
The Employment Rights Act 1996 does not currently set a limit on how far backwards employees can go in claims for unlawful deductions from wages. This is about to change. Any claims which are presented on or after today (1 July 2015) will only be able to recover underpayments going back two years.

The Deduction from Wages (Limitation) Regulations 2014 came into force on 8 January 2015 and were introduced with the aim of mitigating the impact on employers of recent case law relating to unpaid holiday pay, although the cut-off covers most other deductions from wages also and not just alleged underpayments for holiday.

The Regulations introduce a backstop period of two years, i.e. Tribunals will only be able to consider deductions from wages claims where the deduction was made within the two years before the worker brought his claim, whether or not it forms part of a series of such deductions.

These Regulations do not alter the fact that in order to bring an unlawful deductions from wages claim, workers will still have to bring their claim within three months of the alleged underpayment (or the last one in a series) and any break of three months between underpayments could still break the chain, as per the EAT's comments in *Bear Scotland Ltd v Fulton & anor.*

Contact

Caroline E. Noblet

Partner

T +44 207 655 1473

E caroline.noblet@squirepb.com