Home repairs and improvements

Getting the market to work better

June 2011
1 FOREWORD

1.1 The Home Repairs and Improvements (HR&I) sector is of great relevance to consumers and the UK economy at large. Consumers spend around £27 billion a year in this sector,¹ with most consumers initiating at least one HR&I service within the last two years. The sector plays a crucial role in maintaining the quality of the UK housing stock and in the achievement of overall societal objectives (including in relation to the environment, quality of life and economic growth).

1.2 The economic relevance of, the number of complaints made by consumers relating to, and the potential financial and non-financial detriment (including inconvenience and distress) associated with problems in this sector combine to make the HR&I sector a particular focus for the consumer protection community.

1.3 In summer 2010, the OFT consulted key partners, including local authority Trading Standards Services (TSS) and the Department for Business, Innovation and Skills (BIS), on the potential merits and scope of a tailored research project on this sector. As a result, in November 2010, OFT commissioned TNS-BMRB to carry out targeted research on the sector.

1.4 Building on the TNS-BMRB research and on our engagement with a wide range of bodies across the relevant competition and consumer landscape, including BIS, TSS, and representatives of consumer and business organisations, the OFT has produced this report to provide additional insight for the consumer protection community to inform their work across the HR&I sector going forward.

1.5 This document draws out the main insights provided by the TNS-BMRB research and identifies four key areas for improvement. Further, the OFT sets out some potential initiatives that could contribute, especially when

¹ Office for National Statistics, 'Consumer Spending Survey'
considered in conjunction with other work in this area (including continued enforcement of consumer legislation by the OFT and TSS), to address some of the main problems identified.

1.6 The research highlights the value of effective, collaborative working across the consumer protection community, which can help to maximise the impact of the wide range of tools available for the benefit of consumers. As such, we look forward to continuing to work constructively with relevant stakeholders in seeking to ensure that the HR&I market works well for consumers.
2 INTRODUCTION

2.1 Home repairs, maintenance and improvements are essential for maintaining and developing property. They are of importance not only to individual occupiers and owners but also to the UK housing stock and the economy as a whole.

2.2 Safeguarding the condition of property, a core asset estimated to be worth £4 trillion,\(^2\) is linked to a number of government objectives, including quality of life and environmental objectives. The home repairs and improvements sector (HR&I) also shares close links (most notably in terms of skills required) with the construction sector, identified as an area of focus in the government’s recent Plan for Growth.\(^3\) The sector is also of relevance across a number of specific government policies (including measures aimed at enabling households to improve their energy efficiency).\(^4\)

2.3 The sector gives rise to high levels of consumer complaints. In the year to April 2011, Consumer Direct received some 70,000 consumer complaints about general home improvements, maintenance and repairs, with an additional 15,000 complaints specifically about the (window and conservatory) glazing sector.

2.4 Moreover, when service levels fall below standard, the financial detriment, distress and inconvenience caused can be significant. In 2008, the OFT found that when a consumer experiences a problem in this market, the average financial loss they suffer is £533.\(^5\) This

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\(^2\) Estimate on the basis of house price data from Halifax

\(^3\) See ‘Government’s Plan for Growth’, available at [www.hm-treasury.gov.uk/ukecon_growth_index.htm](http://www.hm-treasury.gov.uk/ukecon_growth_index.htm)

\(^4\) The ‘Green Deal’ provides a framework to enable private firms to offer consumers energy efficiency improvements to their homes, community spaces and businesses at no upfront cost, and to recoup payments through a charge in installments on the energy bill.

\(^5\) OFT992, ‘Consumer detriment: Assessing the frequency and impact of consumer problems with goods and services’.
detriment can be beyond the short-term when, for example, it deters consumers from effectively engaging with the sector in the future.

2.5 In autumn 2010, the OFT commissioned TNS-BMRB to conduct research on consumer and business attitudes and behaviours in the HR&I sector.\(^6\)\(^7\) This report draws on the TNS-BMRB research and, building on the insights provided, identifies key issues to be addressed in the HR&I sector. The research and this report have benefited from support and comments from a wide range of organisations including BIS, TSS, and representatives of consumer and business groups.

