



The Future of Disputes in Home Improvement

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DisputeAssist 
A Qure Group solution



Introduction:

The home improvement sector is booming in the UK. This growth is likely being driven by a number of factors, including increasing disposable incomes, an aging population, rising home values and a growing demand for energy-efficient homes.

Inevitably, with this massive growth also come disagreements between homeowners and the contractors they employ to work on their home improvement projects.

When this happens, homeowners have a number of avenues they can explore in an effort to resolve the issue.

These include resolving the issue directly with the contractor/installer, filing a complaint with their trade association if applicable, applying for a refund via their payment provider, lodging a claim against their finance provider under the Consumer Credit Act, and – if all else fails – filing a court claim against them.



Introduction continued...

There is also another option: alternative dispute resolution (ADR). ADR is a collection of methods that allow individuals to settle disputes with businesses without having to go to court, including mediation, conciliation, adjudication, arbitration and expert determination.

The type of ADR needed differs on a case-by-case basis, but typically it's cheaper, faster, and less combative than legal action.

Although the UK government has suggested that it will make it mandatory for home improvement businesses to take part in arbitration or mediation where disputes arise over a transaction, it is yet to announce a date for when this change will come into effect. Currently, businesses can decline to participate in dispute resolution, leaving themselves more vulnerable to legal action and, as a result, financial harm as well as reputational damage.

With this in mind, we set out to uncover what uptake of ADR is really like. While it might seem like a no brainer, are businesses and homeowners taking full advantage of the process? And if not, why not? Could – and should – more be done to raise awareness of its benefits, and should it be made mandatory?



About Dispute Assist

Dispute Assist is the UK's leading resolution services provider to the home improvement and renewable energy markets.

Dispute Assist supports financial services, national retailers, trade associations, installation companies and manufacturers via a range of resolution services.

Dispute Assist's services include mediation and conciliation, independent inspections, remedial works, arbitration and expert determination.

Key findings

In order to establish awareness of and attitudes towards dispute resolution in the UK, as well as how widespread home improvement disputes really are, we spoke to 200 home improvement contractors and more than 1,000 homeowners. Here's what we found:

43%

Of home improvement tradespeople spend two-five hours a month dealing with complaints

11%

More than one in 10 (11%) are spending more than 10 hours a month dealing with complaints

28%

Don't know what ADR is

42%

Are not part of a scheme

Of those that know what it is but aren't part of a scheme, the main reasons are:

40%

Too expensive

33%

Not enough need

33%

Not sure how to choose a scheme





Key findings continued...

62%

Of homeowners have had a problem with home improvements work in the past

67%

Of homeowners don't know what ADR is, 49% have never even heard of the term

64%

Of homeowners said they would use ADR in the future after reading a definition of the term

75%

Of homeowners said they would be more likely to use a contractor that was part of a scheme

Disputes: a drain on resources

The research reveals just how commonplace customer disputes are in relation to home improvement projects.

When asked how many customer disputes they typically face each year, the average response from those working in the home improvement sectors was three, with 20% facing at least four.

While these disputes can be costly for businesses financially, particularly when they escalate to the point of legal action, the drain they have on time and resources should also not be overlooked when considering their negative impact.

According to the research, 43% of home improvement sector contractors spend between two and five hours a month dealing with customer disputes.

Nearly a fifth (17%) spend between six and 10 hours, and one in 10 (11%) admit to spending more than 10 hours a month.

Assuming an hourly rate of £35, this is equivalent to anywhere from £70 to upwards of £350 being spent on handling disputes alone.



20% of respondents said they are facing at least four customer disputes in relation to home improvement projects

Only 7% of contractors said they typically spend no time dealing with disputes, suggesting they are a regular feature in the professional lives of the vast majority of home improvement contractors.

Furthermore, more than a third (36%) of contractors revealed that they have previously had an unhappy customer make a court claim against them.



“There are many fantastic tradespeople operating in the UK. However, no matter how skilled somebody is in their trade or how professionally they run their business, there is always a risk of an unhappy customer.

“Home improvement projects are often long and complex and involve a lot of communication between the customer and the contractor. This can lead to misunderstandings and disagreements. Customers may become frustrated if the project is not completed on time.

“They can also be expensive, making customers more likely to dispute the quality of work if they feel they are not getting what they paid for.

“But unfortunately, some customers are simply difficult to please. No matter how good the work is, they may always find something to complain about. As a result, the research shows that the majority of contractors are spending at least some time each month dealing with customer complaints and disputes.

“The key to maximising profits is of course to prevent disputes from arising wherever possible by ensuring good business practices, and when they do arise, preventing them from escalating.”

