EMPLOYMENT TRIBUNALS

Claimant: Miss J Waters

Respondent: Associated Veterinary Services Limited

Heard at: London South Employment Tribunal, Croydon (by video)

On: 11 June 2026

Before: Employment Judge Abbott (sitting alone)

Representation
Claimant: representing herself
Respondent: Mr M Akram, counsel

RESERVED JUDGMENT

1. The respondent breached the claimant's contract of employment by failing to pay sums properly owed to her on 28 February 2025 and 28 March 2025. The respondent is to pay the claimant damages in the gross sum of **£1,849.38**.

2. The claimant's other complaints are dismissed.

REASONS

<u>Introduction and background</u>

1. These are the full reasons for my judgment set out above, following the final hearing in this claim on 11 June 2026.

2. By way of background, this claim was presented on 24 July 2025, early conciliation having taken place between 15 April and 27 May 2025. A List of Issues was generated following clarification of the claim at a preliminary hearing on 19 January 2026 [109-110]. I was able to refine that in discussion with the parties at the outset of the hearing, such that the issues in dispute boil down essentially to these:

    a. The respondent acknowledges that the claimant was entitled to be paid for the period 1 February to 6 March 2025, plus 4 days of unused holiday pay, but made deductions in the final pay checks that had the effect of extinguishing those payments. Was the respondent contractually entitled to deduct from the claimant's pay what are described as "unsubstantiated expenses"?

b. If (or to the extent) not, what is the claimant's loss arising from that breach?

c. Was the claimant entitled to be paid for 1 further day of holiday (time of in lieu) in respect of attending the PATS trade show in September 2024?

3. The hearing was listed for 3 hours but ultimately occupied almost a full day and I had to reserve my judgment. During the hearing I heard evidence from the claimant and from Dr Veneta Zokhuharova, the owner of the respondent, as well as oral submissions from Mr Akram who appeared for the respondent and the claimant on her own behalf.

<u>The law</u>

4. As discussed and agreed with the parties, I addressed all of the complaints as allegations of breach of contract. In particular this is because of the effect of section 14(1)(b) of the Employment Rights Act 1996 excluding a claim under section 13 of that Act where the deduction is in respect of an overpayment of expenses.

5. The guiding principles of contractual interpretation are very well known and have been set out in a series of decisions from this jurisdiction's highest courts: in particular, *Investors Compensation Scheme Ltd v West Bromwich Building Society* [1997] UKHL 28, *Rainy Sky SA v Kookmin Bank* [2011] UKSC 50, *Arnold v Britton* [2015] UKSC 36 and *Wood v Capita Insurance Services Ltd* [2017] UKSC 24. I have applied those guiding principles when considering the relevant contractual terms in this case.

6. Under regulation 13 of the Working Time Regulations 1998, save in particular circumstances that do not apply here, annual leave in one leave year cannot be carried forward, in the absence of an agreement to the contrary.

<u>The facts</u>

7. The role of the Tribunal is to consider all of the evidence, and the documentary materials referred to during the hearing, and form a view as to what is most likely to be the true position on the balance of probabilities. I have only made findings that are relevant to the issues that I had to determine. I have considered all of the documents referred to in the evidence and during the course of the hearing, even if I do not specifically mention them all in these reasons. References to the hearing bundle are in the form [x].

8. My findings of fact are as follows.

9. The claimant was employed by the respondent as a Business Development

Manager with effect from 25 September 2024. Her role involved communications with potential clients, business development and sales visits, concerned with the respondent's "Dr Veneta" dog food brand.

10. A copy of the claimant's Employment Contract is at [24-43]. The relevant terms are these:

    a. Cl 2.2: "*The first 6 months of the Appointment shall be a probationary period and the Appointment may be terminated during this period at any time on one week's notice by either party…*";

    b. Cl 4.2.4: "*[During the Appointment you shall:] promptly make such reports to Dr Kozhuharova, in connection with our affairs on such matters and at such times as are reasonably required*";

    c. Cl 6: "*Your normal working hours shall be 9am to 5pm on Mondays to Fridays and these hours and days are not variable. However, you may be required to work additional hours, with extra remuneration, as may be necessary…*"

    d. Cl 7.1: "*You shall be paid a salary of £35,000 per annum*";

    e. Cl 7.4: "*We may deduct from your salary, or any other sums owed to you, any money owed to us by you*";

    f. Cl 9.1: "*We shall reimburse (or procure the reimbursement of) all reasonable expenses wholly, properly and necessarily incurred by you in the course of the Appointment, subject to production of VAT receipts or other appropriate evidence of payment*".

