EMPLOYMENT TRIBUNALS

Claimant: Mr Sanjay Mehta
Respondent: Itarmi UK Limited

Heard at: Watford Employment Tribunal
On: 14 May 2026
Before: Employment Judge Alliott

Representation
Claimant: In person
Respondent: Mr Matthew Curtis (counsel)

JUDGMENT

The judgment of the tribunal is that:-

1. The respondent has made unauthorised deductions from the claimant's pay and is ordered to pay him the gross sum of £70,743.63 (subject to tax and National Insurance).

2. The claimant's breach of contract claim is dismissed.

REASONS

1. This hearing was listed to deal with quantification of the claimant's unauthorised deductions of pay claim and deal with an outstanding issue relating to the claimant's breach of contract claim.

Unauthorised deduction of wages

2. It is agreed that the shortfall in wages paid from 5 August 2021 until 4 August 2023 is £70,743.63 gross. That sum will be subject to tax and National Insurance.

Interest on unauthorised deduction of wages

3. Section 24(2) of the Employment Rights Act 1996 provides as follows:-

> "(2) Where a tribunal makes a declaration under subsection (1), it may order the employer to pay to the worker (in addition to any amount ordered to be paid under that subsection) such amount as the tribunal considers appropriate in all

> the circumstances to compensate the worker for any financial loss sustained by him which is attributable to the matter complained of."

4. The claimant invites me to exercise my jurisdiction pursuant to that clause and award him interest on the unlawful deduction of wages sum.

5. Somewhat surprisingly, there does not appear to be any law on this issue.

6. As per the IDS Employment Law Handbook "Wages" at 4.20:-

> "In addition, section 24(2) provides that a Tribunal may order the employer to compensate the worker for any financial loss sustained as a result of the unlawful deduction or payment. This would include bank charges or interest incurred. It does not, however, include non-financial loss, such as injury to feelings and upset – see, for example, <u>Richardson v Howards Garage (Weston) Limited</u> ET Case No. 1401179/12."

7. Harvey on employment law deals with the issue in Division B1 at 380.01 as follows:-

> "…Although there is no case law on the scope of this section, it is no doubt designed to cover items such as bank and interest charges incurred as a result of the employer's failure to pay wages. However, the wording is wide enough to cover *any* financial loss that can be shown to be causatively linked to the employer's failure if the tribunal considers it appropriate (there being no requirement that the loss be reasonably foreseeable). Whether, as is sometimes suggested in claimants' schedules of loss, section 24(2) is wide enough to permit a tribunal to add interest to any sum awarded under section 24(1) is unclear. The fact that there is no statutory regime governing the calculation of any such interest payments, such as exists in discrimination cases, points against this."

8. I doubt that the discretion extends as far as awarding interest. Parliament expressly created a power to award interest in the discrimination jurisdiction and has not done so in this jurisdiction.

9. Even if I had power to award interest, I do not consider it appropriate in all the circumstances to compensate the claimant. In my judgment, the claimant has not sustained financial loss due to the fact that he agreed to the deferral of his salary and there was no agreement concerning interest. As such, I find that the claimant was not unlawfully kept out of his money and that an award of interest is not a financial loss attributable to the matter complained of.

10. Accordingly, I decline to make an award of interest.

Breach of contract

11. The Employment Tribunal's Extension of Jurisdiction (England and Wales) Order 1994 provides as follows:-

> "3. Proceedings may be brought before an employment tribunal in respect of a claim of an employee for the recovery of damages or any other sum… if—
>
> …

(c) the claim arises or is outstanding on the termination of the employee's employment."

12. The claimant and the respondent have made submissions as to what the contractual term was that would trigger or crystalise the claimant's contractual entitlement to his deferred salary.

13. In my judgment I found as follows:-

> "61. It is clear and I find that the claimant and Brett Riley agreed that the claimant would only receive a lower amount of money until the expected investment materialised."

14. I went on to recite the claimant's understanding in paragraph 62 of my judgment as follows:-

> "Therefore, Mr Riley and I agreed that initially I would receive a gross payment of £2,000 per month, with the balance of my contractual salary being temporarily deferred until the expected investment, revenue growth, cash flow would allow the arrears/deferred salary to be paid in full, in accordance with my contract."

15. In my judgment, the fact that the financial information was within the knowledge and control of the respondent and that there was potentially a high degree of discretion as to when the payment was to be made as far as Brett Riley was concerned, are not impediments. Bonus payments are often discretionary and the law is that such discretion is not to be exercised capriciously.

16. I find that the express and/or implied term of the contract was that the claimant would be paid once the expected investment materialised. Insofar as the term stands to be implied, I find that it is implied by virtue of the officious bystander test.

17. The expected investment was a sum in the region of £2 million.

18. I had a witness statement from Mrs Jenni Riley exhibiting a bank statement of the respondent showing when the expected investment monies were secured. By the time of the claimant's EDT only £999,000 had been received.

19. Consequently, I find that the expected investment had not materialised by the claimant's EDT and that, consequently, he had no breach of contract claim arising before or upon the termination of his employment.

20. Accordingly, the claimant's breach of contract claim is dismissed.

Subsidiary matters

21. The claimant claims interest on his breach of contract claim. The respondent contends that the claimant cannot bring an unauthorised deduction of wages claim alongside a breach of contract claim. For what it is worth, my judgment is as follows:-

    (i) The claimant cannot recover interest on a breach of contract claim in excess of the £25,000 statutory cap.

(ii) As long as there is no double recovery, the claimant can bring a breach of contract claim as well as an unauthorised deduction of wages claim and attribute them to different periods.

Approved by:

Employment Judge Alliott

Date 20 May 2026

JUDGMENT SENT TO THE PARTIES ON
25 June 2026
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FOR THE TRIBUNAL OFFICE

Notes

All judgments (apart from judgments under Rule 51) and any full written reasons for the judgments are published, in full, online at *https://www.gov.uk/employment-tribunal-decisions* shortly after a copy has been sent to the claimants and respondents.

If a Tribunal hearing has been recorded, you may request a transcript of the recording. Unless there are exceptional circumstances, you will have to pay for it. If a transcript is produced it will not include any oral judgment or reasons given at the hearing. The transcript will not be checked, approved or verified by a judge. There is more information in the joint Presidential Practice Direction on the Recording and Transcription of Hearings and accompanying Guidance, which can be found here:

www.judiciary.uk/guidance-and-resources/employment-rules-and-legislation-practice-directions/