **EqA** purposes (see
- F** **Herry v Dudley Metropolitan Council** [2017] ICR 610, per His Honour Judge Richardson, citing **J v DLA Piper UK LLP** [2010] ICR 1052), and (ii) because, without knowing the likely cause of a given impairment, “*it becomes much more difficult to know whether it may well last for more than 12 months, if it is not [already done so]*”, per Langstaff P in **Donelien** EAT at paragraph 31.
- G**
- H** (5) The approach adopted to answering the question thus posed by section 15(2) is to be informed by the **Code**, which (relevantly) provides as follows:

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“5.14 It is not enough for the employer to show that they did not know that the disabled person had the disability. They must also show that they could not reasonably have been expected to know about it. Employers should consider whether a worker has a disability even where one has not been formally disclosed, as, for example, not all workers who meet the definition of disability may think of themselves as a ‘disabled person’.

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5.15 An employer must do all they can reasonably be expected to do to find out if a worker has a disability. What is reasonable will depend on the circumstances. This is an objective assessment. When making enquiries about disability, employers should consider issues of dignity and privacy and ensure that personal information is dealt with confidentially.”

(6) It is not incumbent upon an employer to make every enquiry where there is little or no basis for doing so (**Ridout v TC Group** [1998] IRLR 628; **SoS for Work and Pensions v Alam** [2010] ICR 665).

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(7) Reasonableness, for the purposes of section 15(2), must entail a balance between the strictures of making enquiries, the likelihood of such enquiries yielding results and the dignity and privacy of the employee, as recognised by the **Code**.

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Justification

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24. Discrimination under section 15 of the **EqA** allows for objective justification on the part of the employer, see section 15(1)(b). This requires (1) a legitimate aim and (2) an objective balance between the discriminatory effects of the condition and the reasonable needs of the party who applies the condition, see Balcombe LJ in **Hampson v Department Education and Science** [1989] ICR 179 CA.

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25. As Baroness Hale further explained in **Homer v Chief Constable of West Yorkshire Police** [2012] UKSC 15 at paragraph 20:

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“It is not enough that a reasonable employer might think the criterion justified. The tribunal itself has to weigh the real needs of the undertaking, against the discriminatory effects of the requirement...Some measures may simply be inappropriate to the aim in question...A measure may be appropriate to achieving the aim but go further than is (reasonably) necessary in order to do so and thus be disproportionate...”

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26. In carrying out the relevant assessment the ET “*must have regard to the business needs of the employer*” see per Singh J (as he then was), at paragraph 44 **Hensman v Military of**

A **Defence** UKEAT/0067/14; that would include having regard to the size and resources of a particular employer.

B *Loss*

27. The measure of loss in discrimination cases is tortious, see sections 124(6), 119(2)(a) and (3)(a) of the EqA. The objective for the ET is that - as best as money can do it - the complainant must be put in the position she would have been in but for the unlawful conduct, see **Ministry of Defence v Cannock and Others** [1994] ICR 918 EAT.

28. Where the relevant protected characteristic is not the *sole* reason for the unfavourable treatment in issue - where there is also a non-discriminatory reason for that treatment - that will be a relevant matter to which the ET will need to have regard when assessing loss, see the guidance laid down by Underhill J (as he then was) at paragraphs 88 to 91 in **Abbey National plc and another v Chagger** [2009] ICR 624:

“88 ... the general rule governing compensation at common law, and regularly applied to claims in tort, was classically formulated by Lord Blackburn in *Livingstone v Rawyards Coal Co* (1880) 5 App Cas 25, 39, where he said:

“where any injury is to be compensated by damages, in settling the sum of money to be given for reparation of damages you should as nearly as possible get at that sum of money which will put the party who has been injured, or who has suffered, in the same position as he would have been in if he had not sustained the wrong for which he is now getting his compensation or reparation.”

What therefore is required is the comparison of the claimant’s current position with what would have been his position if the wrong had not been done. The first step must be to define the wrong in question. ... Dismissal is not itself a wrong: what renders it unlawful ... is the discriminatory grounds on which it occurs. It is the discrimination which is the essence of the wrong. If that is the right characterisation, then the correct question is what would have happened if the claimant had not been *discriminatorily* dismissed: that formulation plainly requires consideration of whether the same dismissal might have occurred but on legitimate grounds. ...

