

The riskiest areas of UK employment law: the mistakes you don't know you're making



Most business owners we speak to don't know they're breaking the law.

They think everything's covered, until a complaint, inspection or tribunal makes it clear that it's not. The truth is that staying legally compliant is often about managing the small details: outdated contracts, missing paperwork, unpaid training hours. Easy to overlook, but costly if you get them wrong.

We see the same 7 areas catching business owners out time and time again. This guide walks you through each one, with clear examples of where things can go wrong and what to do instead. Because once you know what to look for, most compliance risks are straightforward to fix.



1. Right to work checks

Everyone who works for you needs a right to work check before they start.

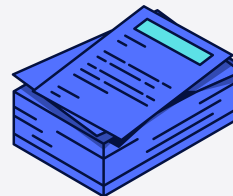
Most business owners think this only applies to foreign workers. It doesn't. Your checking process needs to be the same for everyone, or you risk discrimination claims on top of the £20,000 penalty per person.

What trips people up:

- Accepting a photo of someone's passport instead of seeing the real thing
- Using the wrong checking method for their status
- Assuming that because someone sounds local, they don't need checking

The fix:

- Build it into your hiring routine before anyone starts work
- Use the government's free online service, where applicable
- Keep copies safe and download the current documents list from gov.uk



2. Employment contracts and terms

Handshake deals might feel more personal, but they'll cost you if things go wrong.

You need written terms from day one for anyone who works for you regularly. Not just permanent staff: casual workers, part-timers, even that weekend help during busy periods.

What trips people up:

- Thinking verbal agreements are enough
- Using a contract template from 2018 that doesn't meet current legal requirements
- Not updating terms when someone's role changes significantly

The fix:

- Ensure that you have legally compliant contracts that actually fit your business
- Get them signed before someone starts work
- Review and update when roles change significantly

3. Minimum wage compliance

The rates are updated each April, check on gov.uk for current figures. But this isn't just about the hourly rate.

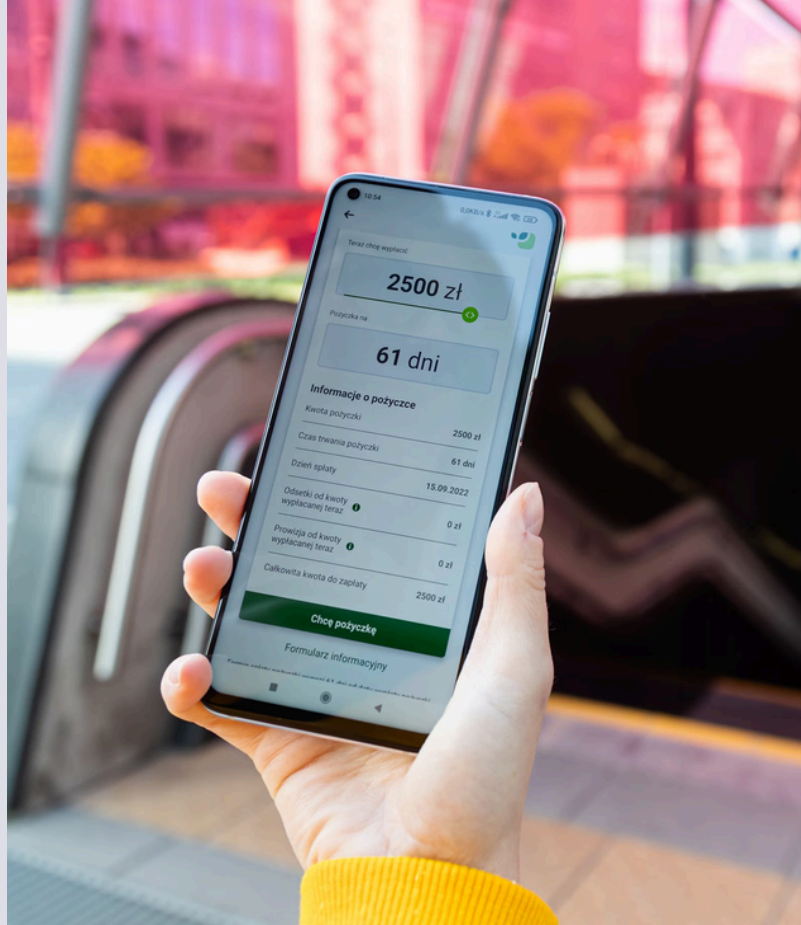
It's about all the other stuff that can accidentally push someone below minimum wage without you realising, such as mandatory training time, uniform costs and salaried staff working long hours.

