

## When a client unfairly terminates your contract after you've given notice

Out of professional courtesy and good old-fashioned customer service, most contractors will have a notice period in the contract with their client. This works to both sides' benefits:

- o If you want to move on, it gives your client the security of knowing that you will have time to wind up your project in an orderly fashion.
- o If your client gives you notice, perhaps because they have decided to cancel the project you work on, you have time to tie up loose ends and leave your work ready to be completed in the future. It also gives you some breathing space to find your next contract

But what can you do when, both out of courtesy and according to your contract, you [give your client notice](#) that you are leaving, and the [client terminates your contract](#) immediately?

[David Royden](#), Head of Employment Law at [Laytons Solicitors](#) explains.

"As contractors are deemed not to be employees and have a contract for services, then the Employment Tribunal system is clearly not appropriate. The relationship between the client and contractor is that of a business to business contract and the contractor can sue the client for breach of contract in the County Courts, or, if claiming for under £5,000, using [Money Claim Online](#)."

According to Royden, if there is a notice period of, for example, 30 days in the contract then the client is under an obligation to give you 30 days pay. That assumes, of course, that your service to the client up to the point of termination has been of the required standard.

### Be reasonable... at first

Ideally, the best tactic is to avoid litigation if possible and Royden suggests trying the following before resorting to legal action:

- o Move up the management 'food chain' in your client's firm, sometimes several levels up from your previous project manager and explain to a senior executive what has happened
- o Go to the Human Resources department, which could intercede on your behalf with the project manager who terminated your contract
- o Help yourself from the start by having two authorised client contacts, so if one takes an unhelpful stance, you can appeal to the other.

When senior managers or the Human Resources department fully understand that you are actually another business that can take legal action, then they can reverse the decision to terminate the contract.

### Letter Before Action

If being reasonable fails and legal action appears to be the only route, then the next stage is a [Letter Before Action](#) from a solicitor, or an online debt recovery service.

"A letter before action will cost around £200, as the solicitor needs to spend time familiarising themselves with the case and drafting the letter," says Royden. "In most cases a Letter Before Action resolves the issue and the client pays up because they know you mean business."

However in some cases, the client may dig in their heels and decide to fight the action in the County Courts.

### Compensation

Whether through the County Court or through reasonable negotiation, it is important to understand what can be claimed from the client who has terminated the contract.

"The objective of any legal action is to see the contractor 'restored to the same financial position' as before," continues Royden. "Therefore, if the contractor won another contract during the notice period this must be taken into account."

So, if you got another contract two weeks into the notice period at the same rate, the previous client in breach of contract would only be required to pay you two weeks money to 'restore you to your previous financial position'. If the contract saw you earning less than what you were being paid by the previous client, they would have to make up the difference.

“ In most cases a Letter Before Action resolves the issue and the client pays up because they know you mean business. ”

David Roydon - Laytons Solicitors

## Manage client expectations

Contracting by its nature is not a permanent arrangement, like that of an employee. It is probable that at some point in your contracting career you will give your client notice, so it is important to manage the client's expectations from the start.

Under normal circumstances you would ensure a client is aware of [substitution clauses](#) in your contract, that there is no [mutuality of obligation](#) and that you are not subject to [control](#) by the client. Equally, make your client aware that at some point in the future the contract will come to an end and that is what a notice period is for.

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