

**IN THE EMPLOYMENT RELATIONS AUTHORITY
AUCKLAND**

**I TE RATONGA AHUMANA TAIMAHI
TĀMAKI MAKAURAU ROHE**

[2026] NZERA 323
3383423

BETWEEN

RAHEEL REDDY
Applicant

AND

STUDIO IMAGE LIMITED
Respondent

Member of Authority: Jeremy Lynch

Representatives: Hayley Johnson , advocate for the Applicant
Sidhant Thapa for the Respondent

Investigation Meeting: 22 May 2026, in Auckland

Submissions and Other Material Received: At the investigation meeting from the Applicant
Nothing received from the Respondent

Oral Determination: 22 May 2026

Written record Issued: 26 May 2026

ORAL DETERMINATION OF THE AUTHORITY

Employment Relationship Problem

[1] Raheel Reddy worked as a barber for Studio Image Limited (Studio Image) from May 2023 until his employment ended on 17 September 2024.

[2] Mr Reddy says that he was unjustifiably dismissed by Studio Image, and seeks personal grievance remedies.

[3] Mr Reddy also says that Studio Image breached the duty of good it faith to owed to him. He seeks a penalty in respect of this breach, together with a contribution towards his representation costs.

The Authority's investigation

[4] Sidhant Thapa is Studio Image's sole director.

[5] The Authority held a case management conference (CMC) by telephone with the parties on 16 February 2026. At this CMC, Mr Thapa agreed to a timetable for written evidence to be lodged, and both parties agreed to a date for the investigation meeting.

[6] Mr Reddy lodged his evidence in accordance with the timetable.

[7] Despite Mr Thapa agreeing to the timetable, Studio Image did not lodge any evidence.

[8] Studio image had not arrived at the Authority's premises at the scheduled start time of the investigation meeting. The start time was delayed to allow Studio Image further time to attend.

[9] As permitted by s 174E of the Employment Relations Act 2000 (the Act), this determination has not recorded everything received from the parties, but has stated findings of fact and law, expressed conclusions and specified orders made as a result.

[10] The Authority has carefully considered all the material provided.

The issues

[11] The issues for investigation and determination are:

- (a) whether Mr Reddy was unjustifiably dismissed from his employment?
- (b) If so, is Mr Reddy entitled to a consideration of remedies sought, including:
 - (i) compensation under s 123(1)(c)(i) of the Act; and
 - (ii) lost wages?
- (c) Should any remedy awarded be reduced under S 124 of the act for blameworthy conduct by Mr Reddy, which contributed to the circumstances which gave rise to his grievance?
- (d) Did Studio Image breach the duty of good faith, and if so, should it be ordered to pay a penalty under s 4A of the Act, with a portion paid to Mr Reddy?
- (e) Is either party entitled to an award of costs?

[12] For completeness, Mr Reddy had also sought penalties under s 130 of the Act, s 4 of the Wages Protection Act 1983, and s 27 of the Holidays Act 2003. During the course of the investigation he advised he was withdrawing these claims.

Background

[13] Mr Reddy was employed to work at Studio Image's Auckland barbershop on 26 May 2023.

[14] His evidence is that his usual days of work were Monday to Friday, from 10.00 am until 6.00 pm.

[15] Mr Reddy says that on 10 September 2024 he was driving to work on the motorway when he was involved in a car accident, which resulted in his car being written off.

[16] The following week, on 17 September 2024, Mr Reddy sent Mr Thapa a text message ahead of his morning shift, to advise that he would be late coming into work that day as he was going to view a replacement car. Mr Reddy's evidence is that he anticipated only being absent from the barbershop for approximately one or two hours. His evidence is that he cannot remember whether or not he had clients booked that day.

[17] Mr Reddy says that he sent another message to Mr Thapa at 1:07 pm, to advise that he would be at work by 1:30 pm.

[18] However text messages provided by Mr Reddy disclose that he was not at the barbershop at 2.12 pm, when Mr Thapa sent him a message stating:

I'll pay you the rest of the leave u got left,
please take the tool by tomorrow

Hope you find the better shop for you, good luck

[19] Mr Reddy replied to Mr Thapa saying:

I don't understand I've done so wrong by you to get this you treatment... I told you I will be hour or two I am sorry I was 5 minutes late this morning I don't want to lose this job but I can't accept the disrespectful bullying and remarks...

