

Employer tries to dismiss employee over a disagreement about money

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In *Handshake Ltd v Summers*, the Employment Appeal Tribunal found that a breakdown in trust and confidence between an

employer and employee, did not entitle the employer to rely on *“some other substantial reason”* to dismiss the employee.

Law

In employment law, there are potentially five reasons constituting a fair dismissal. These are (1) conduct; (2) capability; (3) redundancy; (4) illegality; and (5) some other substantial reason. If the employer demonstrates a potentially fair reason, it must then show that it followed a fair procedure and the dismissal was fair in all the circumstances.

Facts

Following a dispute between the parties regarding Mr Summers' entitlement to company shares, his solicitors wrote a letter to Handshake Ltd stating that Mr Summers had *“lost all trust and confidence in his employer”*. Handshake Ltd subsequently dismissed Mr Summers arguing there had been an irreparable breakdown in the working relationship. Mr Summers brought a claim for unfair dismissal.

The Employment Appeal Tribunal agreed that Mr Summers had been unfairly dismissed and concluded that the real reason for the dismissal was not a loss of trust and confidence but the *“power struggle”* relating to Mr Summers's remuneration. This case highlights to employers that *“some other substantial reason”* cannot be used as a smokescreen to justify a dismissal that does not fit into one of the other fair reasons for dismissal.

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