89 ... Despite the conceptual difference between unfair and discriminatory dismissal, they are alike to the extent that dismissal itself is not inherently unlawful and that it is only the additional vitiating factor—unfairness or discriminatory grounds—which renders it so. It would be unsatisfactory if there were a radically different approach to the assessment of compensation between the two situations.

90 ... In order to establish liability in the case of common law torts where damage is a necessary part of the cause of action, a claimant only has to show that the alleged tortfeasor materially contributed to the damage in respect of which he claims, and not that his wrongful act was the only or main cause. There is of course a similar rule in cases of discrimination, though the label “material contribution” is not generally used. But that rule is not relevant to the different issue which arises here—namely whether in assessing compensation it is relevant to take into account the chance that the respondent might have caused the same damage lawfully if he had not done so on discriminatory grounds.

A 91 It might seem unattractive that a discriminator can reduce, and perhaps in some cases extinguish altogether, the compensation which he would otherwise have to pay by taking credit for potential legitimate grounds for his action when ex hypothesi his actual grounds were illegitimate. But the same objection might be taken to the rule in unfair dismissal cases: the answer in both cases is the same, namely that an award on ordinary compensatory principles requires the *Polkey* question to be asked. It will only assist the respondent if he is able to show that the victim would or might have been dismissed anyway—which will only be an available argument in a fairly limited class of cases (of which discriminatory selection for redundancy may be the most obvious example). In such cases it could equally be said to be unattractive that a claimant should make a “windfall” 100% recovery in circumstances where he was likely to be dismissed in any event, simply because his employer had—it may be subconsciously and only to a small extent—allowed himself to be influenced by discriminatory considerations. There is nothing in the statute to suggest that discrimination is to be treated as a specially heinous wrong to which special rules of compensation should apply.”

Submissions

C The Respondent’s case

Knowledge

D 29. The Respondent contends that “reasonableness” under section 15(2) of the EqA has a purpose: to obtain knowledge. That has two consequences: (1) a procedural or consultative step would not be reasonable unless it led to a practical outcome (see **Tarbuck v Sainsbury's Supermarkets Limited** [2006] IRLR 664), and (2) a step cannot be regarded as reasonable if its effects are likely to be futile (see **Lancaster v TBWA Manchester** UKEAT/0460/10 at paragraphs 44 to 50). When assessing reasonableness “*the prospects of success in achieving the desired objective are to be weighted in the balance against the cost and difficulty of taking that step*” see per Lewison LJ in **Paulley v First Group Plc** [2015] 1 WLR 3384. By analogy with the approach to be adopted to the question of reasonable adjustments, it was not incumbent upon an employer to make every enquiry where there was little or no basis for so doing (**Ridout v TC Group** [1998] IRLR 628; **Secretary of State for Work and Pensions v Allen** [2010] ICR 665).

G It would be insufficient for an ET to conclude that an employer has constructive knowledge merely on the basis that it has been put on notice by certain factors; the ET must go further and determine whether it was objectively reasonable to have made further enquiries as a result (see **Mutombo-Mpania v Angard Staffing Solutions Limited** UKEATS/0002/18). More

H specifically, reasonableness for the purposes of Section 15(2) must entail a balance between the

A strictures of making enquiries, the likelihood of such enquiries yielding results and the dignity and privacy of the employee as recognised by the **Code**.

B 30. In the present case the ET had fixed the Respondent with constructive knowledge because
C it had failed to make certain enquiries. It also concluded, however, that - had the Respondent
made those enquiries - the condition would not have revealed itself since the Claimant would
have made a concerted effort to ensure it was not exposed; see the ET's findings on the assessment
D of loss at paragraphs 53 to 54. That approach was unsustainable. If a proposed enquiry would
not have yielded the requisite knowledge, it cannot have been reasonable to have had to make it.
The ET had thereby erred in its approach to section 15(2); it could not be the function of section
E 15(2) to impose significant obligations and burdens on employers. Nor should an employer be
required to impose itself upon an employee's concerted wish to suppress exposure of a health
condition (in particular, a mental health condition). To determine otherwise would run counter
to the requirement in the **Code** that investigations are conducted in accordance with dignity and
privacy. At the heart of each of these concepts rested a respect for the individual's autonomy.