2.6 Potential interventions to help to improve the functioning of the sector for consumers could include continued, targeted, enforcement, some form of self-regulation, campaigns to raise business and consumer awareness of the law or other methods designed to increase relevant business standards (such as the operation of approved trader schemes).

2.7 This report focuses on potential non-enforcement interventions aimed at addressing some of the issues identified in the TNS-BMRB research. It focuses on four key areas for consideration:

- consumer pre-purchase decisions
- consumer monitoring of progress
- consumer confidence in addressing, or mitigating, problems
- business practices in the H&RI sector.

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\(^6\) The research focused on the services that traders carry out for consumers on their homes and did not include work that consumers carry out themselves (DIY) or work that originated from unprompted business offers (primarily doorstep sellers and cold callers).

\(^7\) TNS-BMRB used a variety of research tools, including consumer and business surveys, focus groups and in-depth interviews with individual consumers and businesses, discussion groups with stakeholders, and video-diaries relaying consumer experiences when undertaking HR&I work.
2.8 Specific potential activities to address the issues identified across the four areas of focus, which have been informed by our engagement with key stakeholders, are set out below.\(^8\) We hope that, building on this analysis and the momentum created by this project, stakeholders across the consumer protection community will explore, in a collaborative manner, the scope for taking forward these initiatives in the near future.

\(^8\) In implementing any future initiatives, consumer protection bodies will also benefit from insights provided by previous work on consumer education and awareness campaigns, including on the use of different reach channels and their impact on the effectiveness of the campaign. See, for instance, OFT1323, 'Evaluating the financial benefits for consumers of consumer education and awareness campaigns Just tick it and Skilled to go, Prepared for the Office of Fair Trading by the Central Office of Information'. 
Table 1: Summary of key areas for consideration, objectives and potential initiatives

<table>
<thead>
<tr>
<th>Key area</th>
<th>Objectives</th>
<th>Potential initiatives</th>
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<tbody>
<tr>
<td>Consumer pre-purchase decisions</td>
<td>Help consumers to identify reputable suppliers more easily and effectively</td>
<td>Raise consumer awareness and promote the use of the range of sources of information (such as TSS, Citizens Advice Bureaux and industry bodies) and the range of 'choice tools' already available, so as to help consumers to choose a trader</td>
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<td></td>
<td>Help consumers make their selection of traders as informed and effective as possible</td>
<td>Promote the use of 'choice tools', including within the framework of approved trader schemes</td>
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| Consumer monitoring of progress | Help consumers to monitor the progress of work and communicate potential problems with traders effectively and in a timely manner | Develop accessible and succinct pre-project advice, potentially covering:  
  - Identification of sources of relevant information on how to choose a trader, and on fora capturing consumers' experiences of specific traders  
  - Factors for consumers to consider when assessing and comparing quotations from different suppliers  
  - Issues for consumers to discuss in detail and agree with the appointed trader before the start of the project  
|                           |                                                                                         | Develop clear and accessible information on what consumers can do, 'step-by-step', to help their project run smoothly. Such information could potentially cover:  
  - how to identify key stages in the work and what to look out for  
  - how to engage constructively with the trader at each stage |
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| Consumer confidence in addressing and mitigating problems | Promote key discussions at the start of the project between consumers and businesses to reduce risk of future conflicts | Develop checklists for consumers and businesses and highlight the benefits of discussing and agreeing certain issues before work begins, including:  
  • Price and payment schedules  
  • Specifications (and associated costs)  
  • Anticipated timetables for completion of key stages  
  • Process to agree significant changes  
  • Roles and responsibilities in areas reported as common sources of problems (e.g. working hours, cleaning and disposal of waste) |
|                                                 | Encourage consumers to raise potential problems early and engage in conflict resolution effectively | Encourage businesses to consider including details of relevant sources of consumer advice and information on possible conflict resolution channels as part of standard business documentation (such as contracts) |
| Business practices                               | Raise business aptitude to apply key requirements of consumer law confidently and appropriately in situations businesses are likely to encounter | Promote existing sources of, and develop further, clear, succinct information on key applicable legal requirements relating to common scenarios experienced by businesses, such as:  
  • providing contracts to consumers  
  • where a cooling off period might apply and requirements to provide notice  
  • when handling common types of complaint |
|                                                 | Promote the adoption by businesses of practices which avoid or reduce conflict | Promote to businesses the benefits of good practices, including:  
  • effective and frequent communication with the consumer during the project  
  • use of tailored payment structures  
  • dedicated, formal recording and handling of complaints |
3 KEY RESEARCH FINDINGS

