

CUSTOMER SCHEME GUIDE

Contractors eligible to undertake works grant aided by
NIHE / AFFORDABLE WARMTH SCHEME

FIND A CONTACTOR
HELPLINE
02870325980



**NORTHERN IRELANDS
LEADING CONSTRUCTION
CONSUMER PROTECTION
SCHEME**

Contractors Insurance Guarantee Services Limited.



PROFESSIONALISM

**SMALL WORKS CONTRACT
LEGAL PROTECTION**

**CUSTOMER INSURANCE
WARRANTY
(Subject to eligibility)**

**CUSTOMER DISPUTE
CONCILIATION SERVICE**



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"PEACE OF MIND" USE A C.I.G.S. WARRANTED CONTRACTOR



C.I.G.S. registration has enhanced my professionalism and gives the peace of mind my customers want when selecting a contractor.

See Page 2

I have never used a contractor before but the **benefits** of using a C.I.G.S. contractor give me the comfort I need should something go wrong.

See Page 2



Using the scheme's **Small Works Contract** we clearly understand our responsibilities and have the reassurance that everything is legal and in writing.

See Page 3

I can obtain a two year **Insurance Warranty** (See eligibility) should something go wrong with the work.

See Page 3



Should we disagree we can call on the **C.I.G.S. Dispute Conciliation Service** to co-ordinate the resolution of our differences. (Applicable only to scheme insurance warranty holders)

See Page 4

INTRODUCTION TO THE SCHEME BENEFITS



CONTRACTORS INSURANCE GUARANTEE SERVICES (NI) LIMITED

Over recent years there has been growing pressure on Government and Local Authorities to protect householders from the unscrupulous element within the construction industry. For far too long the genuine professional contractor and the reputation of the Construction Industry, as a whole, has suffered at the hands of the "Cowboy Contractor". It is therefore important that, you the consumer has protection and that the Contractor you appoint is a genuine professional firm.

CONSUMER AND CONTRACTOR PROTECTION

Contractors Insurance Guarantee Service (NI) Ltd (**C.I.G.S.**) has been born out of this real need in Northern Ireland to provide a method to protect the consumer from the failure and misbehaviour of the unscrupulous contractor.

THE NORTHERN IRELAND HOUSING EXECUTIVE

The success of the scheme was recognised when The Northern Ireland Housing Executive announced, in 1988, that certain renovation and disablement facility grants will only be paid on condition that the work be carried out by a contractor who is Registered with an eligible Warranty Scheme.

Contractors registered with Contractors Insurance Guarantee Services (NI) Ltd are eligible to undertake works which are grant aid by NIHE or Affordable Warmth Scheme.

This scheme is only applicable to works in Northern Ireland.

WHAT IS A "REGISTERED CONTRACTOR"?

A registered contractor with Contractors Insurance Guarantee Services (NI) Ltd is a contractor where the scheme has been satisfied that..

- the contractor's management and administration structure is adequate for his activities.
- the contractor has had adequate experience in the construction industry.
- the contractor has adequate financial resources to fund his operation.
- the contractor has suitable Employers and Public Liability insurances.
- the contractor's previous contracts have been completed to the satisfaction of all parties.
- the contractor will encourage excellence and provide honourable practice in the conduct of his business.
- the contractor will maintain a high standard of workmanship relative to his trade.

Compliance with this basic criteria is in itself an assurance to the consumer that the C.I.G.S. registered contractor is worthy of his status.

The following booklet summaries the key benefits to you, in selecting a C.I.G.S. "Warranted Contractor" for your project.....



THE BASIC SCHEME PRINCIPALS EXPLAINED

HAVE CONFIDENCE IN YOUR CONTRACTOR

A construction project can be one of the bigger financial decisions anyone can consider. The stress and worry of selecting a contractor can be daunting to most and as such this scheme exists to relieve you of that pressure. Price is important, but so is the confidence you have in the selection of the contractor. A C.I.G.S. "Warranted Contractor" is vetted for you and can provide the benefits outlined in this booklet.

IDENTIFY A C.I.G.S. WARRANTED CONTRACTOR

Having been accepted to the scheme the Contractor, can promote himself as a professional "Warranted Contractor". using the recognised logo and scheme promotional literature. You can verify the contractors registration status by telephoning the scheme office (02870325980) or visiting our internet site at www.searchni.co.uk.

