

Contracting mindset tips: deliver what you promise or expect to pay the price

Employees have employment contracts and multi-levelled disciplinary procedures before they get fired. Contractors have a legally binding contract for services, so if they don't deliver, the client or agency can withhold payment and sue for damages.

Would you pay someone if they walked out leaving the job unfinished?

You've hired a designer to make over your bedroom for a fixed price. Halfway through the job, she walks out. Do you pay her pro rata, or less because you need to find someone else to finish the work?

Let's say you have a house sitter, being paid a day rate for looking after your home and feeding the pets while you are on a two-week holiday. He only turns up for the first week. Should you pay just for the first week, or sue him because the goldfish died?

The gardener hurts her back and takes a month off, but sends her brother to mow your lawn instead. It's never looked so tidy. Do you care who does the work as long as the weeding gets done? And will you still be happy to pay?

Employment contracts are not binding business-to-business agreements

If you resigned from your employment half-way through completing a project for one of your employer's clients, it's your employer's problem to find a replacement to finish the job, not yours.

Say you didn't get round to finishing a project for one of your employer's customers and it cost the customer money. The customer wouldn't sue you for damages; it would sue your employer.

When you're employed, your employment contract is an agreement between you personally and your employer. So, for example, you can't decide you fancy a couple of months off and instead send someone else in to do the work in your place.

Contracts are binding agreements entered into willingly

As a contractor, things are different. If you have willingly entered into a fixed contract, whereby you must provide your client with specific deliverables, and you then fail to deliver, then you are in breach of contract. As such, your client can withhold payment for you failing to complete the entire project, and could even sue you.

Contractors on a day rate who unilaterally end the contract early should be paid for work already satisfactorily completed. However, the client could sue the contractor's limited company for the cost of hiring another contractor to complete the job.

Assuming your contract allows it, if you find for whatever reason that you can't complete the contract yourself, then you can send a **substitute** in your place. That's because the contract with the client is **one of service with your company**, and not one of employment with you.

Contractor mindset tip:

Contractors enter into binding legal agreements when they take on a contract: failure to deliver will have financial consequences.

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