The home improvements and repairs market

3.1 It is estimated that at least 148,000 businesses are operating in the HR&I sector. The sector largely consists of traders reported to have between one and 10 employees, most of whom work with subcontractors.

3.2 The majority of traders surveyed reported that they worked in a number of different sub-sectors, the average number being six.

3.3 Just over half of home owners surveyed who had sole or joint responsibility for decision-making on home improvements, maintenance and repairs had initiated home improvement work in the last two years or maintenance and repair work in the last 12 months.

3.4 According to the survey undertaken, 60 per cent of the home improvement work cost £1,000 or more, whereas 67 per cent of the maintenance and repairs cost less than £500.

Planning and decision-making

3.5 The survey indicated a consumer preference (also reflected in the qualitative research) for using traders on the basis of previous experience or recommendations. Younger, less experienced, consumers or those who had recently moved to an area were more likely to use other sources to find a trader, such as internet searches, online directories, local newspapers or magazines.

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9 This section mirrors the key findings from the research commissioned by the OFT and undertaken by TNS-BMRB. A report of the research (‘Home Repairs and Improvements: a research report produced by TNS-BMRB’), including key findings, see www.ofg.gov.uk/shared_ofg/markets-work/home-repairs/Research-Report-TNS-BMRB.pdf, with chapter 2 providing details on research approach and methodology.

10 Estimated on the basis of data from the Experian National Business database
3.6 One in four consumers undertaking home improvement work and one in 10 undertaking maintenance and repair work said they had obtained three or more quotes prior to commissioning work. Those consumers undertaking more costly projects (especially those projects over £5,000) were also more likely to have requested three or more quotes.

3.7 Qualitative research suggested that consumers undertaking home improvement work tended to invest relatively little time in choosing a trader and far more time in the planning of the project (for example, their 'dream' kitchen or bathroom).

3.8 The research indicates that a general consumer fear of 'rogue traders' can impact on the behaviour of consumers, making them feel vulnerable once they have employed the services of a trader and potentially hindering a proactive and constructive management of the project. For instance, perceptions of the risk of rogue traders can lead to reluctance to raise any queries or concerns about work for fear of the trader abandoning the project.

Documentation and Payments

3.9 Eight in 10 surveyed businesses operating in the market reported that they routinely provided written quotations and specifications of the work to be undertaken to consumers. Other potentially useful written documents (for example, contracts and guidance on complaints procedures) were provided less frequently.

3.10 In the qualitative research, both traders and consumers indicated that clear written documentation, provided at the beginning of the project, which covered timetable, payment schedule and specifications could reduce the risk of problems or disputes arising thereafter. However, traders expressed some reluctance to confirm in writing when work would be completed, due to a perceived loss of flexibility in taking on new jobs.

3.11 Seven in 10 businesses surveyed reported that work was paid for on completion of the project. Staggered payments were sometimes agreed.
Full payment in advance was very rarely employed, according to both traders and consumers surveyed.

**Problems and consumer satisfaction**

3.12 Two in 10 consumers initiating home improvements and one in 10 consumers initiating maintenance and repairs reported having experienced a problem with the work. Problems mainly related to delays, poor quality of work, and use of substandard materials.

3.13 While problems might be expected to lead to significant consumer dissatisfaction, it should be noted that six in 10 of those reporting such problems still considered themselves to be completely or very satisfied with the work. Only three per cent of all surveyed consumers that had undertaken HR&I work reported being dissatisfied with the outcome. Nine in 10 of consumers surveyed said they were completely or very satisfied with the work.

