

Redundancy Pay — *and When Your Employer Goes Bust*

Who qualifies, how it is worked out, the 2026 caps, and how to claim from the government if your employer is insolvent.

 Last reviewed: October 2026

 GOV.UK · Acas · nidirect · Department for the Economy

 England, Wales & Scotland, with Northern Ireland figures

ukworkrights.co.uk

Statutory redundancy pay

- You must be an employee with 2 years or more of continuous employment. This is the same across the UK.
- Your employer must pay at least the statutory amount. Your contract may give more.
- You may lose it if you unreasonably turn down a suitable alternative job.
- The armed forces, crown servants, the police, and people in domestic service who are members of the employer's immediate family do not qualify.

Age, years and a week's pay

- Half a week's pay for each full year you worked when you were 21 or under.
- 1 week's pay for each full year you worked aged 22 to 40.
- 1.5 weeks' pay for each full year you worked aged 41 or over.
- Only the last 20 years count. Only full years count.
- Your employer must tell you in writing how your redundancy pay was worked out.

The caps for redundancies from 6 April 2026

- England, Wales and Scotland: a week's pay is capped at £751. Maximum statutory redundancy pay: £22,530.
- Northern Ireland: a week's pay is capped at £783. Maximum: £23,490.
- The cap applies even if you earn more.

England, Wales and Scotland

If your employer is formally insolvent (an insolvency practitioner or the official receiver is dealing with it), the government's Redundancy Payments Service can pay:

- redundancy pay
- up to 8 weeks of unpaid wages (and other money in your contract, such as bonuses, overtime and commission)
- up to 6 weeks of holiday pay, for holiday in the 12 months before the insolvency
- statutory notice pay: 1 week per year employed, up to 12 weeks — benefits you got, or could have got, are deducted

Each week is capped at £751 (from 6 April 2026).

CN and LN numbers

- You need a CN (case reference) number from the insolvency practitioner or official receiver. No CN number, no claim.
- Apply online on GOV.UK. Apply for redundancy pay within 6 months of being dismissed.
- Notice pay is a separate claim later, with an LN number — usually sent no more than 12 weeks after you are dismissed.
- Missing pension contributions: tell the insolvency practitioner or official receiver. Only the pension scheme trustees can claim them.

▲ WATCH OUT

A business that has closed is not always insolvent. If it is only struggling, or will not pay, the scheme does not apply.

Own service, own cap

- Claims go to the Northern Ireland Redundancy Payments Service (Department for the Economy), paid from the National Insurance Fund.
- It can pay redundancy pay, up to 8 weeks of wages, holiday pay (owed for the 12 months before the insolvency, up to 6 weeks) and compensatory notice pay (up to 12 weeks; new earnings are taken into account).
- Apply online for redundancy pay within 6 months of being made redundant. Weekly cap £783.
- You can also claim all your unpaid pay from the insolvency practitioner, but full payment is not guaranteed.

Frequently asked questions

Q Is redundancy pay taxed?

When the Redundancy Payments Service pays, tax and National Insurance are not deducted from redundancy pay. They are deducted from wages, holiday pay and notice pay.

Q I'm a contractor. Can I claim?

No — you must be an employee. A contractor should register as a creditor instead.

Q What's the deadline for statutory redundancy pay in a normal redundancy?

England, Wales and Scotland: 6 months less 1 day for a tribunal claim. Northern Ireland: 6 months from the date the employment ended.

FREE RIGHTS GUIDANCE

Check your *redundancy rights*

Get plain-English guidance on your rights and your employer's legal duties.

REDUNDANCY PAYMENTS SERVICE (GB)

0330 331 0020

England, Wales and Scotland

NI REDUNDANCY PAYMENTS SERVICE

028 9025 7562

Department for the Economy

ACAS

0300 123 1100

acas.org.uk

LRA (NORTHERN IRELAND)

03300 555 300

Labour Relations Agency

CITIZENS ADVICE / ADVICE NI

Free advice

citizensadvice.org.uk

UK WORK RIGHTS — FREE GUIDE

**Employer Gone Bust?
(England, Wales and
Scotland)**

ukworkrights.co.uk/guide-employer-insolvency-gb.html

General rights guidance only — not legal advice · © UK Work Rights Ltd · Company No. 17228507 · ICO Registration No. ZC239465 · Registered office: 71–75 Shelton Street, Covent Garden, London, WC2H 9JQ · hello@ukworkrights.co.uk

Published by UK Work Rights Ltd

Drafted with AI assistance, using official sources.

Contains public sector information licensed under the [Open Government Licence v3.0](#).

KEEP GOING

More free *toolbox talks*

TOOLBOX TALK

Unfair Dismissal

ukworkrights.co.uk/toolbox-unfairdismissal.html

TOOLBOX TALK

Holiday Entitlement & Pay

ukworkrights.co.uk/toolbox-holiday.html

TOOLBOX TALK

Fire & Rehire

ukworkrights.co.uk/toolbox-firerehire.html

FREE GUIDE

Employer Gone Bust? (England, Wales and Scotland)

ukworkrights.co.uk/guide-employer-insolvency-gb.html

Also: [Employer Gone Bust? \(Northern Ireland\)](#) · [Employee Rights \(England, Wales and Scotland\)](#) · [Employee Rights \(Northern Ireland\)](#).