EMPLOYMENT TRIBUNALS

Claimant: Mrs S Carnall

Respondent: Dharma Centre for Wellbeing Ltd

Heard at: Liverpool (by CVP) **On:** 21 January 2026

Before: Employment Judge Ainscough (sitting alone)

Representation
Claimant: in person
Respondent: Ms McIntosh – professional consultant

JUDGMENT with reasons was given at the hearing on 21 January 2026 and provided to the parties on 1 April 2026 and written reasons were requested in accordance with Rule 60 of the Employment Tribunal Procedure Rules. The following written full reasons are therefore provided:

REASONS

Introduction

1. The claimant pursued complaints of unauthorised deduction from wages in accordance with section 23 of the Employment Rights Act 1996, breach of contract (notice pay) and failure to pay for accrued annual leave on termination of employment in accordance with regulation 30 of the Working Time Regulations 1998.

2. The claimant started ACAS Early Conciliation on 14 February 2025 and received her certificate on 28 March 2025. The claimant submitted the ET1 form on 17 April 2025.

3. On 27 June 2025 the respondent presented a response in which the respondent submitted that the claimant was not entitled to full notice pay because of alleged performance issues.

Evidence

4. The claimant attended this hearing as a litigant in person and was sworn in at the start of the hearing so that any answers given to questions put by the respondent's representative and the Tribunal were under oath.

5. The respondent was represented by a professional representative during this hearing. The respondent did not submit any witnesses to provide evidence under oath.

6. Both parties provided their own bundles of documents to which the Tribunal was referred during the hearing.

Issues

7. The issues determined at this hearing were:

7.1 Wrongful dismissal / Notice pay

7.1.1 What was the claimant's notice period?
7.1.2 Was the claimant paid for that notice period?
7.1.3 If not, did the claimant do something so serious that the respondent was entitled to dismiss without notice?

7.2 Holiday Pay (Working Time Regulations 1998)

7.2.1 Did the respondent fail to pay the claimant for annual leave the claimant had accrued but not taken when their employment ended?

7.3 Unauthorised deductions (Employment Rights Act 1996)

7.3.1 Did the respondent make unauthorised deductions from the claimant's wages and if so, how much was deducted?

Relevant Findings of Fact

8 The claimant was employed by the respondent, a company offering wellbeing solutions to individual businesses, as a Sales and Marketing Director from 10 September 2024 until 3 March 2025.

9 The contract of employment between the claimant and the respondent provided for a minimum of 20 hours per week at the rate of £20 per hour.

10 The claimant submitted a report of the hours worked on the first day of each month and received payment on the tenth day of the same month. The claimant gave evidence that she never worked less than 20 hours per week.

11 The employment contract provided that the first three months of employment were a probationary period. The contract also provided that after successful completion of the probationary period the claimant was required to provide the respondent with 4 weeks notice to terminate her employment.

12 The claimant resigned on 3 February 2025 and provided the respondent with 4 weeks notice.

13 The respondent said that the claimant didn't work her notice period. However, the claimant gave evidence that she was working during her notice period.

14 The Tribunal has determined that the contract of employment endured from 3 February 2025 until 3 March 2025.

15 The respondent informed HMRC that the claimant had £1760 taxable income in January 2025. The payslip of 10 January 2025 recorded net pay of £1653.44. On 13 January 2025 the claimant received £1000. On 20 January 2025 the claimant received £250. On 27 January the claimant received £250.

16 The respondent informed HMRC that the claimant had £1840 taxable income in February 2025. The payslip of 10 February 2025 recorded gross pay of £1840 for 92 hours at the rate of £20 per hour. The respondent did not pay the claimant in February 2025.

17 The respondent informed HMRC that the claimant had £1940 taxable income in March 2025. The payslip of 10 March 2025 recorded gross pay of £1940 made up of £1520 for 76 hours at the rate of £20 per hour in regular pay and £420 in holiday pay. The respondent did not pay the claimant in March 2025.