[20] Mr Thapa replied:

I have given you thousand of chances in the past, and you always let me down, you making my business slow and I advise you to sort your life first maybe in the future we can talk but now I don't see this going to work

[21] Mr Reddy responded asking Mr Thapa “I’m being fired?”, To which Mr Thapa replied: “I wish you all the best I’m no longer interested keeping you here”.

Did a dismissal occur?

[22] A dismissal is the termination of the employment relationship at the employer’s initiative.¹ A dismissal does not require an employer to tell an employee that they are dismissed, or write to an employee terminating their employment in order for there to have been a dismissal. A dismissal in law will occur where there has been a ‘sending away’ of an employee by an employer. In sending away the employee, the employment relationship is brought to an end at the employer’s initiative.

[23] In response to Mr Reddy’s personal grievance, Studio Image’s position appears to be that the employment relationship ended because Mr Reddy resigned. In his email of 20 September 2024, Mr Thapa says:

Ok then later [he’s] back from his long break which I don’t know Raheel comes to me saying “you want me to leave?” Then I replied “if you want to leave you can go” afterwards Raheel rushed the client and messed up the client’s haircut. Then he was yelling loudly in the shop while there were customers. He slammed the door and left, this type of behaviour wasn’t right and made me not want to have Raheel continue... So overall he decided to leave the company on his own.

[24] In his evidence to the Authority, Mr Thapa said that he was frustrated by Mr Reddy’s behaviour (that is, his continual lateness, or failure to attend work), and said he had had enough, and he “can’t manage it anymore” and that he had given Mr Reddy “thousands of chances” and it was “not safe” to have him in the barbershop any longer.

[25] Despite Studio Image’s position that Mr Reddy resigned, Mr Thapa’s evidence that he did “not want to have [Mr Reddy] continue”, together with his text messages advising that Mr Reddy would be paid out his accrued leave, the instruction to collect his personal equipment from the shop by the following day, and Mr Thapa wishing Mr Reddy well for his future, are consistent with a sending away.

[26] For completeness, on the morning of the investigation meeting, Mr Thapa advised he intended to lodge a video recorded nearly a year post employment, which Mr Thapa said showed Mr Reddy’s “ongoing pattern of behaviour and true character”.

¹ *Wellington, Taranaki and Marlborough clerical Etc IUOW v Greenwich (T/A Greenwich And Associates Employment Agency And Complete Fitness Centre)* (1983) ERNZ Sel Cas 95 (AC).

[27] No such video was received by the Authority.

[28] Similarly, during the course of the investigation meeting, Mr Thapa referred to signed statements he accepted he had solicited from clients of Studio Image, also after the end of the employment relationship. Mr Thapa said these statements were evidence of Mr Reddy's alleged bad behaviour, and therefore supported Studio Image's position that Mr Reddy resigned.

[29] Video evidence of events occurring significantly after the employment relationship had ended can be of no relevance to the issue of how the relationship ended, or of any issues to do with justification.

[30] Signed statements from clients (which were not lodged in accordance with the timetable) purporting to show Mr Reddy's bad behaviour again are not relevant to the issue of how the employment relationship ended.

[31] I accept Mr Reddy's evidence that he was dismissed by Studio Image's text messages on 17 September 2024.

Was Mr Reddy dismissed unjustifiably?

[32] The test in s 103A(2) of the Act is whether the employer's actions, and how it acted, were what a fair and reasonable employer could have done in all the circumstances at the time the dismissal occurred.

[33] Section 103A(3) of the Act requires the Authority to consider a number of factors, including whether concerns were raised by the employer with the employee prior to the dismissal occurring, whether a reasonable opportunity to respond to those concerns was provided, and whether the employer genuinely considered the employee's explanations (if any) before the dismissal.

[34] Studio Image, as a fair and reasonable employer, could also be expected to comply with the good faith obligations set out in s 4(1A)(c) of the Act, and in particular the obligation to provide access to information relevant to the continuation of an employee's employment, and an opportunity to comment on the information.