Justification

F 31. Justification is not concerned with process or procedure, but with the substance or
practical outcome of the unfavourable treatment, see per Underhill J (as he then was) in **HMPS**
G **v Johnson** [2007] IRLR 951 at paragraph 114; as His Honour Judge Shanks observed at
paragraph 13 **Crime Reduction Initiatives v Lawrence** UKEAT/0319/13 "*purely procedural*
questions are irrelevant to dealing with justification."

H 32. The ET's analysis of justification in this case was overwhelmingly focused on two
features: (1) the Respondent's failure to reasonably inform itself as to the Claimant's disability

A or to moot the prospect of an OH referral, and (2) the intemperate and precipitate nature of the decision to dismiss. Neither were legally relevant features in the way of justification, not least as the reason for the haste was not a disability related factor. Once those matters were stripped away
B it was apparent that the ET had failed to engage with the fundamental balancing exercise.

Loss

C 33. The question posed by **Chagger** was no more than a tool by which to grapple with a fundamental question: the extent to which the unlawful conduct causally contributed to loss. In the present case there were two discreet matters that had led to the Claimant's dismissal: lateness and attendance. The former was significant and not related to disability (see the ET at paragraphs
D 36 to 40). Apportionment for loss was thus required at the outset to allow for this fact but the ET had failed to address this and instead awarded the Claimant for 100% of her losses. Moreover, the effect of the ET's findings had been that, despite the likelihood that the Claimant would have persisted in her poor timekeeping and continued unplanned absences (see the ET at paragraph
E 54), there was nonetheless a 100% chance that the Claimant's employment would have continued for a further six months. That finding failed to have regard to the Respondent's legitimate needs and the fact that it intended to address timekeeping and attendance on the day in question (see
F paragraph 27). It was also inconsistent with the ET's conclusions that such efforts would not have made any difference to the outcome (paragraph 54), that the Claimant's absences and timekeeping problems would have persisted (paragraph 55) and that, even had all reasonable
G efforts been made to discern the Claimant's condition, these would have yielded no results (paragraph 54). These points went either to the ET's assessment under **Chagger** or to contribution.

H The Claimant's Case

A *Knowledge*

34. On behalf of the Claimant it is submitted that how an objective test of reasonableness is to be applied will always depend upon the particular statutory context. There was a real danger in attempting to read across on the use of the term reasonable in one statutory context to another. More specifically, the test of reasonableness for the purposes of section 15(2) was broader and different in effect to that in sections 20 and 21 of the **EqA** (reasonable adjustments).

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35. More specifically, the ET had properly applied the test required under section 15(2) and had made permissible findings of fact with which the ET ought not to interfere, see **Donelien** in the EAT at paragraph 16, 17 and 29. It was important to have regard to the ET's findings of fact as a whole. Doing so, it was apparent that the ET had due regard to the size and the administrative resources of this Respondent and, although the ET had found that the Claimant would have continued to deny her mental health problems (see paragraph 53), it was also possible to see that it felt that it was possible that - when faced with the likely termination of her employment - the Claimant would have decided to tell her employer about the true nature of her problems (paragraph 55).

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Justification

36. The Claimant takes issue with the proposition that only matters of substance rather than process can be considered as part of the exercise for determining justification. The correct approach had been summarised in the case of **Dr Ali v Drs Torrosian, Lechi, Ebeid & Doshi t/a as Bedford Hill Family Practice** [2018] UKEAT/0029/18, in particular at paragraph 15. It was for the ET to make findings of fact and thus for the ET to determine what was relevant and what were matters of substance and what matters of process (see paragraph 21 **Ali v Torrosian and Others**). In any case, it was apparent that the ET had not concerned itself with matters of

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A process in a similar way to those described in Crime Reductions Initiatives v Lawrence. At paragraph 49 the ET was dealing with matters of real substance and its conclusion - that the Respondent's action, in taking an unduly intemperate and precipitate decision, denied it the chance to make a balanced and informed decision - went plainly to the question whether it was reasonably necessary.

