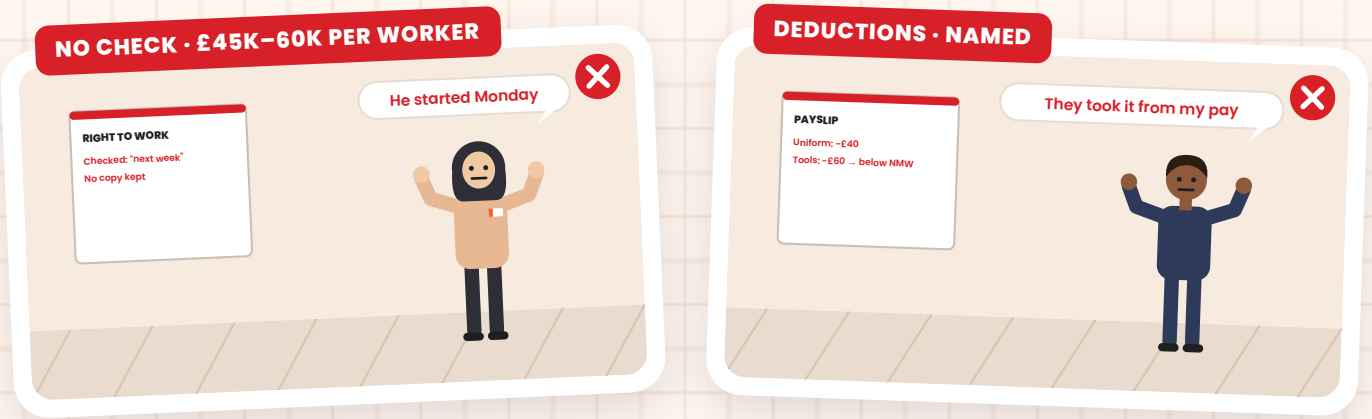
• £60,000 PER ILLEGAL WORKER Sales, workshop, valeting, car wash & apprentices

Right to Work & Pay Compliance Guidebook for Automotive Companies

Right-to-work checks, contractors, minimum wage, apprentices and holiday pay: what the Home Office and HMRC check, **and why car washes are now a top target for raids.**



£60K
per illegal worker for a **repeat breach** (£45K first time).

808
Home Office visits to **car washes** in 2025, 664 arrests.

660
employers named for underpaying, **including car dealers** (Sep 2026).

6 standards · 18 checkpoints · IAN 2006 · NMWA 1998 · WTR 1998 · Right way / wrong way · Ideal fix time

Feb 2024 Penalties tripled → **2025** 808 car wash visits → **Sep 2026** Dealers named → **Car washes are a named target.**

WHY THIS GUIDEBOOK EXISTS

Your valeting bay is on the Home Office's list.

Illegal-working penalties tripled in **February 2024** to up to **£45,000 per worker (£60,000 repeat)**. Car washes are one of the most visited sectors, and in September 2026 several **car dealers** were named for underpaying the minimum wage.

This guidebook covers the 6 employment standards most likely to bring a raid, a fine or a headline.

WHERE THE RISK SITS

Hiring
Right-to-work checks
EMP-01

Visas
Follow-up checks
EMP-02

Contractors
Valeting and car wash
EMP-03

Pay
Minimum wage after deductions
EMP-04

Apprentices
Correct rates
EMP-05

Hours
Working time and holiday pay
EMP-06

WHO ENFORCES IT

Home Office
Immigration Enforcement
Raids and civil penalties

HMRC
NMW enforcement
Back pay, penalties, naming

Tribunals
Employment Tribunal
Holiday and pay claims

Fair Work Agency
Being set up (Employment Rights Act 2025)
Will bring enforcement together in one body

WHO IT'S FOR

Dealer principals & directors
Understand per-worker exposure.

HR & payroll
Get checks and pay right first time.

Auditors
Sample files and payslips.

PER WORKER, PER BREACH

Five valeters. No checks. Up to £300,000.

Illegal-working penalties are charged **per worker**. At £60,000 each for a repeat breach, a small valeting team becomes a six-figure bill. Minimum wage failures add back pay, a 200% penalty and public naming.