    g. Cl 10.1: "*Our holiday year runs between 1 January and 31 December…*"

    h. Cl 10.4: "*You shall not carry forward any accrued but untaken holiday entitlement to a subsequent holiday year unless you have been prevented from taking it in the relevant holiday year by one of the following: a period of sickness absence, or statutory maternity, paternity, adoption, shared parental, parental or parental bereavement leave…*"

11. The claimant's role was to involve a substantial amount of travel. That was an obvious necessity because (a) of the nature of the role and (b) the claimant was based in West Cumbria and working remotely. A further agreement was therefore reached between the claimant and the respondent relating to this, which I accept formed part of the claimant's terms of employment. It is reflected, partially, in the job offer letter sent to the claimant on 12 September 2024 which includes the following in the list of benefits:

    a. Car allowance up to £7,500 per annum;

    b. Business travel costs paid.

12. Dr Kozhuharova accepted in her oral evidence that there was an oral

agreement between the claimant and the respondent that the claimant was to be reimbursed for mileage at a rate consistent with HMRC approved mileage rates, i.e. 45p per mile for the first 10,000 business miles and 25p per mile thereafter. It was her evidence, though, that any mileage claim still needed to be proved and some receipts provided.

13. I accept that both parties must have understood it would be a necessity for there to be some verifiable record of travel undertaken and the purpose of that travel. That would be necessary in the event that HMRC challenged whether the journeys undertaken were truly for business purposes. It is also consistent with the format of the form that was required to be used by the claimant to make mileage claims (see e.g. [46-47]), which required the claimant to record:

    a. The date of travel;

    b. Where she travelled from and to;

    c. The relevant (potential) client(s);

    d. A brief description of the purposes of the visit; and

    e. The number of miles claimed.

14. I therefore find that the production by the claimant of a record containing the above information was a condition for the reimbursement of mileage.

15. I do not accept, however, that there was an agreement that any additional evidence (in particular fuel receipts) was a further condition. By contrast with other expenses, where clause 9.1 of the Employment Contract clearly does necessitate production of receipts or other evidence of payment, mileage claims are of a different nature as they are not claimed 'at cost'. A fuel receipt serves no useful purpose, because it cannot serve to demonstrate that a journey was in fact undertaken or when. In reaching that conclusion I have had regard to the messages in the early stages of the claimant's engagement in which Dr Kozhuharova asked the claimant to keep all receipts [183-184], but I do not consider these messages lend weight to a conclusion that this was intended to include fuel receipts as well as receipts for other expenses being claimed.

16. During the course of her employment, the claimant made a series of expenses and mileage claims [45-56, 59[1]]. The amounts claimed were paid in full by the respondent, that being a total of £7,272.70 (of which £6,539.40 was in respect of mileage claims).

17. One journey claimed for was travel to and from the PATS trade show on 29 September 2024 (a Sunday and thus outside of the claimant's normal working days).

18. On 27 February 2025, concerned that the claimant had failed to generate any sales during her employment to date, Dr Kozhuharova sent an email

[1] The January 2025 mileage claim is found in a separate spreadsheet outside of the hearing bundle.

giving notice that the claimant would not be passing her probation and her employment would end on 6 March 2025 [62-63]. Within that email Dr Kozhuharova requested the claimant provide a full list of stores visited so that she could follow up. The email ended with this sentence: "*Also, on your February claim, I need you to include full post codes of places you have visited and I need copy of all your receipts for last 2-3 months before I make my final claim payment to you.*"

19. The claimant was due to be paid her regular monthly salary and car allowance payment on 28 February 2025, but no payment was made [65]. There followed a series of emails between the claimant and respondent concerning expense queries - in particular Dr Kozhuharova was seeking fuel receipts fully covering the claimant's mileage claims and the claimant was resistant to that. The claimant raised formal concerns regarding not having been paid her February salary in an email on 5 March 2025 [66].

