Employer who reneged on CEO's promise about share options must pay ex-employee £442,000

In Dixon v GlobalData plc the High Court awarded a former employee approximately £442,000 in equitable compensation after his employer reneged on assurances that his share options would continue to vest on the same basis as other plan members following termination of employment. The Court rejected a higher market-price valuation in favour of the strike price used for other option holders.

What happened in this case?

The Claimant was a long-serving employee of Canadean Ltd, a market research firm later acquired by GlobalData. During his exit negotiations, the Claimant received verbal and written assurances from the group's CEO, Mr Pyper, that he would retain his share options, and they would "vest in line with current conditions." The options were subject to performance targets being met.

Relying on Mr Pyper's assurances, the Claimant agreed to settlement terms under which his employment would be extended by four months beyond the initial proposed termination date, and he would be bound by post-termination restrictive covenants. The assurances about the share options were also incorporated into the settlement agreement. The Claimant assumed that this meant the position regarding the share options was "watertight." He did not review the underlying share plan rules, nor were they mentioned during negotiations.

The share options were divided into three tranches.

- The first tranche of share options vested before the Claimant's employment ended in 2014 and the Claimant went on to exercise these options. There was no dispute about this tranche.

- The Claimant attempted to exercise the second tranche of share options in 2020. However, the company argued that his options had lapsed when he left the company because the necessary discretion had not been exercised to permit the continued exercise of the share options post-termination. The Claimant sought an order that he was either entitled to exercise the options or receive damages.

- Due to the impact of COVID, it was clear that the performance targets for the third tranche of options would not be met, meaning that those options would lapse. In response, in 2020, the company introduced a replacement share plan to compensate the affected employees, including those who had left employment and had approved good leaver status. The Claimant was excluded from the replacement plan on the basis that the company believed his options had lapsed when he left the company. The Claimant argued that he was entitled to participate in the new scheme and, if not, his exclusion

amounted to an irrational exercise of discretion for which he should be compensated.

What was decided at the liability stage?

At a liability hearing held in August 2025, the High Court concluded that the discretion under rule 7.1 of the share plan had not been exercised in the Claimant's favour, as there was no evidence that Mr Pyper had sought to permit the continued exercise of the options post-termination, nor had he specified the basis on which they could be exercised – any purported exercise would in any event have been void for uncertainty.

The Court nevertheless found for the Claimant on the alternative basis of "proprietary estoppel", concluding that Mr Pyper had given clear and unequivocal assurances on which the Claimant reasonably relied to his substantial detriment by continuing to work for four months and agreeing to restrictive covenants, making the Company's refusal to honour those assurances unconscionable.

You can read our full briefing on the liability decision here.

What was decided at the remedy stage?

At a separate remedy hearing in April 2026, the High Court reached the following decision:

Tranche 2: strike price, not market price

The Claimant argued for compensation assessed by reference to the market price of GlobalData shares on 16 November 2020, being the date the company communicated its refusal to allow him to exercise. That date coincided with a spike in the share price.

The Court rejected that approach. The purpose of proprietary estoppel is to remedy unconscionability, not to place a claimant in a better position than the promise would have delivered. The Claimant's reasonable expectation under the assurance was to be treated the same as other option holders. Other option holders had exercised and sold through a bulk sale process at a fixed strike price, not at the market price prevailing on any particular date. Awarding compensation by reference to the market price on the date of refusal would have gone beyond making good Mr Pyper's promise.

Equitable compensation for tranche 2 was awarded at approximately £175,000, calculated by reference to the strike price net of broker's commission and employer's National Insurance contributions.

Tranche 3: form cannot defeat substance in equity

The Court found that the assurance given to the Claimant in 2014 was that he would be treated the same as other plan members. All other continuing plan members were admitted to the replacement scheme and received their tranche 3 entitlements. There was no principled reason to treat Mr Dixon differently.

More significantly, the Court found that the Company had deliberately structured the replacement scheme to maximise the chances of defeating the Claimant's claim. Internal emails (including one referring to the "opportunity to cleanse" the option list of former employees who had "come out of the woodwork") and contemporaneous communications with Deloitte showed that excluding Mr Dixon had been a material factor in how the scheme was designed. The Court held that equity cannot be defeated by a promisor choosing one legal form over another to achieve that result: to do so would be to place form over substance in a manner wholly inconsistent with the nature of proprietary estoppel.

Equitable compensation for tranche 3 was awarded at approximately £267,000, again by reference to the applicable strike price.

Interest

Interest was awarded at 2% over base rate, running from the dates when other option holders received their entitlements in the bulk sale process. The Court accepted that it was unrealistic to assume the Claimant would simply have kept the proceeds on deposit, and that a modest premium above base rate was a conservative but appropriate rate.

What are the learning points for employers?

Key takeaways for employers include:

- Verbal and informal assurances about share schemes made during exit negotiations can bind the company in equity. Exit conversations involving share options should always be handled by those with authority and knowledge of the plan rules and any agreed treatment should be properly documented and implemented at the time.

- Once a claim is in play, restructuring or replacing a scheme so as to exclude an ex-employee will not provide a safe exit route. Courts will look through the legal form to the substance of what was promised and at what other plan members received. Deliberate exclusion will reinforce a finding of unconscionability rather than defeat a claim.

- Internal record-keeping failures can be costly. Evidence showed that the Claimant's options had effectively disappeared from the Company's records because no one had properly implemented the agreed arrangements set out in his settlement agreement. The Court was critical of those administrative shortcomings.

- Compensation will reflect the expectation created by the promise, not to an ex-employee's most favourable

valuation scenario. Where options are exercised through a fixed-price bulk sale process, that strike price is likely to be the measure of recovery.

- Interest at 2% over base rate from the date other option holders received payment provides additional recovery and should be factored into any assessment of the overall claim value.

Dixon v GlobalData Plc – Remedy Judgment

BDBF is a leading employment law firm based at Bank in the City of London. If you would like to discuss any issues relating to the content of this article, please contact Amanda Steadman (AmandaSteadman@bdbf.co.uk), Rose Lim (RoseLim@bdbf.co.uk) or your usual BDBF contact.