THE PENALTY LADDER

LEVEL 1
Named
Public list of NMW underpayers.

LEVEL 2
200%
NMW penalty on arrears, up to £20K per worker.

LEVEL 3
£45K–60K
Per illegal worker.

LEVEL 4
5 years
Prison for knowingly employing illegal workers.

REAL CASES FROM US AUTOMOTIVE BUSINESSES

WHO	RESULT	WHAT HAPPENED
Car wash sector Home Office · 2025	**808 visits** 664 arrests	Up from 307 visits in 2019.
All sectors Home Office · 2025	**£130M+** 2,438 penalties	Civil penalties issued to employers.
Minimum wage naming DBT · Sep 2026	**660 firms** incl. car dealers	£4M repaid to 27,000 workers; one Vauxhall dealer underpaid 35.

5 WORKERS, FIRST TIME
£225K
At £45,000 each.

5 WORKERS, REPEAT
£300K
At £60,000 each.

AND THEN
Named
NMW underpayers are **published**.

HOW TO USE THIS GUIDE

One page per standard. Check every worker.

1. **Header**: code, area, owner and the maximum penalty
2. **The law**: which regulator and which regulation
3. **The cost**: fine, what else can happen and a real case
4. **Right / wrong**: illustrated pass and fail, plus how to audit

THE 6 STANDARDS

EMP-01	Right to Work Checks Before Day One ⛓ PRISON	IAN 2006 s.15	CRITICAL	£60K / worker	Immediate	5
EMP-02	Follow-Up Checks ⛓ PRISON	IAN 2006	CRITICAL	£60K / worker	7 days	6
EMP-03	Valeting & Car Wash Contractors ⛓ PRISON	IAN 2006 · MSA 2015	CRITICAL	£60K / worker	30 days	7
EMP-04	Minimum Wage After Deductions	NMWA 1998	SEVERE	200% + naming	72 hours	8
EMP-05	Apprentices Paid Correctly	NMW Regs 2015	SEVERE	200% + naming	72 hours	9
EMP-06	Working Hours & Holiday Pay	WTR 1998	HIGH	Tribunal claims	30 days	10

IDEAL FIX TIME · COUNTED FROM AUDIT SUBMISSION

Immediate	Stop now · serious harm or clear breach	1 standard
72 hours	Fix within 3 working days	2 standards
7 days	Fix within 1 week · records, notices, training	1 standard
30 days	Plan and close within 1 month · policies and systems	2 standards

SCORING EACH CHECKPOINT

PASS
Every criterion met at the time of audit, with evidence captured.

FAIL
Any criterion not met at the time of audit. Record what you saw and who owns the fix.

N/A
Only where "Applies when" rules it out. Record why.

Note. The Employment Rights Act 2025 is bringing further changes in stages, including a new Fair Work Agency. Keep policies under review.

EMP-01 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 01 OF 06

Right to Work Checks Before Day One

Area **HR · Valeting · Workshop** | Person in charge **HR Manager** | Regulator **Home Office · HMRC**

MAXIMUM PENALTY

GBP 60,000

per illegal worker · repeat breach

First breach: **up to £45,000 per worker** · knowingly: up to 5 years prison

• CRITICAL | PRISON RISK

THE LAW

IAN 2006

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **IAN 2006 s.15** civil penalty · Home Office Employer's Guide to Right to Work Checks

WHAT WE CHECK

Every worker (sales, technicians, valeters, drivers, apprentices) has a right-to-work check before starting: original documents seen or online share code checked, and a dated copy kept.

CHECKPOINTS IN THE AUDIT

- **Q1** Is a compliant right-to-work check done for every worker before they start?
- **Q2** Are dated copies or online check results kept for the whole employment plus 2 years?
- **Q3** Are agency and seasonal workers covered?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Civil penalty of up to **£45,000 per illegal worker**, rising to **£60,000** for repeat breaches (since Feb 2024).