20. Upon the end of the claimant's employment on 6 March 2025, the respondent wrote to her to confirm that, though recognising her entitlement to be paid full salary for the month of February 2025 and 3-6 March 2025, plus 4 days of unused holiday pay, a deduction was going to be made in respect of unsubstantiated expenses said to have been overpaid pursuant to clause 7.4 of the Employment Contract. The upshot was that the claimant was paid nothing in March 2025 either. The payslip for 31 March 2025 shows a deduction made of £6,031.40 for "unsubstantiated expenses" as well as other deductions that the respondent now accepts are not justified [65].

<u>Application of the law to the facts</u>

21. The first question to answer is whether the respondent was entitled to make the deduction that it did in the final payslip, with the effect of extinguishing the salary, car allowance and holiday pay to which the claimant was (undisputedly) entitled.

22. Clause 7.4 of the Employment Contract allows a deduction of "*any money owed to us by you".* On a proper interpretation, that must require some plausible justification for why the sum is owed – it cannot be right that the respondent can merely assert a sum is owed and then deduct it.

23. The question then is whether the respondent was justified in saying the sum was owed. No real arguments were directed to the 'expenses' that were claimed, so I am going to focus my analysis on the mileage claims. I have found that such claims were not conditional upon the provision of fuel receipts, but were conditional on there being a verifiable record (in other words, upon proper completion of the mileage claim form incorporating the information I have described earlier).

24. In my judgement, the mileage claims for September to December 2024 do meet that condition. Sufficient information was provided in those claims that the respondent could, if it wished, have verified that the travel was indeed undertaken.

25. The mileage claims for January 2025, however, do not meet that condition. The descriptions are generalised and do not identify specific clients. The

only mileage claim that is properly justifiable on the face of the claim form is for 28 January 2025, which was to the respondent's office and back.

26. I am therefore satisfied that the respondent did have a proper justification for making a deduction of £2,217.60 in respect of mileage claims made by the claimant in the period 2-22 January 2025 that had not been properly justified on the face of the claim form. That the respondent had already paid the sum cannot properly be regarded as a binding acceptance it was justified – that would render clause 7.4 otiose. However, I find that the respondent did not have a proper justification for deducting any greater sum than that.

27. Such a deduction can only properly be made from the claimant's net pay. On the basis of the payslip at [60], the claimant's monthly net pay (including car allowance) was £2,722.71. Accordingly, for the month of February 2025, the claimant should have been paid the total net sum of £505.11.

28. To that must be added the claimant's entitlement to a further 4 days of pay and car allowance (for the period 3-6 March 2024) plus 4 days of unpaid holiday pay. By my calculation, that is a further net sum of £916.63.

29. The claimant also claims consequential losses. Specifically, she says that she was forced to draw down £3,000 from her pension in order to cover her bills when her salary was not paid as anticipated. The principal sum of £3,000 cannot fairly be claimed as a consequential loss because the claimant did still have the benefit of that sum. What could in principle be claimed is the cost to the claimant of having to extract that sum from her pension (e.g. any fees) plus e.g. lost investment growth because of not having that money invested. However, the claimant has not substantiated in evidence any such costs or other losses. I cannot therefore award damages in respect of any consequential losses.

30. I am not satisfied that the claimant is entitled to a further 1 day of holiday pay in respect of attendance at the PATS show on 29 September 2024. Whilst that was on a Sunday and therefore the claimant could fairly have expected to take a day in lieu, that fell in the leave year prior to the leave year in which the claimant's employment ended. Accordingly, consistent with clause 10.4 of the Employment Contract, absent agreement to the contrary, any day of leave that had not been taken by 31 December 2024 could not be carried over into the following year. I have seen no evidence of such an agreement.

Conclusion

31. In conclusion, therefore, the respondent did breach the claimant's employment contract by failing to pay her sums properly owed to her on 28 February 2025 and 28 March 2025.

32. I have grossed up the figures stated above (£505.11 + £916.63) to ensure that the claimant is not left out of pocket after tax and NI are paid on the sums due, using the payslip figures as the basis for that calculation. I therefore make an award of damages in the gross sum of **£1,849.38**.

Approved by:

Employment Judge Abbott

Date: 10th July 2026

JUDGMENT SENT TO THE PARTIES ON
14th July 2026

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