Our complaint costs calculator helps you to calculate the impact disputes have on your company’s revenue and margin. Download it [here](#).



“

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Ciarán Harkin
Managing director of Dispute Assist

Current uptake amongst contractors

With customer disputes so commonplace, this leaves contractors vulnerable to legal action and reputational damage, even if they're not at fault.

However, despite more than a third having been taken to court in the past, surprisingly few are currently utilising dispute resolution services to help them to deal with their disputes and prevent them from reaching this point.

Two-fifths (42%) of those surveyed are not part of an ADR scheme. Worryingly, 28% said they don't actually know what ADR is, despite it having been around since 1987, and technically legislated since 2015 that traders should signpost consumers to an approved ADR provider when they cannot resolve a complaint.

It's interesting to note that of those that do know what ADR is, 80% are part of a scheme, indicating a high level of uptake amongst this group.

This suggests there's a need for greater education and awareness around the process amongst contractors to enable them to make an informed decision about whether or not to join an appropriate scheme.

Nearly half of those that are part of a scheme (46%) are in one via a trade body or association. There may also therefore be some responsibility for some trade organisations to do a better job at informing their members about ADR or to provide them access to an ADR scheme.

The research also found that one in 10 (11%) used to be part of an ADR scheme but are not anymore – this could equate to around 132,000 businesses having left a scheme.

Amongst those that are not currently part of a scheme, the most widely cited reasons were that they are too expensive (40%), they don't have enough need (33%), and that they're not sure how to choose a scheme (33%).

However, 38% of those not currently signed up to a scheme said they would be interested in doing so, and more than half (51%) said they would be interested but it would be dependent on the cost. Only 7% said they wouldn't be interested in joining a scheme at all.





“It’s interesting to note that a third of contractors who are not currently part of a scheme said that they don’t feel they have enough of a need for one. It’s clear from the previous section in this report that the vast majority of contractors are facing customer disputes each year.

“Furthermore, home improvement projects in the UK have been increasing since the pandemic, with many people spending more time at home and looking to make them more practical and comfortable. The increasing cost of living has also encouraged people to look at ways to make their homes more energy efficient and save money on their energy bills.

“According to a study by the Federation of Master Builders, the value of home improvement projects in the UK is expected to reach £100 billion by 2025 - a significant increase from its value now.

“While this is great news for those working in the industry, it is inevitable that the number of disputes will increase too, particularly as the cost-of-living crisis continues to bite and people look for ways to save money.

“Those that are not part of a scheme may find themselves more frequently in difficult situations that could be avoided with the help of the right ADR provider.

“Crucially, not all dispute resolution schemes are created equally. If contractors are neglecting to join a scheme due to concerns about the cost, it is worth investigating the different providers and looking for a scheme that suits their individual budgets.”



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Managing director of Dispute Assist

Choosing an ADR scheme

Home improvement contractors in the UK can choose the right alternative dispute resolution scheme to join by considering the following factors:

- The cost of the scheme
- The range of services offered by the scheme
- The speed of resolution
- The independence of the scheme
- The reputation of the scheme

Before joining a scheme, contractors should:

- Make sure the Dispute Resolution Provider is approved by the Chartered Trading Standards Institute.
- Check the scheme's complaints procedure to make sure it is fair and accessible.
- Ask for references from other home improvement contractors who have used the scheme.
- Read the provider's terms and conditions carefully.



How are homeowners tackling disputes?

Shockingly, the research reveals that 62% of homeowners in the UK have had a problem when having home improvement works carried out in the past.

This is equivalent to more than 15 million households in England and Wales. Common issues with contractors according to homeowners include:

They didn't do a good job



They charged more than expected



They didn't do the work on time



They installed something incorrectly



They didn't do what was agreed

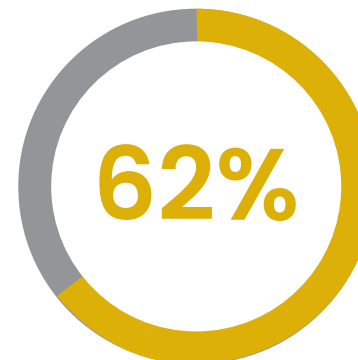


They did something dangerously or unsafely



When it comes to dealing with these issues, many have ended up resorting to legal action; 14% of homeowners who have experienced a problem went on to file a court claim against their contractor.

Among those who experienced a problem but didn't go on to file a court claim, the most common reason was that they managed to successfully resolve the issue directly with the contractor (49%).