3.14 Qualitative research suggests there are at least two reasons for the difference between incidence of problems and reported satisfaction levels: a) even when problems occur, prompt and effective resolution by traders can still result in overall consumer satisfaction with the outcomes; and b) given sometimes low initial consumer expectations, satisfaction levels can be achieved even in the presence of below-standards work and service.

3.15 Eighteen per cent of surveyed consumers who reported experiencing a problem said that it resulted in financial detriment. One third reported that the problem could not be easily assessed in monetary terms.

3.16 In addition, the qualitative research highlighted that consumers readily recalled the non-financial impact associated with problems in this market, including stress and emotional distress.

3.17 However, only 17 per cent of consumers surveyed who reported experiencing a problem raised a complaint directly with the business and just three per cent contacted a third party (such as a consumer body) about the issue.
3.18 In this context, qualitative research revealed that consumers sometimes lacked confidence and/or knowledge as to how to raise issues effectively, and this resulted in complaints to traders or contact with consumer bodies being made too late or not at all.

3.19 Consumers interviewed in the qualitative research who had contacted Consumer Direct found the information it provided helpful in outlining options they could take.

Experience and resolution of problems

3.20 Seven in 10 (71 per cent) of surveyed traders said that customers had raised a problem about their work in the last 12 months, with the most common issues flagged being: higher than expected total costs due to additions to the agreed price (38 per cent), delays in completion of the work (34 per cent) and use of faulty materials and fittings (32 per cent).

3.21 In the qualitative interviews, businesses considered issues raised by consumers only as 'complaints' in those cases where, after the job had been completed, no resolution had been achieved to the satisfaction of the consumer.

3.22 Surveyed traders also generally considered that consumers were more likely to raise concerns or express their dissatisfaction towards the end of a project or after the work had been completed. While businesses considered the final invoice as signifying the completion of their work, consumers saw it as an opportunity to review work and raise any problems. This, in turn, represented a potential area of conflict.

Barriers and enablers to traders providing good quality service

3.23 When asked about the challenges to providing a good quality service, the most frequently cited factor by traders was 'undercutting by poor quality or rogue traders'. Other commonly mentioned issues included fluctuations in workload resulting in competing demands on traders’ time, cash flow problems and lack of personnel with the right skills.
3.24 Qualitative interviews revealed that consumers and businesses often hold different starting expectations in relation to the work to be done, how it is to be carried out and communicating with each other. In this respect, an inherent lack of communication increased the possibility that relatively minor differences, if unresolved, escalated into major disputes. Consumers and traders both reported that agreeing specifications clearly in writing, and the provision of guidance (by the trader to the consumer) on how to raise issues, at an appropriate time and in an effective way, could help to reduce this risk.

Trade associations and approved trader schemes\textsuperscript{11,12}

3.25 Nearly half of all traders surveyed reported being members of trade associations (43 per cent).

3.26 Over a quarter of businesses surveyed (28 per cent) said they were members of approved trader schemes. Eight per cent of businesses said that they were members of local authority approved trader schemes, and 22 per cent were members of other such schemes.

3.27 Overall, more than eight in 10 businesses surveyed said they were aware, in general terms, of approved trader schemes (85 per cent). However, qualitative interviews with traders revealed considerable confusion about the characteristics of different schemes, even amongst scheme members.

\textsuperscript{11} For the purposes of this project, ‘approved trader schemes’ are defined as schemes that businesses can join voluntarily, which aim to raise standards in a business sector and to help consumers find traders that comply with certain scheme-specific requirements. Such schemes might be run by local authorities, other government bodies, trade associations, or on a profit-basis by businesses. Trade associations are organisations founded and operated by businesses that operate in a specific industry, providing their members with different services depending on the trade association under consideration.