LEGAL PROTECTION: SMALL WORKS CONTRACT

The "Warranted Contractor" uses the scheme's procedures and small works contract to legally bind his relationship with his customer thus protecting both parties' interests and this will be referred to in a dispute, as the basis of the relationship.

CUSTOMER INSURANCE WARRANTY

The Customer can, as part of the Small Works Contract, be provided with an Insurance Company backed warranty (Normally for a period of two years). The contractor can arrange this as part of your contract. Such may be condition as part of grant aid (Check with your grant aid provider).

WARRANTY COVER ELIGIBILITY

If you do not hold a valid certificate of warranty issued by this office then no warranty cover will exist. It is therefore important you check with you contractor or contact the scheme office, before works commence, to identify if you are eligible for warranty cover. Warranty cover cannot be back dated should such a request not have been made due to an error/omission on either party.

DISPUTES CONCILIATION

On warranted projects both The "Warranted Contractor" and Customer have access to the scheme's professional conciliation procedure to resolve disputes via amicable dialogue and negotiated consensus. Those with a valid warranty certificate can contact the scheme office on 02870325980 to discuss a problem/dispute which falls within the warranty policy terms and conditions issued.

THE SMALL WORKS CONTRACT



PROVISION OF A CUSTOMER WARRANTY (Insurance Company backed protection)

For full peace of mind a "Warranted Contractor" registered with this scheme can provide an Insurance backed warranty underwritten by HCC International Insurance Company Plc., for contracts up to £150,000 (Plus V.A.T.). Larger contracts will be considered if required.

WHAT COVER DOES THE WARRANTY PROVIDE?

The scheme warranty relates to building works and allied trades carried out in connection with the renovation, repair, extension and construction of housing. (Normally for a period of two years (As agreed in Small Works Contract and expiry summarised on the Warranty Certificate).

APPLYING FOR A WARRANTY

Prior to the commencement of the works the "Warranted Contractor" and his client must sign and agree a Small Works Contract (SWC). Each SWC has a unique reference number.

A contract for this purpose is supplied by Contractors Insurance Guarantee Services (NI) Ltd. Alternatively a standard construction J.C.T. contract can be used in replacement of the scheme Small Works Contract.

The Small Works Contract is designed to clearly set out the responsibilities of both parties and in particular the details of the contract, the agreed price of the works, method of payment, commencement date and period of the contract.

If the contract involves grant aid it is important you familiarise yourself with the Local Authority documentation and rules. The "Warranted Contractor" has the right for the Grant payment to be assigned to him as part payment of the total contract price. A form of assignment is provided by the grant aid provider for this purpose.

Copy details of the Small Works Contract and premium cost are processed by the "Warranted Contractor" to the C.I.G.S. office, who then issue a Warranty Certificate for the contract. Warranty cover cannot be back dated should such a request not have been made due to an error/omission on either party.

GRANT AID & EXTRAS

Grant aided projects will mean the contractor will have to wait for payment until the provider/authority pass the works. Any extras outside of grant aid will require payment as and when they occur per agreement with the contractor.

A single Warranty Certificate is issued for the agreed period of the works, as specified on the Small Works Contract and for two years thereafter. The Warranty Certificate is sent to the client with copies sent to the "Warranted Contractor" and other eligible parties (e.g Local Authority).

If the original period of the works set out in the Small Works Contract is to be amended or extras have occurred either party can request in writing giving the reason for the change. If agreed an amendment will be applied to the Warranty. The scheme will contact the client, contractor and/or Housing Executive (if applicable) at stages up to completion of the works to monitor the project progress.

CONFIRMATION OF WARRANTY COVER

Warranty cover is only in force once the customer is in possession of a valid Warranty Certificate issued by Contractors Insurance Guarantee Services Limited (NI) Limited. **The sending of a Small Works Contract and warranty premium payment is not in its self confirmation of the issue of Warranty Cover.** A contractor must be "Registered" with the scheme to enable a warranty to be issued.

THE COST OF A WARRANTY

If a warranty is required, the "Warranted Contractor" will include a modest fee in his Contract Price for the insurance backed warranty. The warranty premium is calculated on the Total Contract Price (inclusive of V.A.T.). (Please refer to separate contractor scheme rating guide). The "Warranted Contractor" will outline this when completing the Small Works Contract. If the contract is Housing Executive Grant aided this may be allowed as part of the Grant Payment.

