



Guide for employees of an insolvent business

1. Employees made redundant by an insolvent employer

If you have been made redundant by your employer as a result of the entity entering a formal insolvency procedure such as administration or liquidation, it is possible that you could be owed outstanding salary, holiday pay, notice pay and redundancy pay.

Due to the insolvency it is likely that your employer will no longer be in a position to pay any of these outstanding amounts to you. You can, however, apply to the Redundancy Payments Service (RPS), a Government agency, for compensation.

Your claim to the RPS should be made online using form RP1 - details of which will be provided to you by the insolvency practitioner dealing with your employer's insolvency. The RPS will only accept the online form when the employer has actually entered a formal insolvency procedure. In some instances there can be a delay of a few weeks between the date you learn of the problem and the start of the insolvency procedure. Any forms submitted before this time will not be accepted.

The RPS will pay claims up to the statutory limit of £508 per week for each element of your claim up to the following maximum in each instance.

- Redundancy - if you've been continuously employed for 2 or more years
- Up to 8 weeks' wages
- Up to 6 weeks' holiday pay
- Statutory notice pay - 1 week after 1 month's service, going up to 1 week per year of service (up to a maximum of 12 weeks)
- Unpaid pension contributions (your pensions administrator does this for you)

The RPS have produced a fact sheet which explains the redundancy claim process and your entitlements available at: www.gov.uk/your-rights-if-your-employer-is-insolvent

Notice pay will not be paid until the end of your notice period. This is because you have a duty to mitigate your loss of earnings by seeking alternative employment in the notice period. You will be sent form RP2 which will ask you some questions about any employment you may have had since you were made redundant. When the RPS has received your completed RP2 form they will then pay you any notice pay you are due. Please be aware that if you get another job during your notice period, any monies earned from that employment will mitigate your entitlement to notice pay. The RPS aims to make payments to you within 3 to 6 weeks of receiving your claim.

2. Further assistance

Any additional questions you may have about your claim should be addressed to the Redundancy Payments Service office dealing with your claim. The office will contact you on receipt of your RP1. If you have any queries prior to submitting your RP1 you can telephone the general RPS helpline on 0330 331 0020 or email redundancypaymentsonline@insolvency.gsi.gov.uk

You may also wish to look into what benefits you may be entitled to claim after you have been made redundant. Jobcentre Plus can provide you with this help and you can contact them on 0800 055 6688 or via <https://www.gov.uk/jobseekers-allowance/overview>.

You may also wish to visit your local Jobcentre Plus office if you would like to speak with an advisor in person.

Additional concerns such as coping with rent or mortgage payments and general financial worries can be discussed, free of charge with the Citizens Advice Bureau.

You can visit the website at: <https://www.citizensadvice.org.uk/> This website can also help you to locate your local office as you may wish to arrange a meeting with an advisor.