\textsuperscript{12} Approved trader schemes can play an important role in this market and have the potential to support compliant businesses and enable people to make more informed and responsible choices. One of the objectives of the research was to explore consumer and business attitudes and perceptions about such schemes, including those managed by industry.
3.28 Levels of awareness of approved trader schemes amongst surveyed consumers were quite low. However, when consumers were presented with information about the types of services that schemes can offer, they reacted positively, especially on the role of schemes in providing effective checks on their members and as fora for feedback on traders from other consumers.\(^{13}\)

3.29 When asked about the effectiveness of approved trader schemes, businesses considered the role of schemes in 'helping businesses gain the trust of consumers' as the most valuable aspect.

3.30 Interviews with businesses also identified other features of approved trader schemes as useful in managing their relationship with consumers. These included dispute resolution and redress services, advice on consumer protection law and the provision of templates for documentation.

3.31 While increased membership of approved trader schemes may potentially play a role in driving up industry standards, the success of any such strategy would depend on the scheme under consideration and its characteristics (including requirements for membership). In this context, two groups appear as particularly relevant in terms of encouraging or increasing levels of membership of the schemes:

- Existing members with negative perceptions of the value of the schemes and that might, therefore, not renew membership (representing 10 per cent of surveyed businesses overall and over a third of current scheme members surveyed).

- Non-members with a positive reaction to the contribution that approved trader schemes can make to their business (representing a quarter of all surveyed traders).

\(^{13}\) Other services provided by approved trader schemes (and that consumers also found, to different degrees, valuable) included access to advice on consumer rights, search facilities for local traders, role of schemes in conflict resolution, and protection of advance payments in the case of business failure.
4 KEY AREAS FOR CONSIDERATION

4.1 Building on the TNS-BMRB research and on our engagement with a wide range of bodies across the relevant competition and consumer landscape, this report focuses on four key areas that have the potential to address some of the issues identified in the research.

4.2 It is clear that continued consumer enforcement (by the OFT and TSS) has a valuable role in ensuring that the HR&I market works well for consumers.\textsuperscript{14} Such enforcement has a significant deterrence effect and can be an effective impetus for ensuring greater compliance across the sector. However, clear principles governing enforcement activities in this sector already exist.\textsuperscript{15} On this basis, and that of the TNS-BMRB research and the insights that the OFT has drawn from it, this report focuses on

\textsuperscript{14} Under Part 8 of the Enterprise Act, the OFT and TSS have powers to seek court orders against businesses who breach certain consumer protection laws (see www.oft.gov.uk/OFTwork/consumer-enforcement for further details). Enforcement interventions by OFT and TSS in the HR&I sector cover a whole range of HR&I subsectors and offences (especially as it is not uncommon that cases relate to breaches of more than one relevant piece of legislation. Previous OFT cases relate to issues as diverse as failure to supply goods of sufficient quality, unfair terms in consumer contracts, failure to supply services with sufficient skills, misleading claims, and aggressive selling practices. Examples of TSS enforcement are available at the Trading Standards Institute website (www.tradingstandards.gov.uk) and/or from the relevant TS authorities.

\textsuperscript{15} The Regulators’ Compliance Code provides, in this context, a general framework for OFT and TSS to consider their enforcement interventions (see www.bis.gov.uk/files/file45019.pdf for further detail). OFT enforcement priorities are informed by its prioritisation principles (see OFT (953), www.oft.gov.uk/shared_oft/about_oft/oft953.pdf) and consumer protection enforcement principles [OFT (1221), www.oft.gov.uk/shared_oft/reports/consumer_protection/OF1221]. TSS priorities are established at local level.
the role of self-regulation and informational tools, especially given the role that informed consumers can have in driving compliance.\textsuperscript{16}

4.3 The remainder of this section discusses these four key areas:

- consumer pre-purchase decisions
- consumer monitoring of progress
- consumer confidence in addressing, or mitigating, problems
- business practices in the HR&I sector.