BEYOND THE FINE

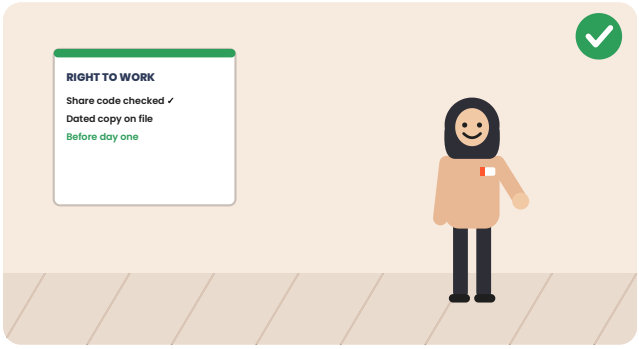
Knowingly employing an illegal worker is a crime: **up to 5 years in prison**. Sponsor licences can be revoked, and penalties are published.

REAL ENFORCEMENT

808

Home Office illegal-working visits to **car washes** in 2025, with **664 arrests**. Up from 307 visits in 2019.

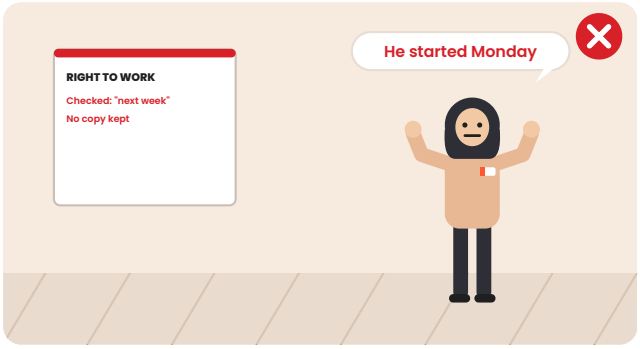
✔ RIGHT WAY



Checked before day one, copy on file.

✖ WRONG WAY

£60K PER WORKER



Started work with no check.

PURPOSE

Without a compliant check, you have no defence ("statutory excuse") if the worker turns out to be illegal.

FIX IT WITHIN

Immediate

AUDIT CRITERIA · PASS WHEN

- Check before start
- Correct method
- Dated copy kept
- All worker types covered

IDEAL WAY OF AUDITING

1. Sample 10 personnel files
2. Check dates against start dates
3. Check agency workers

Evidence: 10 files + start dates.

WORST CASE Up to **£45,000 per worker**, **£60,000** if repeated. Five valeters without checks is **£225,000–£300,000**.

EMP-02 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 02 OF 06

Follow-Up Checks

Area **HR** | Person in charge **HR Manager** | Regulator **Home Office · HMRC**

MAXIMUM PENALTY

GBP 60,000

per illegal worker · repeat breach

First breach: **up to £45,000 per worker** · knowingly: up to 5 years prison

• CRITICAL **⛓ PRISON RISK**

THE LAW

IAN 2006

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **Home Office Code of Practice**: follow-up checks for time-limited permission

WHAT WE CHECK

Workers with time-limited permission are diarised and rechecked before their permission expires. Anyone who loses the right to work is taken off work.

CHECKPOINTS IN THE AUDIT

- Q1 Are expiry dates of time-limited permissions tracked?
- Q2 Are follow-up checks done before expiry?
- Q3 Is action taken if permission lapses?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Civil penalty of up to **£45,000 per illegal worker**, rising to **£60,000** for repeat breaches (since Feb 2024).

BEYOND THE FINE

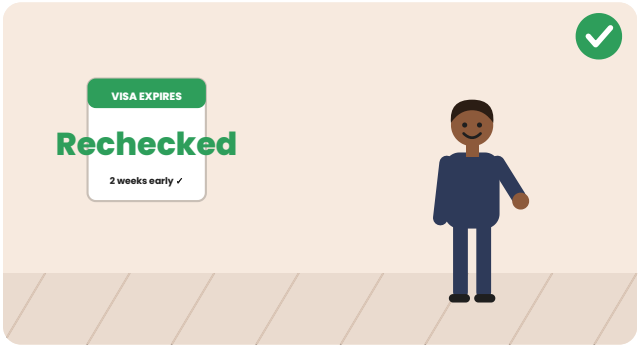
Knowingly employing an illegal worker is a crime: **up to 5 years in prison**. Sponsor licences can be revoked, and penalties are published.