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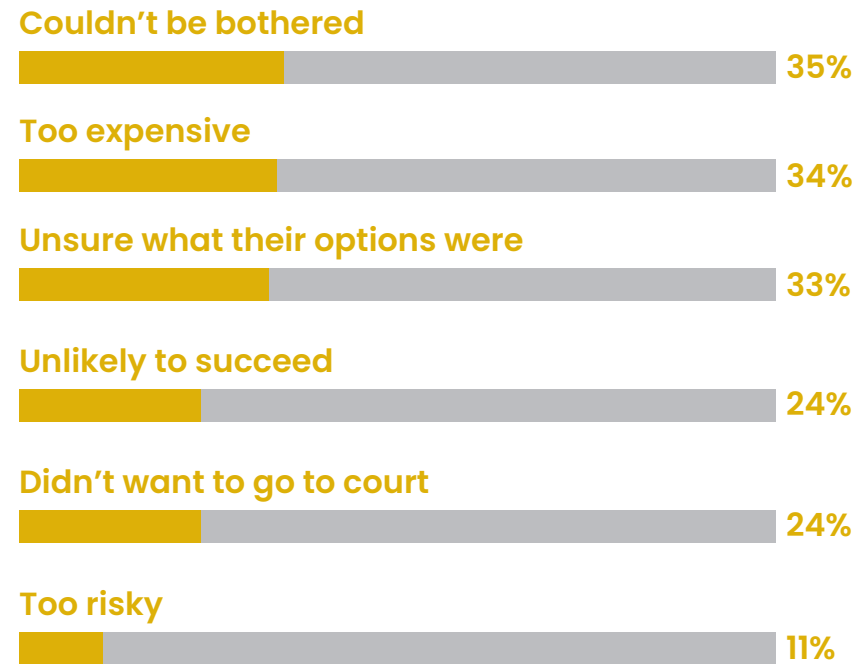
This is generally the best outcome for both the customer and the contractor, as it prevents the need for any money to be spent on legal proceedings by either party and can help to protect the contractor's reputation as it avoids the relationship with the customer deteriorating.

However, 7% said that although attempts to resolve their issue via other channels had been unsuccessful, they were simply not wanting to go to court due to fears it would be too expensive (76%), too lengthy (38%), unlikely to succeed (24%), or too risky (21%).

Another 28% said that they elected not to pursue their dispute in any way at all. With this in mind, it is unsurprising that Citizens Advice estimates the value of unresolved home improvement disputes in the UK to be £1 billion per year.

The research suggests that a lack of awareness amongst homeowners of their options when it comes to disputes is fuelling this inaction.

When asked why they'd decided not to pursue their dispute at all, they cited the following reasons:



How to avoid disputes

Customers:

- Do your research. Get recommendations from friends, family, or neighbours, and check online reviews.
- Get everything in writing. This includes the scope of work, the timeline, the cost, and any other relevant details.
- Make sure the contractor is qualified and insured.
- Get a written quote that includes the total cost of the project, as well as any additional costs that may be incurred.
- Agree on a payment schedule and make sure all payments are made on time.
- Inspect the work regularly and make sure it is being done to your satisfaction.
- If you have any concerns, raise them immediately with the contractor.

Contractors:

- Be honest and transparent about your pricing and services.
- Get everything in writing, including the scope of work, the timeline, any variations to the original scope and the cost.
- Communicate regularly with your customers and keep them updated on the progress of the project.
- Be responsive to your customers' concerns and address them promptly.
- Complete the work on time and to the agreed-upon standards.
- Offer a warranty on your work.
- Be professional and respectful at all times.
- Be flexible with your schedule where possible. Things happen, so be willing to work with your customers if there are any unexpected delays.

Raising awareness of dispute resolution services

It's clear that many consumers are reluctant to go to court, and are even avoiding pursuing disputes altogether due to a mistaken belief that legal action is their only recourse when something goes wrong.

This is having a negative financial impact on homeowners: according to the research, they have lost an average of £780 as a result of not bothering to pursue a dispute with a contractor following home improvements.

Alternative dispute resolution could have helped many of these homeowners to recoup their money, but awareness of the process is low meaning very few are making use of it currently.

More than two-thirds of homeowners (67%) said they don't know what ADR is, and 49% have never even heard the term. Only 9% of homeowners have used ADR to try and resolve a home improvement dispute in the past.