**Consumer pre-purchase decisions**

4.4 Markets work well when businesses compete fairly for the custom of well informed, confident consumers. Where consumers make informed decisions, businesses are more likely to compete actively, leading to efficiency gains and innovation.\textsuperscript{17}

4.5 According to the TNS-BMRB research and the experience of partners across the consumer protection community, the initial stages of a project present particular challenges for consumers especially in relation to identifying reputable suppliers and comparing quotations. More specifically, although consumers report experiencing anxiety when employing the services of a new supplier, the research highlighted that those consumers are not aware of, and do not fully utilise, the existing potential sources of information on how to identify and compare traders and quotes. Moreover, interviews with consumers revealed that they

\\[\text{\textsuperscript{16} OFT (1225), ‘Consumer Law and Business Practice: Drivers of compliance and non-compliance’ (available at www.oft.gov.uk/shared_ofi/reports/Evaluating-OFTs-work/OFT1225.pdf) highlights how, when informed consumers assert their rights, it can have a significant impact on business behaviour and appears to be a key driver of compliance with consumer protection law.}\]

\\[\text{\textsuperscript{17} The virtuous cycle of competition and consumer protection relies on efficient interactions on both the demand (consumer) side and the supply (firm) side.}\]
invested little time on the process of choosing a trader and far more on planning the project (for example, their 'dream' kitchen).

4.6 The comparison of quotations from different suppliers represents a particular area where the research indicates the need for more informed decisions by surveyed consumers. When it came to assessing quotations from businesses, consumers revealed a tendency to focus only on headline price, ignoring key considerations such as details of specifications, labour allocation and the time and skills required to do the job. It is therefore important that the relevance of these factors in assessing and comparing quotations from different suppliers is highlighted in any list of pre-project advice.

4.7 The TNS-BMRB research also highlights the value placed by consumers on feedback on traders given by other consumers. Efforts to ensure consumers are better informed might therefore focus on aiding consumers to identify reliable sources of information on how to choose a trader and raising awareness of, and promoting the use of, the range of sources of information (such as TSS, Citizens Advice and industry bodies) and of the range of 'choice tools' already available.  

4.8 Initiatives aimed at further developing the use of 'choice tools', including within the framework of approved trader schemes, can prove beneficial in aiding consumers to identify reputable suppliers more easily and effectively. However, in considering these initiatives, it is essential to recognise the potential risks associated with this type of feedback mechanism, including the scope for businesses to adopt a consumer persona to present false reviews or for consumers to present defamatory views. In this respect, the role of consumer enforcement by the OFT and

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18 ‘Choice tools’ can be defined as structured sources of information, discussion and comparison that help consumers compare and choose between alternative service and product offerings. See OFT(1321), ‘Empowering Consumers of Public Services Through Choice Tools’.

19 See, for instance, OFT (1321), ibid, for a detailed discussion of the role (and benefits) of choice tools in empowering consumers and of the potential risks of incorporating consumer feedback into them and how these can be managed.
TSS can be crucial in protecting the integrity of reviews and comments.\textsuperscript{20}

4.9 Another initiative to raise consumer confidence and to make their information gathering and their selection of traders as effective as possible could be to develop some form of checklist for consumers, potentially covering:

- sources of information on traders and on consumers’ experiences of specific traders

- factors to consider, beyond headline prices, when assessing and comparing quotations from different suppliers (including specifications, skills and timings), and

- issues to discuss in detail and agree with the appointed trader before the start of the project.

Consumer monitoring of progress

4.10 The TNS-BMRB research highlighted that once consumers have chosen a trader they may not be familiar with how to monitor and assess progress or the quality of work undertaken. Results of in-depth interviews with consumers show that a general consumer fear of ‘rogue traders’ can impact on the behaviour of consumers, making them feel vulnerable once they have employed the services of a trader and potentially hindering proactive and constructive management of the project. For instance, perceptions of the risk of rogue traders can lead to reluctance to raise any queries or concerns about work for fear of the trader abandoning the project.

