

What contractors can do when a contract falls through

Contractors who have a contract cancelled at the last minute can seek legal redress and compensation. But in many cases, the best policy is to just take it on the chin, move on and find another contract.

Circumstances change, often at short notice

Contractors looking for work typically apply for multiple contracts simultaneously. That usually means that once they have accepted the contract they want, they then may find themselves turning down several other offers.

Then it all goes wrong. The client pulls the project at the last minute and the recruiter cancels the contract. This can leave contractors in a difficult position, because they may have turned down other contracts and invested resources in travel, perhaps even buying the first month's season ticket.

What options are available to contractors?

There is very little a contractor can do under those circumstances. The agency/client has **breached the contract** by failing to implement it. Contract law says that the contractor has the right to be put back into the same position as they would have been had the other party, the agency/client, not breached the agreement, but to get there often requires going through an extended legal process.

It is also possible that the original contract includes a **termination clause** that says the client/agency can end the agreement without notice. In that situation, the contractor has no rights at all.

Change is part of being a contractor

Contractors may have to view this kind of loss as one of the risks and perils of the contracting business. When workers choose to become contractors, they accept the fact that they are working flexibly at the demand of agents and clients.

In response, contractors enjoy better pay and a better lifestyle than an employee receives for doing the same work. But contractors have to accept the risks that go with being in business as well.

Even though the contract applies, assuming it has no termination clause that can cancel the contract with immediate effect, the contractor must weight up the advantages of securing some compensation from the agency/client, versus the cost of legal advice and possible damage to their working relationships.

Choosing the legal option

Of course, if a contractor has actually started work then they should be paid for any hours they have worked. And if there is a termination clause with a notice period, the contractor should also be paid for that period.

If the contract is highly paid and the contractor has turned down several other equally high paying contracts, then there may be value to going down the legal route. However, before involving the courts, a contractor should always try to negotiate a settlement.

The contractor should seek legal advice early in the process and be guided by their legal expert to seek out a settlement. The courts won't look favourably on a contractor who does not try the 'amicable' route first or gets greedy, and any compensation should only really cover the contractor up to the point that they find and start work on another contract.

Often a client or agency will agree to a reasonable settlement if they know the contractor intends to follow the legal route.

Contract renewals

If a contractor is already at work on a project, and the contract is up for renewal, they should make certain that they **negotiate the new contract renewal**, or revalidate the old one before the first contract's term is up. Contractors shouldn't delay as they may not be able to get a fair fee if they start/continue work without a signed contract.

Should a contractor receive a contract but be unhappy with the terms and wish to negotiate, then they should not start working until they are firmed up. Otherwise they could be in danger of the agent insisting that by starting the work they have accepted the contract terms.

Agents also have obligations

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Agents do have some obligations to behave ethically, especially if they are a member of an industry association such as the Recruitment and Employment Confederation (REC) or the [Association of Professional Staffing Companies](#) (APSCo).

Agents should not offer a contract unless it really exists; that means unless the client has genuinely asked the agency to find a contractor for the proposal. A recruiter shouldn't make contact with a contractor in the hope of setting up a deal, and then keep them on hold just in case the deal materialises.

If a contractor finds an agent behaving this way, then it is best to avoid working with that recruiter again.

Rights under contract law also work both ways. Contractors can't decide to sign a selection of contracts and then choose the best one. Some contractors do try and get away with this, but there is a serious risk of being liable for replacement costs if the agent or client loses money because the contractor does not show up as they've agreed to.

Contractors can talk about as many contracts with as many agents as they like, but should not accept any, either verbally or by email, unless they plan to go ahead with the project.

Projects can start very quickly, but they can also be cancelled very quickly so it is wise for contractors to be cautious. If a contract is cancelled at the last minute, contractors should take a view. Legal redress may be one option, but moving on may be the better one.

Published: Wednesday, November 12, 2014

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