REAL ENFORCEMENT

£130M+

in civil penalties faced by employers from **2,438 illegal-working penalties** issued in 2025.

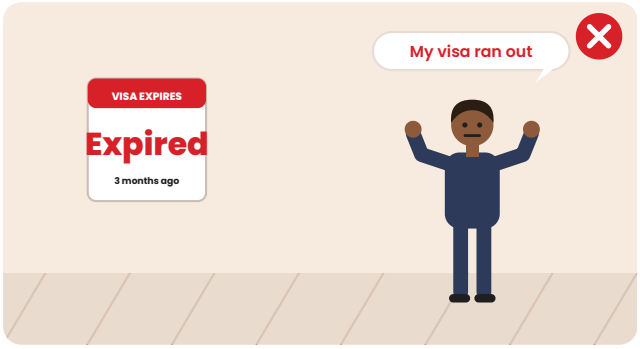
✔ RIGHT WAY



Rechecked before expiry.

✖ WRONG WAY

£60K PER WORKER



Permission expired months ago.

PURPOSE

The statutory excuse lasts only until permission expires. After that, the penalty clock starts.

FIX IT WITHIN

◷ 7 days

AUDIT CRITERIA · PASS WHEN

- Expiry dates tracked
- Rechecks before expiry
- Action on lapse

IDEAL WAY OF AUDITING

1. Run an expiry report
2. Check recheck evidence

Evidence: Expiry report.

WORST CASE A lapsed permission turns a legal worker into an illegal one: **£45,000–£60,000**.

autosmart

EMP-03 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 03 OF 06

Valeting & Car Wash Contractors

Area **Valeting · Procurement** | Person in charge **Operations Director**

Regulator **Home Office · HMRC**

MAXIMUM PENALTY

GBP 60,000

per illegal worker · repeat breach

First breach: **up to £45,000 per worker** · knowingly: up to 5 years prison

• CRITICAL | ⛓ PRISON RISK

THE LAW

IAN 2006

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **Modern Slavery Act 2015 s.54** transparency (turnover £36M+) · supplier due diligence

WHAT WE CHECK

Outsourced valeting, car wash and transport suppliers are checked: right to work, pay, and no signs of exploitation. Large groups publish a modern slavery statement.

CHECKPOINTS IN THE AUDIT

- Q1 Are valeting and car wash contractors vetted for right-to-work and fair pay?
- Q2 Is there a modern slavery statement where turnover is £36M+?
- Q3 Would staff know the signs of exploitation and how to report them?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Civil penalty of up to **£45,000 per illegal worker**, rising to **£60,000** for repeat breaches (since Feb 2024).

BEYOND THE FINE

Knowingly employing an illegal worker is a crime: **up to 5 years in prison**. Sponsor licences can be revoked, and penalties are published.

REAL ENFORCEMENT

808

Home Office illegal-working visits to **car washes** in 2025, with **664 arrests**. Up from 307 visits in 2019.

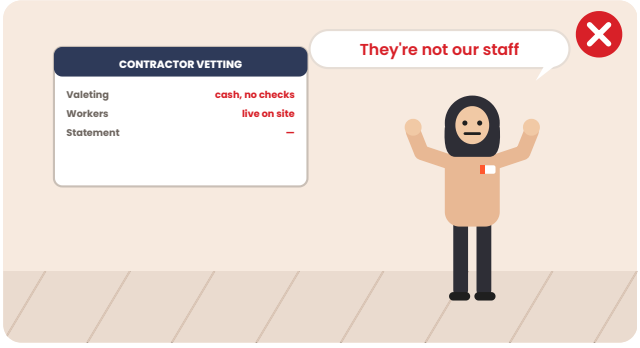
✔ RIGHT WAY



Contractors audited, statement published.

✖ WRONG WAY

REPUTATION



Cash-paid valeters living on site.

PURPOSE

Car washes are a top target for illegal working raids. Your forecourt is where it's seen.