What trips people up:

- Making someone attend unpaid training
- Charging for work uniforms without checking if it drops their pay below minimum wage
- Salaried staff working so many hours they're actually underpaid legally

The fix:

- Pay for any training time you require
- Either provide uniforms free or ensure that deductions don't breach minimum wage
- Check salaried people aren't working excessive hours
- Use the gov.uk calculator to verify compliance



4. Holiday pay calculations

The legal minimum is 5.6 weeks holiday per year for full-time staff. That's 28 days in total.

Someone working 3 days a week gets 16.8 days holiday, not just the days you're closed. And if they regularly work overtime, that needs to be included in their holiday pay.

What trips people up:

- Only giving 20 days paid holiday plus unpaid bank holiday closures (that's below the 28-day minimum)
- Thinking part-time staff only get holiday when you're shut anyway
- Not including overtime in holiday pay calculations

The fix:

- Give either 28 paid days total OR 20 days plus 8 paid bank holidays
- Use the formula: days worked per week × 5.6 = annual entitlement for part-time staff
- Include regular overtime in holiday pay calculations





5. Data protection essentials

Your team's personal information needs the same protection as customer data. That means secure storage, clear retention periods and knowing who can access what.

Staff can request to see everything you hold about them, and you've got a month to provide it. If employee records are scattered across different places, this becomes a nightmare.

What trips people up:

- Unlocked desk drawers with payroll information
- Employee details stored on personal phones or laptops
- Sharing someone's personal information without a proper business reason
- Binning old records instead of shredding them

The fix:

- Lock up physical files and password-protect digital ones
- Limit access to people who actually need it
- Have a clear system for what you keep, for how long and how you dispose of it
- Use ICO guidance designed for small businesses

6. Handling people issues safely

The Worker Protection Act 2024 changed the rules. You now need to take steps to prevent harassment before it happens, not just deal with it afterwards.

This includes protecting staff from difficult customers, not just workplace conflicts. If a regular customer makes inappropriate comments to your team, you're expected to do something about it.

What trips people up:

- Waiting for someone to complain rather than addressing obvious problems
- Not realising you're responsible for customer behaviour towards staff
- Managers making inappropriate comments during reviews because nobody taught them what's acceptable

The fix:

- Train anyone who manages people on appropriate workplace behaviour
- Address problems when you see them, don't wait for formal complaints
- Protect your team from difficult customers
- Use ACAS guidance on preventing harassment



7. Recruitment and equality law

Job adverts and interviews need to focus on what someone actually needs to do the job well. Everything else is potentially discriminatory.

What trips people up:

- Putting "recent graduate" in job adverts (that's age discrimination)
- Asking about family plans in interviews (pregnancy/gender discrimination)
- Requiring driving licences when public transport works fine (potential disability discrimination)
- Job requirements that sound reasonable but aren't actually necessary
- Interview questions that feel like small talk but cross legal lines
- Inconsistent selection processes that could look unfair

The fix:

- Focus everything on the actual job requirements
- Ask the same core questions of all candidates
- Document your hiring decisions based on skills and experience
- Use ACAS guidance on discrimination law



What to do if you're unsure?

Most compliance gaps develop as businesses grow.

What seemed straightforward with your first hire becomes more complex as your team expands, and it's easy to miss requirements you didn't know existed.

Some of this stuff you can absolutely sort yourself using free resources. Other bits might need professional input, especially if your situation's got complications.

Ready to review your compliance?

We offer a free 30-minute consultation to:

- Review your current setup
- Identify any gaps or risks
- Get practical recommendations
- Understand your options

We'll give you straight answers about what needs attention and what doesn't so you know exactly where your focus should be.

Get in touch

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