[35] Mr Reddy's employment was terminated summarily by Mr Thapa's text message to him on afternoon of 17 September 2024. Studio Image failed to comply with any of the minimum procedural fairness tests under the Act.

[36] There was no evidence Studio Image sufficiently investigated its concerns, in breach of s 103A(3)(a) of the Act. Studio Image failed to raise its concerns with Mr Reddy in breach of s 103A(3)(b) of the Act. Studio Image failed to give Mr Reddy any opportunity, much less a reasonable opportunity, to respond to its concerns in breach of s 103A(3)(c) of the Act.

[37] Instead, he was simply informed of her summary dismissal on 10 April 2024. Because of this, Mr Reddy was deprived of any opportunity to respond to Studio Image's concerns in breach of s 103A(3)(d) of the Act. The concerns Studio Image had were not put to Mr Reddy prior to the decision to dismiss him. Studio Image's failure to meet any of the minimum procedural fairness tests in s 103A(3), or comply with the obligations under s 4(1A)(c) of the Act renders Mr Reddy's dismissal unjustifiable.

[38] Studio Image's actions, and how it acted, were not consistent with what a fair and reasonable employer could have done in all the circumstances at the time of Mr Reddy's dismissal.

Remedies

[39] Mr Reddy has established a personal grievance for unjustified dismissal. He is therefore entitled to a consideration of the remedies sought.

Lost wages

[40] Upon establishing a personal grievance for unjustified dismissal, an employee is entitled to a consideration of reimbursement of the remuneration he or she would otherwise have received, but for the unjustified dismissal.²

[41] I am satisfied that Mr Reddy has lost remuneration as a result of his unjustified dismissal. His evidence was that he sought new employment, including by way of direct contact with potential employers, and via the Seek website. This was not challenged by Studio Image.

[42] Mr Reddy seeks an award of 19 weeks' lost wages, being the length of time for which he was without employment. Under s 128(2), the Authority may order an employer to pay to the employee the lesser of a sum equal to that lost remuneration, or

² Sections 123(1)(b) and 128.

to 3 months' ordinary time remuneration. The Authority can order a sum greater than three months' lost remuneration in its discretion.

[43] Mr Reddy was unable to provide any cogent reason as to why the Authority should exercise its discretion and award greater than three months' lost remuneration. I decline to award 19 weeks' lost remuneration.

[44] Under s 123(1)(b) of the Act, Mr Reddy is entitled to reimbursement of a sum equal to the wages he has lost as a result of his grievance (but not more than this).

[45] Despite Mr Reddy's evidence that he always worked (and was paid for working) 38.5 hours per week, payslip information provided by Mr Reddy discloses that this is not the case. In his final three months of employment, Mr Reddy worked an average of 36.21 hours per week.

[46] Studio image is ordered to pay Mr Reddy lost remuneration of \$14,121.90 (gross), being 36.21 hours per week, at \$30.00 per hour, for a period of 13 weeks.

Compensation for humiliation, loss of dignity and injury to feelings

[47] Mr Reddy's evidence is that he was impacted by his dismissal. He says he was "extremely stressed and uncertain" as a result of his dismissal.

[48] He says that the dismissal was compounded and was more upsetting because he felt that his commitment and hard work had not been recognised. He said he "found myself constantly thinking about what had happened and replaying the events in my mind...".

[49] Mr Reddy's evidence establishes that he has experienced harm under each of the heads in s 123(1)(c)(i) of the Act.

[50] In *Wikaira v Chief Executive of the Department of Corrections*, the Employment Court held that it was desirable that awards of compensation pursuant to s 123(1)(c)(i) of the Act "... Should be, although not over-generous, nevertheless fair, realistic and not miserly".³

[51] Having regard to the particular circumstances of this case, and in light of awards of compensation in comparable matters, an award of \$13,500 under s 123(1)(c)(i) of

³ *Wikaira v Chief Executive of the Department of Corrections* [2016] NZEmpC 175 at [237].

the Act is appropriate to compensate Mr Reddy for the humiliation, loss of dignity and injury to feelings he experienced as a result of his unjustified dismissal.

Did Studio Image breach the duty of good faith?

