

# Agreeing on Severance Amount Isn't Enough to Form Binding Contract

written by vickyp | March 1, 2021



After 18 years of employment, a senior employee faced the difficult task of negotiating a severance agreement with her firm. The sides were able to agree on a severance payment amount of \$135,000 but couldn't come together on when and how the money would be paid out. Facing a cash crunch, the firm pressured the employee to sign off on the deal so it could sell off the division. But when the employee's lawyer balked, the firm went through with the sale and contended that the payment schedule was a minor issue and that the sides had reached an agreement on the essential terms. The lower court agreed and ruled that the parties had entered into a binding agreement. But the Newfoundland Court of Appeal said the judgment was wrong and reversed it, citing the lower court for overlooking evidence suggesting that the timing and method of payment was a core issue. And since there was no meeting of the minds on that issue, there was no contract [[North Atlantic Marine Supplies & Services Inc. v Hickey](#), 2021 NLCA 4 (CanLII), January 11, 2021].