WARRANTY COVER ELIGIBILITY

If you do not hold a valid certificate of warranty issued by this office then no warranty cover will exist. It is therefore important you check with you contractor or contact the scheme office, before works commence, to identify if you are eligible for warranty cover. Warranty cover cannot be back dated should such a request not have been made due to an error/omission on either party.

LEGAL RIGHTS

Contractors Insurance Guarantee Services (NI) provides protection in addition to, but does not replace, consumer's common law or statutory rights. Nor does it replace warranty or product guarantees already provided under normal manufacturer's products.



CUSTOMER INSURANCE WARRANTY



(A) PRIMARY WARRANTY COVER PERIOD

PERIOD OF THE WORK IN PROGRESS

Ai) The warranted contractor will be responsible, at his own expense to rectify any proven defects or snagging provided for in relation to the works specified in the contract documents.

Aii) If the warranted contractor is still trading and refuses to rectify the proven defect/s the complaint must be referred to the scheme "Complaints Conciliation Procedure". If a decision is reached in favour of the insured and the contractor continues to refuse to carry out and complete the works the scheme will issue a Default Notice specifying a notice period after which the scheme will assist in the appointment of another registered contractor to undertake completion of the works. The insurer will indemnify the Certificate Holder up to an amount being the proven additional cost of completing the Works beyond the original contract price, in a manner equal to but not better or more extensive than that provided for in the contract documents and not exceeding the limit of indemnity stated on the Warranty Certificate.

Aiii) However, in the event of the warranted contractor no longer trading having failed to complete the works because of death, insolvency or ceasing to trade the complaint must be referred to the scheme "Complaints Conciliation Procedure" to verify the contractors status. If a decision is reached in favour of the insured the scheme will assist in the appointment of another registered contractor to undertake completion of the Works and the insurer will indemnify the Certificate Holder up to an amount being the proven additional cost of completing the Works, beyond the original contract price, in a manner equal to but not better or more extensive than that provided for in the contract documents and not exceeding the limit of indemnity stated on the Warranty Certificate.

Subject to the Insurer General Terms & Conditions

(B) SECONDARY WARRANTY COVER PERIOD

AFTER COMPLETION

Bi) When the Works are completed by the warranted contractor he will be fully responsible for any proven defect/s arising before the expiry date set out on the Warranty Certificate due to proven faulty workmanship or materials and he will rectify it at the earliest possible moment and will bear the cost of this.

Bii) However, if the warranted contractor is still trading and refuses to rectify the proven defect/s the dispute must be referred to the scheme "Complaints Conciliation Procedure". If a decision is reached in favour of the insured and the contractor continues to refuse to rectify the defect/s the

must be referred to the scheme "Complaints Conciliation Procedure". If a decision is reached in favour of the insured and the contractor refuses to rectify the defects the scheme will issue a Default Notice specifying a notice period after which the scheme will assist in the appointment of another warranted registered contractor to undertake correction of the defect/s. The insurer will indemnify the Certificate Holder up to an amount being the proven additional cost of completing the Works, beyond the original contract price in a manner equal to but not better or more extensive than that provided for in the contract documents and not exceeding the limit of indemnity stated on the Warranty Certificate. Subject to the insurer General Terms & Conditions

Biii) However, in the event of the warranted contractor no longer trading having failed to complete the works because of death, insolvency or ceasing to trade the complaint must be referred to the scheme "Complaints Conciliation Procedure" to verify the contractor's status. If a decision is reached in favour of the insured the scheme will assist in the appointment of another registered contractor to undertake correction of the proven defect/s and the insurer will indemnify the Certificate Holder up to an amount being the proven additional cost of completing the Works, beyond the original contract price, in a manner equal to but not better or more extensive than that provided for in the contract documents and not exceeding the limit of indemnity stated on the Warranty Certificate. Subject to Insurer policy terms and conditions.

YOU AND YOUR CUSTOMER

(A) Communication:

Many disputes arise due to the failure of both parties to communicate their requirements.

It is essential that instructions start with the completion of the Small Works Contract which clearly sets out the contract documents and cost for the works. Any variations thereafter must be in writing thus avoiding any misunderstanding.