[52] Mr Reddy's claim for a breach of the duty of good faith is based on the same factual matrix as his claim for unjustified dismissal.

[53] The threshold is high for a penalty for a breach of good faith. For a penalty to be warranted under s 4A of the Act the breach must be deliberate, serious, and sustained,⁴ or intended to undermine an employment relationship.⁵

[54] Aspects of the Studio Image's actions suggest it may not have complied with its obligations of good faith (particularly the obligations on it to be active and constructive in establishing and maintaining a productive employment relationship in which the parties are responsive and communicative).⁶

[55] However, not every established breach is liable to a penalty. The award of a penalty is at the discretion of the Authority. This is not a situation for which a penalty is warranted. The Authority is satisfied that personal grievance remedies awarded above adequately address any failure on the part of Studio Image to discharge its obligations of good faith. In the circumstances of this matter, the Authority declines to order a penalty.

Contribution

[56] Where the Authority determines an employee has a personal grievance, it is required under s 124 of the Act to consider the extent to which the employee's actions contributed towards the situation that gave rise to the personal grievance, and if the actions so require, reduce the remedies that would otherwise have been awarded.

[57] In *Maddigan v Director-General of Conservation* the Court held:⁷

The approach to contribution which emerges from recent judgments of the Court can be summarised as follows:

- (a) First, was the employee's alleged contributory conduct culpable and/or blameworthy?

⁴ Section 4A(a).

⁵ Section 4A(b)(iii)

⁶ S4(1A)(b).

⁷ *Maddigan v Director-General of Conservation* [2019] NZEmpC 190 at [73].

- (b) Second, did that conduct create or contribute to the situation giving rise to the dismissal/disadvantage?
- (c) Third, what is a fair assessment of the extent of the contribution?
- (d) Fourth, should the reduction for contribution be applied across one, or some, or all of the remedies ordered in the employee's favour?

[58] Mr Reddy's actions were blameworthy. He was dismissed because of issues to do with punctuality and attendance. On his own evidence, he had recently received warnings for this same conduct. But for Mr Reddy's own conduct in respect of punctuality and attendance, he would not have faced dismissal. There is no doubt that his actions contributed to the situation giving rise to his ultimate dismissal.

[59] Mr Reddy's conduct does not fall within the upper range of blameworthy contributory conduct. I regard Mr Reddy's conduct as justifying a reduction of no more than 20 per cent in the particular circumstances.

[60] Standing back and considering the remedies awarded by the Authority, and the remedies the Authority is declining to award, it is appropriate to restrict the reduction for contribution to the order for compensation under s 123(1)(c)(i) of the Act.

[61] A reduction of 20 per cent of the remedy awarded under s 123(1)(c)(i) for the personal grievance established in relation to Mr Reddy's dismissal is appropriate to reflect this contributory conduct.

Outcome

[62] Within 28 days of the date of the written record of this oral determination, Studio Image Limited must pay to Raheel Reddy:

- (a) \$14,121.90 being a sum equivalent to 13 average weeks' lost wages under ss 123(1)(b) and 128 of the Act, in accordance with the calculation set out above at [46], (plus eight per cent holiday pay on this sum, and ensuring compliance with KiwiSaver obligations, if applicable); and
- (b) compensation in the sum of \$10,800 (being \$13500 reduced by 20 per cent for contribution) under s 123(1)(c)(i) of the Act.

Costs

[63] Costs are reserved. The parties are encouraged to resolve any issue of costs between themselves.

[64] If the parties are unable to resolve costs, and an Authority determination on costs is needed, Mr Reddy may lodge, and then should serve, a memorandum on costs within 28 days of the date of this determination. From the date of service of that memorandum Studio Image will then have 14 days to lodge any reply memorandum. On request by either party, an extension of time for the parties to continue to negotiate costs between themselves may be granted.

[65] The parties can anticipate the Authority will determine costs, if asked to do so, on its usual “daily tariff” basis unless circumstances or factors, require an adjustment upwards or downwards.⁸

Jeremy Lynch
Member of the Employment Relations Authority

⁸ For further information about the factors considered in assessing costs see:
www.era.govt.nz/determinations/awarding-costs-remedies/#awarding-and-paying-costs-1