FIX IT WITHIN

◷ 30 days

AUDIT CRITERIA · PASS WHEN

- Contractor audits
- Fair pay confirmed
- Statement published (if required)
- Staff aware of signs

IDEAL WAY OF AUDITING

1. Review contractor files
2. Visit the wash area
3. Check the statement

Evidence: Audit files + statement.

WORST CASE If contractors' workers are illegal or exploited, it's your brand in the **raid headlines**, and modern slavery can be prosecuted.

EMP-04 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 04 OF 06

Minimum Wage After Deductions

Area **Payroll · HR** | Person in charge **Payroll Manager** | Regulator **HMRC**

MAXIMUM PENALTY

GBP 200%

of arrears as a penalty · max £20,000 per worker

Plus **back pay** and public **naming** by the government

• SEVERE

THE LAW

NMWA

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **National Minimum Wage Act 1998** · NMW Regulations 2015 (deductions and pay reference periods)

WHAT WE CHECK

Every worker gets at least the minimum wage for all hours worked, after deductions for uniforms, tools, training or parking, and including time spent on training or travelling between sites.

CHECKPOINTS IN THE AUDIT

- **Q1** Is every worker paid at least the minimum wage for all working time?
- **Q2** Are deductions (uniform, tools, training, parking) checked so they don't take pay below it?
- **Q3** Is unpaid time (training, travel, pre-shift) counted?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC orders **back pay** to the worker plus a penalty of **200% of the arrears** (up to £20,000 per worker).

BEYOND THE FINE

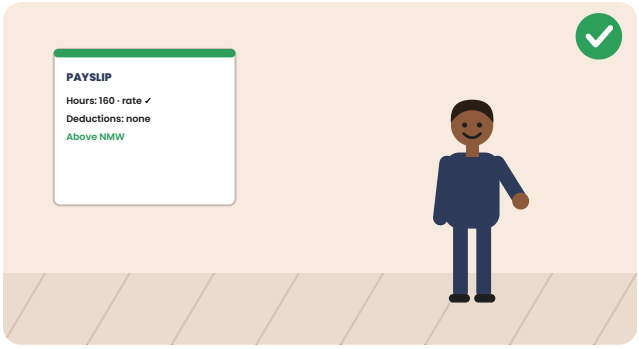
Employers are **publicly named**. Deliberate non-payment can be prosecuted, and directors can be disqualified.

REAL ENFORCEMENT

660

employers named (Sep 2026) for underpaying the minimum wage, **including car dealers**. £4M repaid to 27,000 workers.

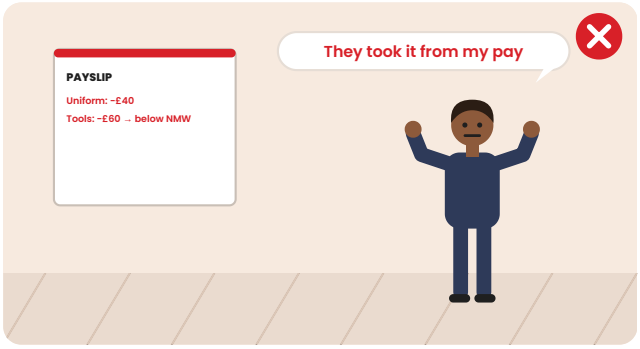
✔ RIGHT WAY



Paid above minimum wage with no deductions.

✖ WRONG WAY

NAMED



Uniform and tool deductions pushing pay below it.

PURPOSE

Deductions are the most common way car dealers end up on the government's naming list.

FIX IT WITHIN

72 hours

AUDIT CRITERIA · PASS WHEN

- NMW for all hours
- Deductions checked
- Training and travel paid

IDEAL WAY OF AUDITING

1. Recalculate 10 low-paid payslips
2. List deductions
3. Check training hours

Evidence: Payslip audit.

WORST CASE Back pay plus a **200% penalty**, up to £20,000 per worker, and your dealership **named publicly**.

EMP-05 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 05 OF 06

Apprentices Paid Correctly

Area **Workshop · Payroll** | Person in charge **Payroll Manager · Workshop Controller** | Regulator **HMRC**

MAXIMUM PENALTY

GBP 200%

of arrears as a penalty · max £20,000 per worker

Plus **back pay** and public **naming** by the government

• SEVERE

THE LAW

NMWA

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **NMW Regulations 2015** apprentice rate conditions

WHAT WE CHECK

Apprentices are paid at least the apprentice rate only while eligible (under 19, or in their first year), then moved to the right age rate, with college time paid.

