



EMPLOYMENT TRIBUNALS

Claimant: Ms S Ali

Respondent: Paradigm Trust

Heard at: East London Hearing Centre (by CVP) **On:** 30 June 2025

Before: Employment Judge Bann

REPRESENTATION:

Claimant: Ms Barrakeh (Solicitor)

Respondent: Mrs Anderson (Counsel)

JUDGMENT having been sent to the parties on **8 July 2024** and reasons having been requested in accordance with Rule 60(3) of the Rules of Procedure 2024.

REASONS

Facts

1. The claimant was employed as a trainee teacher of the deaf, by the respondent, a multi academy trust at Culloden Primary School from 1 September 2021 until her resignation which took effect on 31 August 2024.
2. The Respondent sent the claimant a starter pack in July 2021 which included a contract of employment.
3. The respondent then sent the contract of employment again along with a letter on 10 August 2021 ("Sponsorship letter"). The contract was amended just by adding a reference that it should be read in conjunction with the letter enclosed which

was entitled 'Sponsorship of Teacher of the Deaf qualification and fee repayment'. The letter stated as follows:

This is a trainee position and your continued employment as a Teacher of the Deaf is dependent on you successfully completing the.. qualification within two years from the start of your employment. The cost of the qualification, which will involve you attending in person at Birmingham University for which you will receive time away from work, will be £10,000 + VAT per year (i.e. £20,000 + VAT in total), and is due to be completed over two years with a combination of practical teaching experience and university assessments.

The Trust agrees to pay for the cost of the qualification, as detailed above. However, by signing and returning the enclosed copy of this letter, you agree that in the event of you leaving the Trust you will reimburse us as follows:

- *50% of the cost of the qualification if you leave on or before 31.08.23 (assuming you start the course in September 2021. If you start at a later date, this will be if you leave within 2 years of commencing the course)*
- *25% of the cost if you leave between 1.9.2023 to 31.8.2024 (or within one year of completing the course)*

4. Section 4.11 of the Contract stipulated as follows:

Section 4.11 'Overpayments'

For the purpose of the Employment Rights Act 1996, you authorize the Trust to deduct from your salary any sums due to the Employer including, without limitation, any overpayment of salary and any advances or loans made to you by the Employer. In the event of such sums being due to the Employer on the termination of employment, and if your final salary payment is insufficient to allow for the whole of any such deduction, you will be required to repay the outstanding amount due to the Employer within one month of the date of termination of your employment.

5. The contract and the sponsorship letter were signed by the claimant on 16 August 2021. On 27 Oct 2023, the claimant completed her training and advanced to a fully qualified Teacher of the Deaf.
6. By letter of 23 May 2024 the claimant tendered her resignation with effect from 1 September with her last day of employment being 31 August 2024. This was acknowledged by Tahreena Ward on 12 June 2024. In that letter Ms Ward reminded the claimant that she had undertaken to repay the qualification sponsorship in the event of her leaving before 1 September 2024 and as such the respondent expected her to repay 25% cost which was £5000. The letter stipulated that the claimant should contact Julie Anderson, Director of HR to arrange repayment.

7. On 11 July 2024, the claimant responded. She disputed she owed anything and confirmed that she did not authorise any deduction from her wages. On 11 July, Julie Anderson responded stating that the respondent would be relying on 4.11 overpayments section of the contract to deduct the payment they say was owed. In a further email on 12 July 2024, Julie Anderson quoted to the claimant the Employment Rights Act 1996 and the employer's right to deduct monies from the salary if such deductions were authorised in writing.
8. In a letter of 23 July 2024, the respondent notified the claimant that they would deduct £2500 from her July salary and £2500 from her August salary.
9. The claimant emailed Julie Anderson on 25 July 2024 and highlighted Potter v Hunt Contracts [1992] IRLR108 which held that the fact an employer had a letter agreeing to repay training costs did not constitute authority to deduct the sum from the salary payments. She noted that the sponsorship letter did not stipulate that the respondent would deduct any sums owed from salary payments.
10. On 31 July 2024 the Claimant received £738.08 instead of £3238.08 in her salary payment and on 31 August 2024 she received £737.67 instead of £3237.67 31 August 2024
11. The claimant triggered ACAS Early Conciliation on 27 November 2024 which ended on 8 January 2025.
12. The claimant submitted the ET1 claim form to the tribunal on 6 February 2025 claiming unlawful deduction of wages and losses incurred because of the unauthorised deduction. The ET3 response was submitted on 14 March 2025 resisting the claim.
13. The Hearing took place on 30 June 2025. The parties provided a bundle of 167 pages. The tribunal received a witness statement from the claimant and heard her oral evidence and also received witness statements on behalf of the respondent from Julie Anderson HR Director, Tahreena Ward the Principal and Ben Carter, the Director of School Improvement with Julie Anderson giving evidence in the hearing.