Loss

C 37. The reason for the unfavourable treatment for section 15 purposes did not have to be the only, or even the main, reason - merely an effective reason, see Hall v Chief Constable of West Yorkshire Police [2015] IRLR 893 at paragraph 42. Here, the ET was aware that there were two factors in the decision to dismiss - attendance and poor timekeeping - and it was common ground that the latter was not linked to disability. The ET permissibly considered that this was a matter that could be addressed at the remedy stage and the approach at that stage was analogous to that in relation to the Polkey assessment in unfair dismissal cases (as to which, see Contract Bottling Ltd v Cave and another [2015] ICR 146 EAT Langstaff J presiding). Although the Claimant acknowledged that the ET might have gone further in its reasoning, ultimately it had taken into account the timekeeping issue when assessing contributory fault and had reached a permissible view that this should be assessed at 20%.

Discussion and Conclusions

G 38. A Respondent will avoid the liability that would have otherwise arise under section 15 EqA if it can show that it did not know, and could not reasonably have been expected to know, of the complainant's disability. A finding that the Respondent does not have actual knowledge of the disability is thus not the end of the ET's task; it must then go on to consider whether the Respondent had what (for shorthand) is commonly called "constructive knowledge"; that is,

A whether it could - applying a test of reasonableness - have been expected to know, not necessarily
the Claimant's actual diagnosis, but of the facts that would demonstrate that she had a disability
- that she was suffering a physical or mental impairment that had a substantial and long-term
B adverse effect on her ability to carry out normal day-to-day activities.

C 39. As to what a Respondent could reasonably have been expected to know, that is a question
for the ET to determine. The burden of proof is on the Respondent but the expectation is to be
assessed in terms of what was reasonable; that, in turn, will depend on all the circumstances of
the case.

D 40. In considering what might reasonably be expected of an employer for these purposes, I
am wary of reading across from the approach adopted to test reasonableness in other statutory
contexts. Save that the use of this term imports a common objective standard into the assessment,
E I consider that it is most helpful to see it in the context of the particular provision in question.

F 41. Section 15(2) EqA is directed at the question of the employer's knowledge: where the
employer does not have actual knowledge, what might it reasonably have been expected to have
known? In the present case, the ET sought to answer that question in terms of what the
Respondent might reasonably have been expected to do: that is, to have understood that mental
G health problems often carry a stigma, which discourages people from disclosing such matters and,
therefore, to have made enquiries into the Claimant's mental wellbeing. That, however, does not
answer the question as to what the Respondent might reasonably have been expected to know,
H after having made those enquiries.

A 42. The ET had already found as a fact that the actual knowledge of the Respondent fell short
of knowing anything more than that the Claimant had faced a number of difficult personal
B circumstances and had sometimes experienced stress as a consequence. Of itself, that did nothing
more than suggest that she had suffered symptoms that could be seen as unremarkable and
unsurprising reactions to life events. As the ET found, allowing for the difficulties that arise in
relation to the disclosure of mental health problems (although also mindful of the need for respect
C for an employee's dignity, as highlighted in the **Code**), it might well have been better had the
Respondent made further enquiries of the Claimant. That, however, is not the same as a finding
that the Respondent could reasonably have been expected to know of the Claimant's disability.
That said, in the current case - as Mr Milsom has pointed out - the ET effectively went on to
D complete the answer to this question, when it later considered what would have happened if the
Respondent had made the enquiries suggested of it. As the ET found, the Claimant would have
continued to suppress information concerning her mental health problems; she would have
E insisted she was fit and able to work normally and would not have entertained any proposal for
an Occupational Health referral or other medical examination that might have exposed her
psychiatric history (see the ET at paragraph 35). That being so, the complete answer to the section
F 15(2) question in this case could only have been that, even if the Respondent could reasonably
have been expected to do more, it could not reasonably have been expected to have known of the
Claimant's disability.

