SETTLEMENT AGREEMENT

[Note: This agreement has serious legal consequences: once it is signed, the claims it covers are given up for good. Take advice before relying on it, and before signing it. Keep the drafts and negotiations marked "without prejudice" and "subject to contract" until both parties sign. It is for disputes between businesses only: do not use it to settle a dispute with an employee or a consumer.]

This agreement is dated [Effective date].

Parties

(1) [Your company name], a company registered in England and Wales with company number [Your company number], whose registered office is at [Your company address] (the "Company"); and

(2) [Other party name], a company registered with company number [Other party company number], of [Other party address] (the "Other Party"),

each a "Party" and together the "Parties".

Background

(A) A dispute has arisen between the Parties about the following: [What the dispute is about] (the "Dispute").

(B) The Dispute is the subject of court proceedings in [Court] under claim number [Court claim number] (the "Proceedings"). The Parties have agreed to settle the Dispute on the terms of this agreement, without any admission of liability.

Agreed terms

1. Payment

1.1 [Who pays the settlement sum] (the "Paying Party") will pay the other Party (the "Receiving Party") [Settlement sum] (the "Settlement Sum") by [Due date].

1.2 The Paying Party will pay the Settlement Sum by bank transfer, in cleared funds, to the account the Receiving Party gives it in writing. The Paying Party should confirm the account details by telephone before paying.

1.3 The Settlement Sum is inclusive of any interest and costs, and of any VAT that may be due on it.

1.4 If the Settlement Sum is not paid in full by the date in clause 1.1, the Receiving Party may claim the unpaid amount as a debt under this agreement, with interest at 4% a year above the Bank of England base rate from that date until payment.

[Note: Check with your accountant whether VAT is due on the settlement sum. A payment purely to settle a claim for damages is usually outside the scope of VAT, but a payment for goods or services supplied is not. Change clause 1.3 if VAT is to be added.]

2. Settlement and release

2.1 This agreement is in full and final settlement of the Dispute and of all claims each Party has or may have against the other arising out of or connected with it, whether known or

unknown at the date of this agreement, and whether in contract, tort (including negligence), under statute or otherwise (the "Released Claims").

2.2 With effect from the Receiving Party's receipt of the Settlement Sum in full, each Party releases the other, and the other's officers, employees and agents, from all the Released Claims.

2.3 Each Party promises not to bring, or help anyone else to bring, any claim against the other about the Released Claims.

2.4 This agreement does not release any claim to enforce this agreement, or any claim that does not arise out of or connect with the Dispute.

3. No admission

3.1 This agreement is a compromise. Neither Party admits any liability or wrongdoing in relation to the Dispute.

4. Court proceedings

4.1 Within seven days of the date of this agreement, the Parties will file with the court a consent order, signed by both of them or their solicitors, staying the Proceedings on the terms of this agreement, with each Party bearing its own costs, and with permission to apply to the court to enforce those terms.

4.2 Except as clause 4.1 provides, each Party will pay its own legal and other costs relating to the Dispute and to this agreement.

[Note: Delete clause 4.1 if no proceedings have been issued. Where they have, a Tomlin order is the usual form of consent order: it stays the claim on terms set out in a schedule that the court does not publish. Ask your solicitor to prepare it.]

5. Confidentiality

5.1 Each Party will keep the terms of this agreement, and the negotiations that led to it, confidential, and will not disclose them to anyone except:

(a) its professional advisers, insurers and auditors, who are bound to keep them confidential;

(b) as required by law, a court, a regulator, a tax authority or the rules of a stock exchange; or

(c) to enforce this agreement.

5.2 If asked about the Dispute, each Party may say only that it has been resolved.

5.3 Nothing in this agreement prevents a protected disclosure under the Public Interest Disclosure Act 1998, or a report to the police or a regulator.

5.4 Neither Party will make any statement that disparages the other about the Dispute.

6. Confirmations

6.1 Each Party confirms that:

(a) it has not assigned or transferred any of the Released Claims to anyone else;

(b) it has the power to enter into this agreement, and the person signing for it is authorised to do so; and

(c) it has had the opportunity to take legal advice on this agreement before signing it.

7. General

7.1 This agreement is the whole agreement between the Parties about the Dispute, and replaces anything said or written between them about it before. Neither Party has relied on any statement not set out in this agreement.

7.2 A change to this agreement is valid only if it is in writing and signed by both Parties.

7.3 Only the Parties may enforce this agreement, except that the officers, employees and agents released under clause 2.2 may enforce that clause. Otherwise, the Contracts (Rights of Third Parties) Act 1999 does not apply.

7.4 This agreement may be signed electronically and in counterparts. It is binding once both Parties have signed it, even though the negotiations were "without prejudice" and "subject to contract".

7.5 This agreement and any dispute arising from it, including non-contractual disputes, are governed by the law of England and Wales, and the courts of England and Wales have exclusive jurisdiction.

[Note: If either Party is based in Scotland or Northern Ireland, or the Proceedings are in a court there, the procedure for ending them is different: take advice and change clauses 4 and 7.5 to suit.]

Signed by an authorised signatory for and on behalf of [Other party name]

Signature _____

Name _____

Position _____

Date _____

Signed by an authorised signatory for and on behalf of [Your company name]

Signature _____

Name _____

Position _____

Date _____

About this template

A starting point to adapt, not legal advice. The law differs between England and Wales, Scotland and Northern Ireland, and it changes: check this fits your situation, and take legal advice for anything significant. Replace each [placeholder] in violet, follow or delete each [Note], then delete this box. Last reviewed October 2026. Send it for signature with Sign2Approve: sign2approve.com/templates/settlement-of-dispute