CHECKPOINTS IN THE AUDIT

- **Q1** Are apprentices moved to the correct age rate after their first year (if 19+)?
- **Q2** Is off-the-job training (college) paid?
- **Q3** Is there a genuine apprenticeship agreement?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC orders **back pay** to the worker plus a penalty of **200% of the arrears** (up to £20,000 per worker).

BEYOND THE FINE

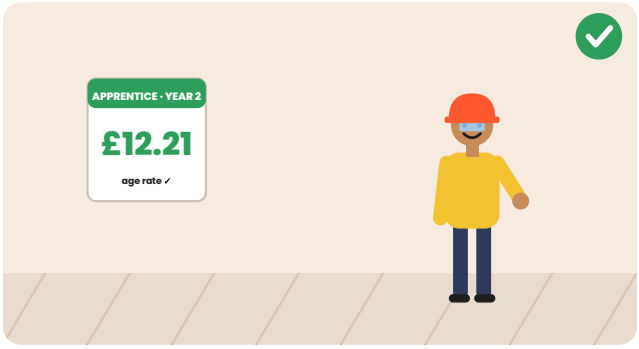
Employers are **publicly named**. Deliberate non-payment can be prosecuted, and directors can be disqualified.

REAL ENFORCEMENT

35 workers

underpaid at one Vauxhall dealership named in Sep 2026. Common causes: deductions for uniforms, tools and training.

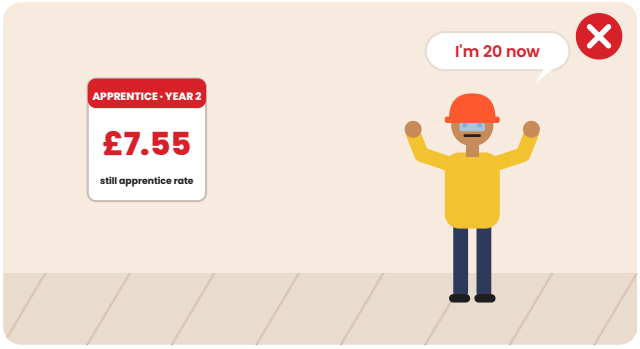
✔ RIGHT WAY



Moved to the correct rate in year 2.

✖ WRONG WAY

NAMED



Still on the apprentice rate in year 2 at 20.

PURPOSE

Workshop apprentices are common in dealerships, and missed rate changes are a common NMW failure.

FIX IT WITHIN

72 hours

AUDIT CRITERIA · PASS WHEN

- Rate changes diarised
- College time paid
- Agreements in place

IDEAL WAY OF AUDITING

1. List apprentices with age and start date
2. Check rates
3. Check college time

Evidence: Apprentice list + payslips.

WORST CASE Every month on the wrong rate adds to **back pay plus 200% penalties**.

EMP-06 EMPLOYMENT · HOME OFFICE & HMRC · STANDARD 06 OF 06

Working Hours & Holiday Pay

Area **Sales · Payroll** | Person in charge **HR Manager** | Regulator **Employment Tribunal**

MAXIMUM PENALTY

GBP 2 yrs

of back pay claims per worker

Employment tribunal claims across **every commissioned role**

• HIGH

THE LAW

WTR

Immigration, Asylum and Nationality Act 2006 · **National Minimum Wage Act 1998** · Working Time Regs 1998 · **Working Time Regulations 1998**: 48-hour average (opt-out allowed), rest breaks, 5.6 weeks' holiday including commission and overtime in holiday pay

WHAT WE CHECK

Hours are recorded, 48-hour opt-outs are signed and voluntary, breaks are taken, and holiday pay includes regular commission and overtime.

CHECKPOINTS IN THE AUDIT

- Q1 Are working hours recorded and within limits (or with signed opt-outs)?
- Q2 Do workers get daily and weekly rest breaks?
- Q3 Does holiday pay include regular commission and overtime?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

Underpaid holiday pay is claimed at **employment tribunal**, typically going back up to 2 years.