G 43. On this first ground of appeal, I therefore agree with the Respondent. The ET failed to
apply the correct test, asking itself only what more might have been required of the Respondent
in terms of process without asking what it might then reasonably have been expected to know.
H In this case, completing this exercise does not require me to engage in any exercise of substitution,
still less to remit the case for further consideration. The ET's later findings provide the answer:

A taking the additional steps that the ET considered would have been reasonable would have taken the Respondent no further; it could not reasonably have known of the Claimant's disability.

B 44. Having thus upheld the Respondent's first ground of appeal that must mean that the Claimant's claim of disability discrimination fails. As such, it is unnecessary for me to deal with the other grounds of appeal, although in the interests of completeness I have gone on to do so.

C 45. On the question of justification, the parties agree that the relevant legal principles are summarised in the **Ali v Torrosian and ors** case. In the present case, the ET accepted that the Respondent had a legitimate aim: ensuring that it had a reliable accounting function. The question
D was whether the Claimant's dismissal was a proportionate means of achieving that aim - whether it was appropriate and reasonably necessary.

E 46. For the Claimant, it is said that the intemperate and precipitate nature of the decision-making process meant that the Respondent could not show that the Claimant's dismissal was reasonably necessary. That might be a fair criticism in terms of the summary nature of the dismissal, but I think the Respondent is entitled to complain that this does not address the decision
F taken in a more general sense: the complaint was, after all, not limited to the fact that the dismissal had been without notice.

G 47. The question for the ET was whether terminating the Claimant's employment was a proportionate means of achieving the reliable accounting function the Respondent sought. This required the ET not only to look at the impact upon the Claimant but to balance that against the
H business needs of this employer.

A 48. As the ET acknowledged, this was a small employer, albeit with more resources than
many, and it needed its Financial Co-ordinator to be a dependable presence. I do not think I can
B go so far as to say that, taking those factors into account (as the ET was required to do, see
Hensman) would have resulted in a different decision, but I agree with the Respondent that the
ET's reasoning does not demonstrate the necessary balance in this case. Had it been necessary,
I would, therefore, have also upheld the Respondent's second ground of appeal.

C 49. Finally, turning to the question of loss, it is apparent that the ET was alive to the fact that
the Claimant's dismissal was not solely for the disability-related reason of her attendance. The
D ET also accepted that the Claimant's timekeeping was an issue for the Respondent - punctuality
in its organisation being a real priority. The ET did not, however, allow for any reduction in this
E respect when carrying out the initial task of assessing loss - that is, before considering the question
of contribution. It did, however, take this matter into account when assessing that later question
- that is, whether the Claimant had contributed to her dismissal - and it assessed that at 20%.

F 50. In oral argument, Mr Milsom accepted that, on the facts of this case, it might have been
open to the ET to approach its task in that way. He observed, however, that this might lead an
ET into error in cases where the other, non-discriminatory, reason for dismissal could not lead to
a finding of contributory fault. That might be so, but I am not persuaded that the ET in this case
was wrong to adopt the course it did and I would not have upheld the appeal on this basis.

G 51. Thereafter, the Respondent's complaint is really as to the ET's assessment of the
Claimant's losses, taking into account the risk that her employment could lawfully have been
H brought to an end in the near future. This, however, was a difficult issue to judge. The
Respondent makes a good point that this was a small employer, with a very clear business need

A for a dependable Financial Co-ordinator, and - given the Claimant had less than two years' service
- it might well be thought that the Respondent would have moved to dismiss rather more quickly
than otherwise. These were, however, all factors to which the ET had regard in reaching its
B decision and I cannot say that its conclusion was impermissible. Ultimately, this part of the
appeal is really put as a perversity challenge and I do not consider that the Respondent has met
the high threshold that thus arises. Had it been necessary to determine the point, I would also not
have upheld this ground of appeal.

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Disposal

D 52. The appeal is allowed. The ET's Judgment in the Claimant's favour is set aside and is
substituted with the finding that her claim of disability discrimination, contrary to section 15 of
the **EqA**, is dismissed.

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