Those that have previously filed a court claim against a contractor said that they had tried the following alternative routes before doing so:

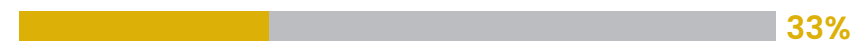
To resolve directly with the contractor



Filed a complaint with the contractor's trade association



Used ADR



Applied for a refund with their payment provider



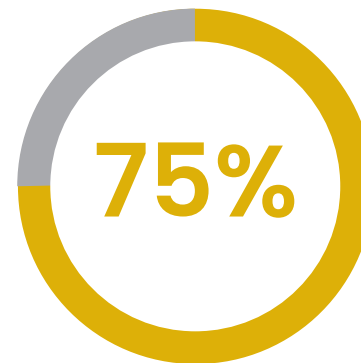
Lodge a complaint under the consumer credit act



Of those that have used ADR to try and resolve a dispute, 93% found the experience positive and 73% said that it successfully resolved their dispute.

Once given a definition of ADR, 64% of homeowners said they would consider using it in the future. 31% said that they weren't sure, but only 5% said that they wouldn't consider using it.

Three-quarters (75%) of homeowners said that they would be more likely to use a contractor that was part of a scheme.



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“Choosing a contractor for a home improvement project can be really difficult. Although there are a number of databases that try to help homeowners choose trustworthy, reliable, skilled tradespeople, they are not infallible and many people still find themselves in a dispute.

“With three-quarters of homeowners stating that they would be more likely to choose a contractor that is part of a scheme, perhaps details of a contractor’s ADR provider could be included on these databases, along with previous customer reviews.

“This would help homeowners to find contractors who are committed to resolving disputes in a fair and impartial way, that is faster and cheaper than court proceedings, and more likely to result in a resolution that is acceptable to both parties.”

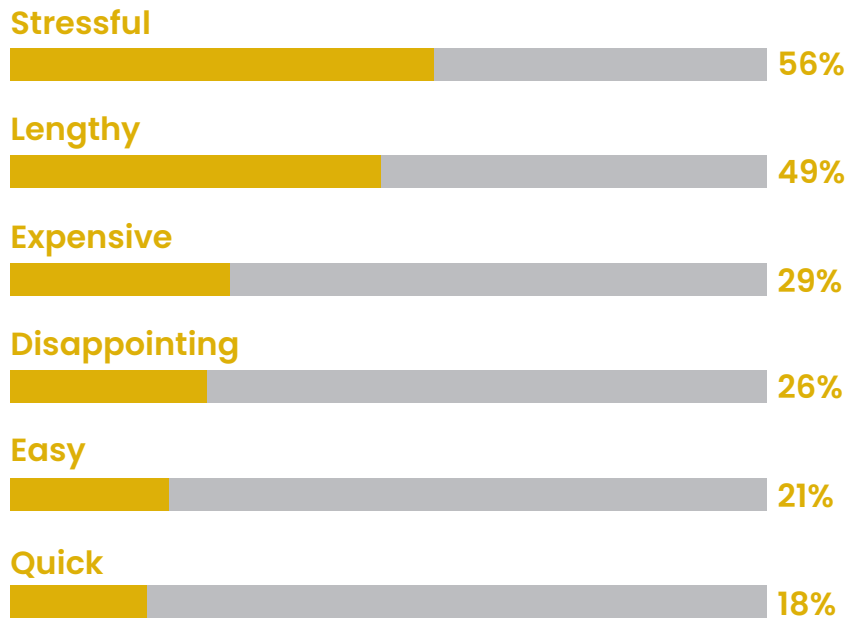


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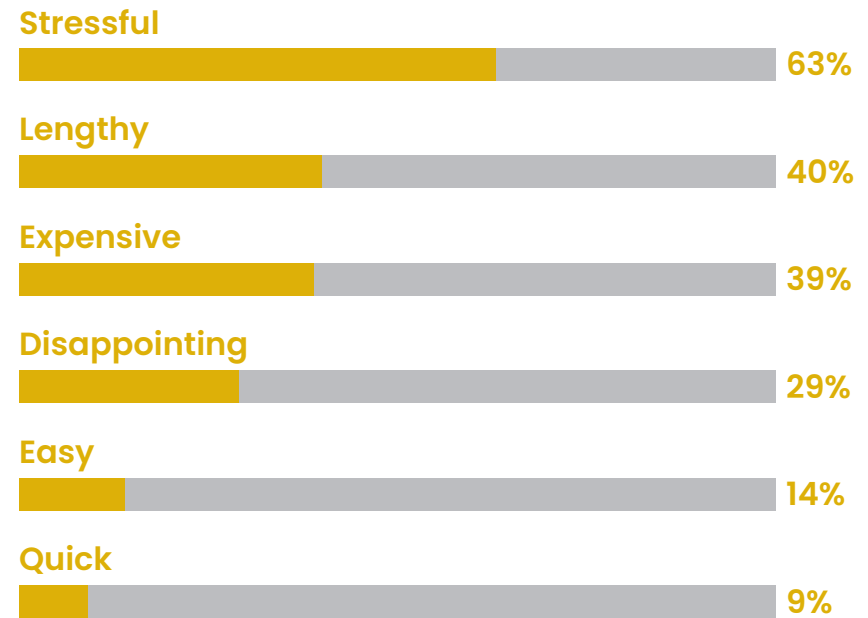
The benefits of avoiding legal action

The research shows what a negative experience going through the courts can be for both homeowners and contractors.