THE LAW

Section 13 – The Employment Rights Act 1996

13 Right not to suffer unauthorised deductions.

- (1) An employer shall not make a deduction from wages of a worker employed by him unless—
 - (a) the deduction is required or authorised to be made by virtue of a statutory provision or a relevant provision of the worker's contract, or

- (b) the worker has previously signified in writing his agreement or consent to the making of the deduction.
- (2) In this section “relevant provision”, in relation to a worker’s contract, means a provision of the contract comprised—
 - (a) in one or more written terms of the contract of which the employer has given the worker a copy on an occasion prior to the employer making the deduction in question, or
 - (b) in one or more terms of the contract (whether express or implied and, if express, whether oral or in writing) the existence and effect, or combined effect, of which in relation to the worker the employer has notified to the worker in writing on such an occasion.
- (3) Where the total amount of wages paid on any occasion by an employer to a worker employed by him is less than the total amount of the wages properly payable by him to the worker on that occasion (after deductions), the amount of the deficiency shall be treated for the purposes of this Part as a deduction made by the employer from the worker’s wages on that occasion.
- (7) This section does not affect any other statutory provision by virtue of which a sum payable to a worker by his employer but not constituting “wages” within the meaning of this Part is not to be subject to a deduction at the instance of the employer.

Section 25(4)

Where a tribunal has under section 24 ordered an employer to pay or repay to a worker any amount in respect of a particular deduction or payment falling within section 23(1)(a) to (d), the amount which the employer is entitled to recover (by whatever means) in respect of the matter in relation to which the deduction or payment was originally made or received shall be treated as reduced by that amount.

Case law

W Potter v Hunt Contracts Ltd [1991] UKEAT 428 stated referring to s1 Wages Act, predecessor to s13 ERA 1996 : “*It seems to us quite clear that the conditions in (a) or (b) can only be satisfied by a document in writing. Not only is this view supported by the wording of Section 1(3) and (4), but Section 1 of the Employment Protection (Consolidation) Act 1978 also emphasises the importance of writing and*

in the view of the Industrial Members it is clearly desirable so far as possible to eliminate any scope for misunderstanding.”

Galletly v Abel Environmental Services Ltd ET Case No.3100684/98: the contract gave the employer the power to deduct ‘any sums due to the employer from the employee for whatever purpose’. A tribunal held that this was too widely drawn to constitute a ‘relevant provision’

Hayter v Rapid Response Solutions Ltd ET Case No.1401308/20: a clause in the contract stated that the employer ‘shall be entitled to deduct from your pay or other payments due to you, any money, which you may owe to the company at any time’. The tribunal found that this was far too vague to authorise a deduction for the cost of a course that H was taking at the time she resigned.

Decision

1. Where contractual provisions and written agreements authorising deductions are being relied on, the onus is on the respondent to ensure that these are drafted as precisely as possible, especially given that, under S.25(4) ERA, 1996 sums found to be wrongly deducted cannot be recovered by any other means. Further, the decision to deduct £2500 from a salary of just over £3250 is a draconian measure and should only be undertaken when the employer is completely satisfied that it has a clear and unambiguous contractual right to do so.
2. The tribunal found that the Sponsorship letter was clear and unambiguous. It clearly stated that if the claimant left employment within 1 year of completing the course the employee was expected to reimburse the respondent for 25% of the cost of training. In this case, the claimant left within one year of completing her course and as such this right to reimbursement was triggered. It is relevant to note that the right to reimbursement was triggered on termination.
3. However, the Sponsorship letter does not stipulate when or how that reimbursement is expected to be made. The word ‘reimbursement’ also indicates that this money will be repaid by the claimant. The respondent’s initial letter to the claimant of 12 June 2024 indicated that the claimant should contact Julie Anderson to arrange repayment. This suggested that she had an input into how that money was repaid.
4. The respondent contended that the sponsorship letter should be read in conjunction with the contract, which at section 4.11 stipulated that overpayments could be deducted from salary.

5. On analysing section 4.11 the Tribunal found as follows:
 - a) Following case law as set out above, "*deduct from your salary any sums due to the Employer including, without limitation, any overpayment of salary and any advances or loans made to you by the Employer*" was too widely drawn to constitute a relevant provision in the contract for the purpose of section 13.
 - a) The title of section 4.11 was Overpayments. It would not have been clear to the claimant from that heading that the section could apply to the reimbursement of sponsorship costs, which could not be defined as an overpayment.
 - b) The sponsorship costs were not paid to the claimant, but were made up of sums paid directly to the training provider and the respondent's own calculations of the costs it incurred in training the claimant. The Claimant had not been overpaid and had not received an advance or a loan from the respondent.
 - c) Section 4.11 entitled the respondent to deduct from the final salary any sum owed on termination. The tribunal found that the deduction £2500 from the Claimant's salary in July 2024 was not an authorised deduction under the sponsorship agreement or section 4.11 as there was no right under section 4.11 to deduct sums before the termination of employment.
 - d) The second deduction of £2500 in August 2024 was also not an authorised and therefore lawful deduction. There was no agreement in writing with the Claimant which would entitle the respondent to deduct the sponsorship costs on the termination of her employment. The sponsorship letter refers to the reimbursement which suggests the claimant makes the payment. Further section 4.11 of the contract does not cover payments made by the respondent on the claimant's behalf to other parties or the estimated sums incurred by the respondent in training the claimant.
6. The claim for unlawful deduction of wages was well founded and the respondent was ordered to repay the £5000 to the claimant.
7. The claimant chose to withdraw her claim for losses incurred as a result of the overpayment.
8. The Respondent sought to counter claim on the basis that the sum of £5000 was owed under the sponsorship letter on termination. The tribunal notes that

the respondent had no right to make a counter claim in respect of claims which do not alleged a breach of contract. Furthermore, under section 25(4) ERA 1996, by unlawfully deducting the sum from the claimant, the respondent has forfeited the right to recover the £5000 through any other means.

Approved by:
Employment Judge Bann
Dated: 3 October 2025