\textsuperscript{20} Recent enforcement interventions by the OFT include those against Handpicked Media and Groupola, concerning the need for sufficient disclosure of employment or any other relevant relationship when posting comments regarding companies. See \url{www.oft.gov.uk/OFTwork/consumer-enforcement/consumer-enforcement-completed/handpicked_media/}, and \url{www.oft.gov.uk/OFTwork/consumer-enforcement/consumer-enforcement-completed/bait-advertising/}, respectively, for further details.
4.11 Consumer detriment and the number of problems and/or escalated consumer complaints in the sector might therefore be reduced by initiatives which aid consumers to manage projects collaboratively and constructively with traders, track the progress of the work, and effectively communicate potential issues and problems, in a timely manner, to the trader they have employed.

4.12 The qualitative research indicated that consumers would welcome timely, clear and accessible information on what they can do, 'step-by-step', to help their project run smoothly. Such information could help consumers identify the key stages of work and what they should look out for (such as reviewing how specifications are being followed in practice), and could provide advice on how to engage constructively with businesses at each stage.

4.13 In considering how best to disseminate information and advice, the TNS-BMRB research points out that consumers are generally unaware of the range of sources of information that may be available to them (such as TSS, Citizens Advice and industry bodies).

4.14 The TNS-BMRB research also reveals that consumers who have recently moved to a new area, or those new to employing the services of a supplier in this market, need particular support in identifying potential sources of information and advice. Activities or locations associated with home repairs and improvements, such as home improvement retailers and their associated websites, planning departments in local authorities, estate agents and removal companies could provide a valuable source of advice for consumers.

**Consumer confidence in addressing and mitigating problems**

4.15 The high prevalence of problems in this market is confirmed by the TNS-BMRB research, with two in 10 consumers initiating home improvements and one in 10 consumers initiating maintenance and repairs reporting having experienced a problem with the work.
4.16 Further, previous OFT analysis estimates that the average financial detriment in this area is significantly higher than in other markets.\textsuperscript{21} In addition, the TNS-BMRB research suggests that consumers have low starting expectations in terms of the anticipated quality of a finished product and of the levels of service they should reasonably expect. These low expectations potentially hinder a more effective approach to problem management and conflict resolution (for example, creating uncertainty as to the quality of service to be expected or affected, or reluctance to raise any queries or concerns about work for fear of the trader abandoning the project).

4.17 The TNS-BMRB research further demonstrates that early, clear and frequent communication between businesses and consumers can help to avoid conflict or, at least, mitigate and/or contribute to more effective management of disputes between traders and consumers. The research, for example, demonstrates that businesses do not necessarily recognise the points during the transaction at which consumers would expect to receive information, or some of the issues that might cause conflict.

4.18 In this respect, the TNS-BMRB research clarifies the prevalence of different types of problems, helping to identify areas for focus of any initiative aimed at preventing or, at least, reducing potential conflicts. It is relevant here that the business and consumer experiences appear to differ. The most common areas of problems experienced by traders relate to higher than expected cost due to additions to the agreed price, delays in completion of the work, and problems related to fixtures, fittings and other materials. The results of the consumer survey indicate that problems with plans or specifications, related to the quality of fixtures, fittings and materials, problems getting snags or faults fixed, and delays are the most frequently mentioned issues.\textsuperscript{22}

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\textsuperscript{21} OFT (992), \textit{Ibid}

\textsuperscript{22} It should be noted that consumers were asked to speak to a single event (that is, the work they had initiated), while traders were asked in relation to their business generally.
4.19 These results illustrate the need for greater communication across a range of issues, particularly anticipated costs and timetables, where conflicts are more likely to emerge.

4.20 Building on these insights, early and clear communication between consumers and businesses at the start of the project would ensure that a number of significant issues are discussed and agreed before work begins, thereby reducing risks of future conflicts escalating. These issues could include:

- price and payment schedules
- specifications (and associated costs)
- anticipated timetables associated with the completion of specific milestones
- process to agree any significant changes (including to price, specification or anticipated timetables and/or to any other issue mutually agreed by the parties) during the course of the project
- agreed roles and responsibilities, including in areas also reported as common sources of problems, such as relationships between traders, consumers and any subcontractors, working hours, cleaning and disposal of materials.

4.21 We consider that industry and consumer bodies (both public and independent) should work together in the production of such advice.