When asked to describe their experience, homeowners said they found it:



When asked the same question, tradespeople said they found the court experience:





Given the overwhelmingly bad experiences of both homeowners and contractors, ADR offers a number of advantages over going to court.

It is faster and less expensive.

ADR typically takes less time and costs less money than going to court.

This is because dispute resolution proceedings are usually more informal and there are fewer rules and procedures to follow.

It is more flexible.

ADR is more flexible than going to court because the parties involved can choose the type of resolution process that best suits their needs.

There are a number of different dispute resolution methods available, including mediation, arbitration, and expert determination.

It is more likely to be successful.

ADR is more likely to be successful than going to court because the parties involved are more likely to be satisfied with the outcome of the process.

This is because the parties are involved in the decision-making process and they have a greater say in the outcome of the dispute.

“It is understandable why so many homeowners are reluctant to take contractors to court over a dispute. While it can of course be worth it, particularly if the value of the work was high, it’s a stressful and excruciatingly slow process.

“When it comes to making a court claim, there are three routes called ‘tracks’:

- **Small-claims track** – This is generally for lower value and less complicated claims with a value of up to £10,000, although there are some exceptions.
- **Fast track** – This is for claims with a value of between £10,000 and £25,000.
- **Multi-track** – This is for very complicated claims with a value of £25,000 or more.

“Based on data released from the Ministry of Justice (MoJ), from July to September 2022, it took the following timelines between a claim being issued, to the claim making it to trial:

- **Small claim** – 51.2 weeks or 360.5 days
- **Fast and multi-track claims** – 75.5 weeks, or 528.5 days

“The 75.5 weeks that fast and multi-track claims took had also increased 71.7 weeks in the same quarter of 2021. The MoJ has attributed the increase in waiting times to a number of factors, including the impact of the COVID-19 pandemic and the increasing complexity of cases.

“While the MoJ claims it is actively looking for ways to reduce waiting times for court trials, many people could be spared the inconvenience altogether by instead utilising ADR to resolve their dispute, but only if they are aware of this as an option and its advantages over legal action.

“Outcomes of ADR tend to be better for both the consumer and the business involved, and encouraging more people to utilise the process would ease the pressures on the court system.

With so much money at stake each year, the government has a responsibility to be doing more to raise awareness of ADR amongst consumers and business owners.”



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Conclusion:

We can see from the research that disagreements over work are frequently impacting both homeowners and contractors alike, with tradespeople finding themselves regularly spending several hours a month dealing with complaints.

Despite this, awareness of ADR and its benefits is surprisingly low amongst both groups.

As a result, many contractors have been taken to court by an unhappy customer, and many homeowners have lost money due to not wanting to pursue legal action against a trader.

While uptake is high amongst contractors who are aware of ADR, some are still opting not to join a scheme and others have been part of a scheme and left.

This primarily seems to be down to cost – from this we can see that education around ADR fees and how they can differ between providers will be important if we are to encourage more contractors to sign up to a scheme.

While homeowners seem to like the idea of ADR, in practice it can currently be hard to identify a contractor that is specifically part of a scheme.

It might therefore be useful for homeowners if they had access to a directory that listed contractors that are part of a scheme, or if this was included on existing trader review sites.

Finally, although the government has been consulting on making ADR mandatory, it's clear that they could be doing more to publicise ADR in the meantime.

The court system is overwhelmed, and both homeowners and contractors are suffering as a result. Educating both parties about their options would help to ease this pressure and reduce stress for all involved.



An aerial photograph of a residential street, showing a row of houses with various roof colors (red, grey, brown) and styles. There are trees, lawns, and a road with a white dashed line down the center. The image is partially obscured by a large yellow semi-circle on the left side.

How Dispute Assist can help

As an approved ADR provider, specialising in home improvement and renewable energy,

we support both businesses and consumers in finding a fair and fast resolution, which is significantly more affordable than the court route.

Using a range of techniques, such as mediation and conciliation, our trained Dispute Resolution Officers are impartial and will look for the fairest and most reasonable outcome for both parties.

On average it takes us only 5.2 days to resolve a dispute – a stark contrast to the many months it takes when going to court.

For more information, visit www.dispute-assist.co.uk