

How to Identify the Client from Hell

As a general rule, 10% of people are inherently honest, 10% are inherently dishonest, and the other 80% are as honest as the circumstances require. That rule applies to people in all walks of life, and all occupations. So just as it applies to builders, so it also applies to homeowners. And it is just a matter of luck whether you happen to come across a client who falls into that 10% dishonest bracket.

Of course, there are plenty of other potential clients who aren't inherently dishonest, but they have very poor judgment, social skills, or management skills. We have all come across them - they may be excessively frugal, over-confident, argumentative or assertive, one-eyed and self-righteous, quick to see red, unnecessarily suspicious of other people's motives, overly prone to stress, neurotic, or psychopathic. Typically their life has been a history of failed relationships and projects that have turned to custard.

The only problem is, that history isn't on public display. There is no register of badly-adjusted individuals like there is for licensed builders. There is no Registrar who faithfully documents their failings, no Board to discipline them and prevent them from causing misery to unsuspecting suppliers. These people are like disguised minefields, waiting for you to stumble into. And in the context of building disputes, most of the work we do is rescuing our clients from such a minefield.

That might not be so bad, but for the fact that most building work is done on credit. Which means that you are at their mercy, because if they take a dislike to you or decide to steal building services from you, they can simply wait until you have finished the project, and then fail to pay your final invoice. Your final invoice might be equivalent to the whole of your profit on that project, which means you have to find some other way to feed your family. Or worse, if they decide to extract vengeance by defaming you in the media, complaining about you to various Government agencies (IRD, Human Rights Commission, Privacy Commission, Commerce Commission), the Building Practitioners Board or your trade association, or counterclaiming against you for alleged defective workmanship, overcharging or delays.

Wouldn't it be nice to avoid that sort of heartache at the outset, and let the client end up with the builder he or she deserves? Well, although it might take thumb screws, mind-reading powers, a crystal ball or a time machine to achieve that every time, fortunately there are some enquiries you can make that will help flush out this kind of person. The trick is to know where to go to find all the information that is publicly available about someone. Here are some of the sources you can use.

Search engines like Google are your first port of call, because they scour the internet for any mention of the individual or company concerned. If the potential client has courted controversy in the past, and either they or their victim went public about it, chances are the search engines will pick up some reference to it. Sometimes if they are in a particular industry or have a particular hobby, they may get a write-up in a blog, although you have to be careful the blog writer isn't just as fanatical as they are.

Online newspapers like the New Zealand Herald, Stuff or National Business Review also have search functions which may pick up past articles that get buried in a Google search. Then there are specialist publications like the Government Gazette that carry public notices about impending bankruptcies, liquidations, etc. Social media is another great source, because people sometimes reveal their true nature on self-promotion sites such as Facebook, Twitter, Instagram and LinkedIn.

If you really want to dig deep, you can call in the specialists such as credit reporting agencies, debt collectors, and private investigators. You should also, as a matter of course, ask for references from your potential client, just as you would if you were considering hiring a new employee. And if you happen to know that the person in question has an ex-domestic partner, an ex-business partner, or ex-employees, they would be well worth talking to, although you should expect them to be a little biased.

There are a number of Government registers that exist specifically to inform the public. The Companies Office, for example, lists every company that someone either is, or was, a shareholder or director of. If they have left a trail of failed or struck-off companies, then that is a warning sign. Similarly, if you are contracting with a company and the individual you are dealing with doesn't show up as a director or shareholder of that company, that may be because they are, or previously were, bankrupt.

To confirm or deny that, you can go to the Insolvency Service website, which contains details of all past or present bankruptcies. A search of the Personal Property Securities Register will tell you whether the person is loaded up with debt. And a search of the Land Information records will tell you not only who are the actual owners of the subject property (and whether it is held on trust) but also what other properties the person owns or previously owned.

Then you can go to the Council property file for any of those properties to see whether your potential client had any building work done, and if so, who did it. Speaking to those contractors is probably the best investment you can make for your future protection. Council files are also useful because they often contain communications written by your prospective customer. If the tone of those communications is extremely emotive or belligerent, then that is a major warning sign.

Finally, it pays to check whether the person concerned has been involved in litigation in the past. There are databases like Briefcase and LINX that summarise all the major court decisions, and you can search for the name of a particular individual or company. The lower courts and tribunals sometimes provide this facility as well.

Some of these enquiries you can make on your own, others you would need someone like us to do for you. Either way, it seems like a small price to pay and a prudent step to take to avoid stumbling into a minefield.

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This newsletter is not intended to be relied upon as legal advice.