4.22 Further, as highlighted by the TNS-BMRB research, when problems occur they do not necessarily have to result in overall dissatisfaction, as long as there is swift resolution. However, consumers and businesses lack information and advice on how to resolve problems as and when they occur.

4.23 There is also a need, therefore, to raise awareness of the range of sources of information on consumer rights, access to redress and on possible resolution channels. In this context, businesses could consider,
for example, including, as part of standard business documentation (such as contracts), details of relevant sources of consumer advice and guidance.

**Business practices**

4.24 On the basis that most businesses strive to treat their customers fairly and comply with consumer protection law, the TNS-BMRB research was targeted to inform further work aimed at supporting businesses in their compliance and good practice efforts.  

4.25 The research explored business perceptions and behaviours in the market, building on previous OFT analysis which indicated the extent to which limited understanding of the law impacts compliance levels. The TNS-BMRB research highlighted that most businesses reported a basic knowledge of consumer law but lack confidence in their knowledge in many situations.

4.26 The research highlighted that smaller businesses, in particular, would benefit from clear, succinct and consistent information on key applicable legal requirements, relating to common scenarios experienced by businesses, such as:

- providing contracts and written documents to consumers
- when a cooling off period might apply and requirements for providing notice
- handling common types of complaint.

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23 See also 4.2 above.


25 While it was seen as less significant than several other issues in the sector, 33 per cent of those surveyed cited unclear or difficult to understand consumer law duties as a problem for businesses in the sector.
4.27 The TNS-BMRB research also identified a variety of good practices employed by some businesses which could benefit consumers and avoided or reduced conflict and problems in the market, such as:

- effective communication with consumers during the project, including on issues which, although apparently small in nature, could prove to be a source of common misunderstandings and conflicts (such as, for instance, minor changes to the delivery timetable or specification of fittings)

- the use of tailored payment structures, including the use of 'payment in full on completion' and 'staggered payments', depending on the characteristics of the project

- dedicated, formal recording and handling of complaints, coupled with the provision of information to consumers on sources of information and potential conflict resolution channels (including adjudication, mediation, arbitration or conciliation schemes).

4.28 Previous analysis relating to business awareness and knowledge of consumer protection legislation has highlighted the role of TSS in the provision of information on relevant legal requirements.\(^\text{26}\) In addition to the role of consumer protection bodies in producing information on relevant legal requirements for businesses, the TNS-BMRB research provides insights that could inform complementary dissemination strategies.

4.29 For instance, given the high levels of reported membership of trade associations in the sector,\(^\text{27}\) these bodies could prove to be a highly valuable additional source of information for businesses on legal requirements and/or best practice.

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\(^\text{26}\) For instance, OFT (992), Ibid, highlights that businesses rely heavily on TSS for advice and information about legal provisions.

\(^\text{27}\) 43 per cent of businesses surveyed reported being members of a trade association.
4.30 Approved trader schemes, many already providing guidance on best practice to their members, are another important source of advice for business. While businesses reported lower membership levels of such schemes than of trade associations, the research suggests that these schemes could also prove to be valuable sources of information to traders. With this in mind, it seems advisable for approved trader schemes to highlight further this function (where applicable) when engaging with potential or current members.

4.31 In addition, and given their knowledge of the sector, both trade associations and approved trader schemes are well positioned to target other potential avenues for dissemination to reach non-member businesses also (such as training centres, builders’ merchants and other suppliers of materials used in the sector).

28 28 per cent compared with 43, respectively
5 OVERALL APPROACH AND NEXT STEPS

5.1 As highlighted in the TNS-BMRB research and this document, problems in this sector are diverse in nature and source and require a varied and multi-pronged approach, with stakeholders maximising the impact of the wide range of tools at their disposal. We hope that, building on the momentum resulting from this project, and on the example that it provides of the merits of cooperative working across the consumer protection landscape, the analysis can further inform and support the work of consumer protection bodies, industry and other interested parties.

5.2 We look forward to continuing to work with relevant stakeholders in seeking to ensure that the HR&I market works well for consumers and businesses and will explore the opportunities to do so in the coming months.