

Why are the legalities important?



A white paper by the Consumer Protection Association (CPA)

As one of the UK's leading installer and consumer support organisations we've spent the last twenty two years making sure our members enact best practice and have the information and products they need to forge long-lasting relationships with homeowners.

But as in any sector, legislation changes, what is standard evolves and what the buyer expects becomes more sophisticated. These changes have been accelerated by the on-set of the information age and growth of the internet.

Relying on word of mouth will only get you so far in this context. And ignoring consumer assumptions about the buying cycle will make it difficult for you to outperform the competition.

This paper will look deeper into how you can use anydne legislation changes, accreditations, the law and insurance to your advantage. It will answer the question – why are the legalities important?

Terms and conditions

Not just something to earn the lawyers some extra cash?

It's not all one way when it comes to best practice.

As a business, you can be leading your field, have all the information to hand, have carried out the perfect job and a property owner will still cause you a headache and say that they will not pay for the work.

Less often discussed is the issue of the homeowner who refuses to pay, even if the work carried out is completely acceptable. In this instance, having a contract with clearly defined terms and conditions written out in legal language is very important. Not having one can mean you not having a leg to stand on in a court of law.

Unfortunately though, we hear about many businesses that continue to trade with out-dated or no terms and conditions in place. This is because nine times out of ten they are not required. But there is always the chance that one-in-a-thousand customer will eventually cause a problem.

And it's never as simple as suddenly paying for terms and conditions to be drafted once the problem has occurred, and hoping the issue can be solved retrospectively.

Force majeure & VOC

Sounds complicated. But it's not.

So what should you have covered? Some of the main terms that should be covered by 'terms of business' are:

- A detailed description of the goods and/or services.
- The agreed price and any deposit (returnable or not).
- Payment terms and what happens if payment is not made
- When the goods will be delivered, and/or the services provided.
- The expected quality of the goods or services, and the process for deciding whether any goods/services are defective.
- Limitation of liability.
- Force majeure (a common clause in contracts that frees you both from liability or obligation when an extraordinary event or circumstance beyond your control, prevents you from fulfilling your obligations).
- The circumstances in which the agreement may be terminated and what will happen upon termination.

And any additional work, beyond the previously agreed, carried out by the installer should be covered by a Variation of Contract (VOC) contract that benefits both parties and ensures everything is clear and concise, with professionalism guaranteed for both the homeowner and the installer.

Whilst some of the terms may seem obvious, and things that can be dealt with by a conversation or an exchange of e-mails, written terms and conditions provide the clarity that may be otherwise lacking when a dispute arises.

And presenting customers with such conditions will help to weed out the potentially problematic ones.

Adding value by adding value

You can use our reputation to boost your own.

There is more than one way to skin a cat – and there are many tools, techniques and assurances, such as terms and conditions, you can use to give you and your customer complete peace of mind.

But there are some tools you can use to fast-track trust

and build a connection. Our name is one of them. Your customers trust the CPA logo and brand – it's been in front of them for over twenty years now. It works. They know that if they select a CPA member they're very unlikely to have any problems when it comes to their home improvements.

Part of this covenant we have with the general public is our provision of Insurance Backed Guarantees and Deposit Protection. Whilst not a legal requirement – they are a legally binding guarantee protecting you and your customer.

Why should I bother?

An Insurance Backed Guarantee (IBG) is valuable protection for you and your customers. In the unlikely event of your company ceasing to trade due to liquidation or bankruptcy, this guarantee given by you is valid the whole time you are trading.

If, due to the liquidation, receivership, administration or winding up of your business due to bankruptcy, state retirement or death of the principal(s), faults appearing after they cease to trade may be covered by the IBG.

Depending on the work undertaken, the IBG is available for a period up to 10 years and is backed by a UK authorised insurer.

Remember – a CPA Insurance Backed Guarantee can be the difference between winning a contract or not. Your customers value this protection and value your membership of the Consumer Protection Association (CPA).

Make sure you use protection...

It could save a lot of stress for you and your customer.

A deposit protection is insurance for the deposit the consumer pays to secure the work to be carried out on their home. This insurance covers a deposit of up to 25% of the agreed price with the operating company or £7,500, whichever is the lesser.

The policy covers the consumer for a period of up to 90 days from the date they pay their deposit.

For example, if they have paid a deposit to you and your company then ceases to trade due to liquidation, receivership, administration or winding up the business due to bankruptcy, state retirement or death of the principal(s), the deposit is either refunded to the consumer

in full, or the work is completed by another company at the balance agreed price.

Change is good, right?

2014 promises to be a year of change. Are you ready?

Having the above legal frameworks in place can not only protect your business but also win you more business in the long run. But responding to changes in the industry is important as well.

2014 has acquired a life of its own. The UK economy is growing after years of stubborn recession; there is a World Cup; and there will be major changes affecting installers...

In this instance we will sadly focus on the latter. Known as the certified installer scheme or 'Minimum Technical Competency' (MTC) it is a new requirement set out by the Department for Communities & Local Government (DCLG) that says installers have to transfer their existing registered companies from self-certifying, under the existing competent person scheme, to be certified under a revised system.

Effectively, from June 2014 installers and surveyors will need to be registered with this new scheme, which is being rolled out to raise standards in the industry.

At the moment relevant industry experience 'grandfather rights' can demonstrate compliance, but this will not be the case from June 2014.

Additionally, for five years installers and surveyors will be able to demonstrate compliance through experience but only after completing certain tests and assessments. Through some organisations this could be achieved through an online Knowledge Test and Onsite Assessment.

Despite some people saying so, qualifications will not be the only way to satisfy these government requirements. So you will not need to NVQs for example.

What to do?

Firstly – don't ignore this. Yes there will be paperwork but in the long run it won't be too onerous. You can talk to one of the CPA team who will be able to give you all the information you need to deal with these changes and become compliant.

Because the legalities matter.

Fast track it all today...

CPA members Fast Track success. How?

You'll most likely be aware that this year is looking to be a better year for the economy in the UK. But having the correct information, tools and accreditations to win profitable new business in this new economic climate is vital.

We've identified this need and launched Fast Track. It's a growth acceleration tool that packages our twenty-two years of experience helping home improvement companies grow.

Fast Track knowledge

- Do you want the latest industry market intelligence?
- We conducted the industry's largest ever installer survey
- Find out from us the latest growth trends and market opportunities

Fast Track sales and growth

We've teamed up with renowned industry sales expert Paul Clifton to produce a sales training guide

Use our years of industry sales knowledge to add real value to your sales presentations

Access our marketing support and exclusive quarterly assessments

Fast Track legislation

Call us to Fast Track your MTC application – we can help you to gather all the knowledge and information you need prior to June 1.

Insurance Backed Guarantees and Deposit Protection Schemes

Win more profitable new business by accessing our added value Insurance Backed Guarantees and Deposit Protection.

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