

■ Case Highlights ■

Successful representation on behalf of company defending against claim for severance payments by credit collectors in delegated positions

The plaintiffs executed delegation agreements for credit collection services with a company, and performed credit collection services. However, after the expiration of the delegation agreements, the plaintiffs filed a suit against the company seeking severance payments, arguing that they were deemed employees pursuant to the Labor Standards Act.

Jipyong represented the company and convincingly argued that the plaintiffs and the company were not in the employment relationship but in the delegation relationship by explaining in detail the actual services rendered by the plaintiffs, including the nature of the credit collection services, the relevant laws and regulations, the practical services performed by the credit collectors in the delegated positions and the nature of the fees received by the plaintiffs.

The court accepted the arguments of the company, determined that the plaintiffs were not employees under the Labor Standards Act, and dismissed all claims from the plaintiffs. This case was significant for having reached this conclusion despite a prior court judgement finding that the credit collectors were the employees of the company. This showed that the conclusion may differ depending on varying evidence, timing and actual operation methods as presented to the court, even if the issues were the same.

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