Additional work can cause problems if not dealt with correctly. The Contractor should at all times obtain agreement with his customer with regards the reason and type of addition including any additional cost. Such should be confirmed in writing to void any ambiguity in relation to such changes. The Contractor must ensure correct invoicing/statements are issued to his customer. Invoices should clearly identify the work it relates to under the agreement or identified as an extra agreed and paid for during the contract period.

(B) Professional Supervision:

It always preferable that, the customer have their own Builders Surveyor or Architect supervising the Contractors work and for that person to approve the payment/stage payment to the Contractor. For the Contractor to have another professional person to talk to who is working for the Applicant avoids many difficulties that can arise.

It is, however, recognised that the customer does not always have or can afford professional supervision and as such good communication and paperwork (See A Above) is essential between both parties. Pre- Agreement on payment on the project is important.

WHAT IF A DISPUTE SHOULD ARISE?

If a dispute should arise under the contract and a valid warranty has been arranged the following "Complaints Conciliation Procedure" is available to both "Warranted Contractor" (**Contractor**) and customer (**The Insured**)..

COMPLAINTS CONCILIATION PROCEDURE

Private Negotiation: Initially it will be the duty of the insured and contractor to try to resolve any problem that may arise by means of private negotiation through amicable dialogue.

Scheme Notification: Should a complaint remain unresolved through private negotiation the insured must formally write to the scheme summarising the circumstances of the complaint together with details of any alleged defective workmanship and/or materials and forward a copy to the contractor.

The insured may also contact the scheme by telephone to discuss and provide details of the complaint quoting the Warranty Certificate reference. Notification must be within a reasonable time of occurrence (maximum allowance is 30 days of such occurrence) and within the "warranty period".

Scheme/Insurer officer appointed: Once the scheme receives notification they appoint a scheme/insurer officer to the complaint whose remit is to impartially investigate the allegations thoroughly. It is a condition of this warranty that the officer must receive full co-operation in respect of all aspects of his investigations:

* **The Insured**

The officer will review the information already provided but may request the insured to provide further documentation and/or details regarding the complaint. The officer will also require full financial/payments details in relation to the project. He may also be required to visit the insured, independently and/or jointly with the contractor at the site address to obtain additional material which may include a photographic record. If the architect of the project has a supervisory role they may wish to provide additional supporting information on behalf of the insured. If the insured is not a professional within the construction industry and the Architect only has provided a design function, due care by the insured must be made in presenting allegations of defective workmanship and/or materials. The officer may require the insured to attend a formal site meeting, chaired by him, with other parties.

* **The Contractor**

The officer will contact the contractor and/or (if required) arrange to meet him, independently and/or jointly with the insured at the site address, to obtain further details of the contract and a statement of the nature of the complaint from his (the contractor's) prospective. Additionally the officer will review the contractor's attempts to resolve the complaint with the insured through personal negotiation and the reasons why that approach failed. The officer may require the contractor to attend a formal site meeting, chaired by him, with other parties.

* **Other parties**

The officer will request information or representation from any other organisation he considers will assist with the resolution of the complaint. These representatives may also be invited, by the officer, to attend a formal site meeting, chaired by him, with other parties.



COMPLAINTS CONCILIATION PROCEDURE: **RESOLUTION NOTICE**

After assessing the information provided and discussing the complaint independently or collectively with each party the officer will co-ordinate continued dialogue to try to formulate a satisfactory amicable resolution to the complaint. After continuous assessment of the information provided and opinions of the parties involved the officer will, even if consensus cannot be reached, issue one of the following scheme **FORMAL RESOLUTION NOTICES...**

COMPLAINT: RESOLUTION NOTICE A

The scheme finds in favour of the insured and instructs the original warranted contractor to address the complaint, under this resolution at his own expense and an agreed time frame for completion.

Or

COMPLAINT: RESOLUTION NOTICE B

The scheme finds in favour of the warranted contractor and instructs the insured of their obligations/requirements under this resolution and an agreed time frame for completion..