BEYOND THE FINE

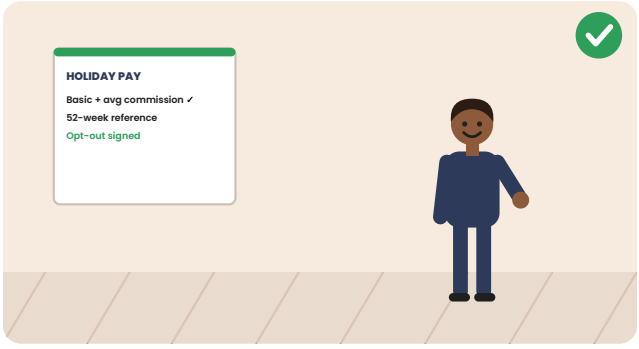
HSE and local authorities can enforce working time limits. Claims from one worker are often followed by others.

REAL ENFORCEMENT

660

employers named (Sep 2026) for underpaying the minimum wage, **including car dealers**. £4M repaid to 27,000 workers.

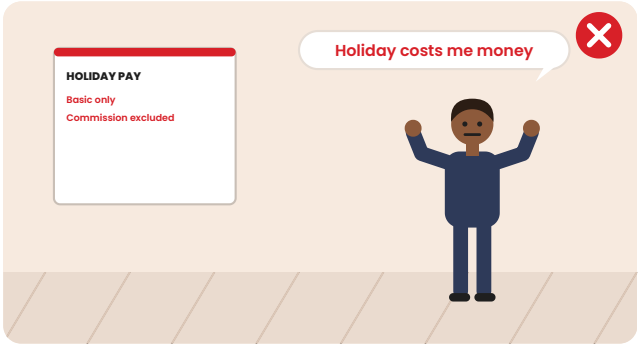
✔ RIGHT WAY



Holiday pay includes average commission.

✖ WRONG WAY

TRIBUNAL



Holiday paid at basic only.

PURPOSE

Sales staff on commission are often underpaid on holiday. Claims go back years.

FIX IT WITHIN

◷ 30 days

AUDIT CRITERIA · PASS WHEN

- Hours recorded
- Opt-outs voluntary
- Breaks taken
- Commission in holiday pay

IDEAL WAY OF AUDITING

1. Check 5 sales staff holiday pay
2. Check opt-outs
3. Check rota breaks

Evidence: Payroll + opt-outs.

WORST CASE Holiday pay claims go to **employment tribunal** and can reach back two years for every salesperson.

CHECK EVERY FILE BEFORE THE VISIT

Your 30-day employment action plan.

Today

- [ ] **EMP-01** Right to Work Checks Before Day One
  Immediate

This week

- [ ] **EMP-04** Minimum Wage After Deductions
  72 hours
- [ ] **EMP-05** Apprentices Paid Correctly
  72 hours
- [ ] **EMP-02** Follow-Up Checks
  7 days

This month

- [ ] **EMP-03** Valeting & Car Wash Contractors
  30 days
- [ ] **EMP-06** Working Hours & Holiday Pay
  30 days

?/6 Count your passes, then count the **workers** behind every fail. At up to £60,000 each, that's your exposure.

SOURCES

- GOV.UK: Illegal working and enforcement activity to end of December 2025, by sector · gov.uk
- Car Dealer Magazine: Car dealers among 660 firms named for failing to pay NMW (Sep 2026) · cardealermagazine.co.uk
- Home Office: Employer's guide to right to work checks; civil penalty code of practice · gov.uk
- IAN 2006; NMW Act 1998; Working Time Regs 1998; Modern Slavery Act 2015 · legislation.gov.uk

Disclaimer. For compliance-audit guidance only; not legal advice. Penalty amounts are maximums. Check current Home Office and HMRC guidance.

AUDIT SIGN-OFF

DEALERSHIP / SITE	AUDITOR	DATE	SCORE __ / 6

BRANCH / DEALER PRINCIPAL SIGNATURE	COMPLIANCE LEAD SIGNATURE