Relevant Legal Principles

Unlawful Deduction from Wages

18 The unlawful deduction from wages claim was brought under Part II of the Employment Rights Act 1996. Section 13(1) confers the right not to suffer unauthorised deductions unless:

> **"(a) The deduction is required or authorised to be made by virtue of a statutory provision or a relevant provision in the worker's contract; or**
> **(b) The worker has previously signified in writing his agreement or consent to the making of the deduction."**

19 A relevant provision in the worker's contract is defined by section 13(2) as:

> **"(a) One or more written contractual terms of which the employer has given the worker a copy of 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 the worker in writing on such an occasion."**

20 A deduction is defined by section 13(3) as follows:

> **"(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."**

21 Section 27 defines wages, which includes:

> **"(a) Any fee, bonus, commission, holiday pay or other emolument referable to his employment, whether payable under his contract or otherwise".**

22 Section 24(1) provides that:

> **"Where a tribunal finds a complaint under section 23 is well-founded, it shall make a declaration to that effect and shall order the employer in the case of a complaint under section 23(1)(a), to pay to the worker the amount of any deduction in contravention of section 13."**

23 Section 24(2) provides that:

> **"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."**

<u>Holiday Pay</u>

24 Regulation 13(9) of the Working Time Regulations 1998 prohibits the carrying over of annual leave from one leave year into the next leave year. It also prohibits payment in lieu of annual leave except on termination of employment.

25 Regulation 14 of the Working Time Regulations 1998 provides:

> **"(1) this regulation applies where –**
>
> **(a) a worker's employment is terminated during the course of this leave year, and**
>
> **(b) on the date on which the termination takes effect ("the termination date"), the proportion he has taken of the leave to which he is entitled in the leave year under regulation 13 and regulation 13A differs from the proportion of the leave year which has expired.**
>
> **(2) where the proportion of the leave taken by the worker is less than the proportion of the leave year which has expired, his employer shall make him a payment in lieu of leave in accordance with paragraph (3)."**

Discussion and Conclusions

26 The respondent maintained that because there were performance issues with the claimant, the respondent was entitled to withhold her wages.

27 However, the respondent was unable to provide any evidence of such a clause in the claimant's contract or evidence of any agreement from the claimant that she agreed to such terms as required by section 13(1) and section 13(2).

28 In addition, the respondent did not provide any evidence of the respondent's performance procedure or that the claimant was placed on any formal performance monitoring procedure.

29 Notwithstanding the lack of procedure, in the absence of any contractual term permitting the deduction of pay for performance related issues, the wages recorded in the payslips were properly payable to the claimant. The failure to make those payments amounted to deductions in accordance with section 13(3) of the Employment Rights Act 1996.

30 The payslip dated 10 January 2025 calculated a net payment owed to the claimant of £1653.44. The respondent paid the claimant £1500 in January 2025. There was an unauthorised deduction of £153.44 net pay.

31 The payslip dated 10 February 2025 calculated a gross payment owed to the claimant of £1840. The respondent did not make this payment to the claimant. There was an unauthorised deduction of £1840 gross pay.

32 The payslip dated 10 March 2025 calculated a gross payment owed to the claimant of £1940, inclusive of accrued holiday pay of £420. The respondent did not make this payment to the claimant. There was an unauthorised deduction of £1520 gross pay and failure to pay gross holiday pay on termination of employment of £420.

33 As the Tribunal has determined that the claimant worked during the notice period, the claimant is entitled to the payment recorded in the 10 March 2025 payslip.

34 As a result of the unauthorised deduction of wages, from 10 February 2025 the claimant incurred debt on her credit card to pay for monthly outgoings. The claimant has only been able to meet the minimum payment on this debt and interest has accrued at a monthly rate of £55 from 10 March 2025. The claimant cannot pay off the debt until she is in receipt of the monies owed by the respondent.

35 In accordance with section 24(2) of the Employment Rights Act 1996, the Tribunal has determined that the respondent should compensate the claimant for the financial loss arising from the unauthorised deduction of wages caused by the accrual of interest from 10 March 2025 until 10 March 2026 – a period of 12 months which equates to £660.

Approved by:
Employment Judge Ainscough
23 June 2026

JUDGMENT SENT TO THE PARTIES ON: 14 August 2026

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FOR THE TRIBUNAL OFFICE

Notes

Reasons for the judgment having been given orally at the hearing, written reasons will not be provided unless a request was made by either party at the hearing or a written request is presented by either party within 14 days of the sending of this written record of the decision. If written reasons are provided they will be placed online.

All judgments (apart from judgments under Rule 51) and any 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/