Or

COMPLAINT: RESOLUTION NOTICE C

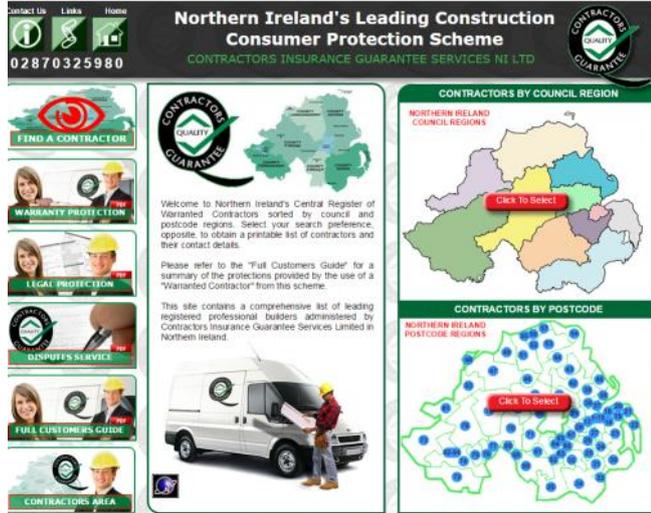
The scheme finds in joint favour of the insured and contractor when joint responsibility is identified and instructs both parties of their obligations / requirements under this resolution and an agreed time frame, for both parties for completion.

Or

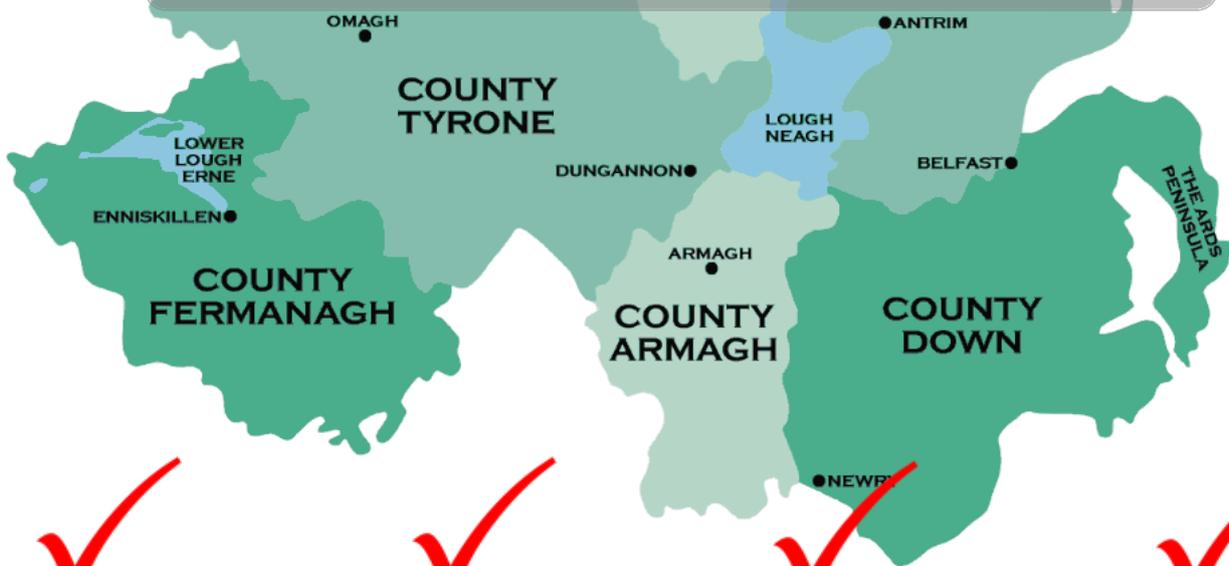
COMPLAINT : FORMAL CLAIM / DEFAULT

If following a Notice by the Scheme under resolution A or C above there is not satisfactory resolution of the matter (which is subject of Conciliation) within the agreed timescale then the Scheme will issue a Default Notice specifying a notice period after which the provisions of this Policy will apply and an alternative contractor will be appointed to complete the outstanding work (Cover sections. Page 5: A(ii) and B(ii)).





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PROMOTE PROFESSIONALISM

SMALL WORKS CONTRACT LEGAL PROTECTION

CUSTOMER INSURANCE WARRANTY (Subject to eligibility)

CUSTOMER DISPUTE CONCILIATION SERVICE



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This booklet provides a "Summary" of the scheme process and is subject to the Insurers Policy, Terms & Conditions