

# What to do if something goes wrong when building

Building a new home is an exciting journey and, while the vast majority of build projects go smoothly, sometimes things can go wrong.

This can be stressful and emotional for everyone involved. There are some key things you can do to help get your project back on track and find a resolution. Registered Master Builders can provide advice and support to both you and your master builder.

## The importance of a building guarantee

**Building or renovating your home is a significant investment, and we recommend all homeowners ensure they have the protection of a building guarantee. Guarantees provide support if things go wrong with your build.**

We recognise that this can be an emotional and stressful time and while a guarantee can't take all the stress away, it ensures a level of protection not provided by general insurance, the Building Act or Consumer Guarantees Act. The Master Build 10-Year Guarantee is one of the only products available that provides cover if your builder goes out of business. Building guarantees are increasingly being requested by homeowners and are also required by most mortgage lenders. And when it typically costs less than 1% of the build cost for a new build, why wouldn't you protect your biggest investment?

The Master Build 10-Year Guarantee is different from your building contract and needs to be applied for separately.

## If something does go wrong

### Ensure you understand the terms of your contract

Many disputes arise from a misunderstanding of what has been agreed in the contract. If you feel something is going wrong, a good place to start is to review your contract to ensure you understand what you have legally agreed to. We recommend seeking legal advice before signing a contract to help ensure you understand the terms and conditions.

### Communicate with your builder

Effective communication goes a long way towards resolving disputes. Discuss the issue with your builder and give them the opportunity to make it right and offer a solution. The best outcomes are achieved when both parties work collaboratively to resolve the issue. Regardless of whether an issue has just arisen, or you have been dealing with it for longer, it is important to remember that clear, calm communication between homeowner and builder can often help speed up a resolution.

### Managing a contractual dispute with your builder

If the relationship with your builder deteriorates, you may find yourself in a contractual dispute. While this may be stressful and emotional for both you and your builder, you still have a legal contract with each other that needs to be fulfilled. Registered Master Builders provides a free independent resolution service through Fair Way Resolution, which is available for clients of a master builder to use. Using this service is often the first step in reaching a resolution. This is the same process regardless of whether you have a Master Builder 10-Year Guarantee or not. The Guarantee cannot be used to resolve a contractual dispute.

### Referral to an independent disputes resolution service

Registered Master Builders provides its members and their clients with access to a free independent disputes resolution service. This is through an organisation called Fair Way Resolution, which is one of New Zealand's leading dispute resolution and conflict management organisations. They can help resolve contract and construction issues such as communication, quality, payment, and design.

This is voluntary and both parties must agree to take part. All discussions and documents are confidential to the process and are not able to be used in any other process (without prior agreement). This gives parties the freedom to discuss matters in dispute without concern that offers made in the spirit of resolving the dispute may be used elsewhere.

The facilitator is a neutral third party and does not take sides with either the homeowner or the builder, and they do not make decisions or provide legal advice. Rather, they encourage both homeowner and builder to provide options and solutions to reach a resolution.

We have found facilitated early discussions can help in moving the parties towards a resolution of their dispute. There is no cost for early facilitation through Fair Way Resolution. This service is provided at no cost by Registered Master Builders to assist builders and homeowners to resolve issues and to get back on track at an early stage in a dispute.

## If your issue is contractual or mediation hasn't worked

The vast majority of issues are resolved through mediation. However, if this fails there are a number of other options to consider.

### Adjudication

Adjudication is the next step up from mediation and is a quicker and less expensive alternative to going to court. An adjudicator will make an order so that construction works can continue. While the orders are only interim, they are often accepted by the parties without further legal proceedings being required.

### Arbitration

Arbitration is similar to adjudication, with an independent arbitrator hearing both sides before making a ruling. The arbitrator's decision is binding and enforceable by a legal court, although the process is less formal than court itself.

### Court proceedings

If all other options fail, you and your builder can opt for court proceedings. This should be a last resort. It is a formal process that can take several months to complete and can be costly. Your case will usually be held in the District Court, with more significant cases sometimes being held in the High Court.

# If you have a Master Build 10-Year Guarantee

## The Master Build 10-Year Guarantee offers another layer of protection.

If you believe you have a claim under loss of deposit or non-completion of work, you must contact us within 30 days of becoming aware of the problem, and within 90 days of becoming aware of any unresolved building defects. These timings apply regardless of any agreement you have come to with your builder about fixing the defect.

If we establish that your builder is unable or unwilling to address the issues, we will:

- ✔ find you a replacement master builder to finish the uncompleted work, and you will enter into a new building contract with them, and/or
- ✔ pay you any money due to you under your claim.

The Guarantee does not cover contractual disputes between you and your builder. Contractual disputes must be resolved first before a claim can be accepted under the Guarantee. Registered Master Builders provides a free independent disputes resolution service to support you and your builder with any contractual disputes.

## Making a claim on your Guarantee

If you need to make a claim under the Master Build 10-Year Guarantee, we will guide you through this process. It is important to know that you are still in a contractual relationship with your builder, both during and after the build process. In the meantime, do not:

- ✘ do any building work to fix the problem
- ✘ cancel or make any variations to your building contract
- ✘ make any further payments to your builder or other tradespeople.

See our guide: [Making a claim on your Master Build 10-Year Guarantee](#)



## Talk to us

At any point during your Guarantee cover, we'd be happy to hear from you.



**Phone:**

0800 762 328 or  
(04) 385 8999



**Email:**

[claims@masterbuilder.org.nz](mailto:claims@masterbuilder.org.nz)

## Guides for homeowners

For more information and assistance, check out our other guides for homeowners at [masterbuilder.org.nz](https://www.masterbuilder.org.nz)



Master Build 10-Year Guarantee



What to consider before you sign your building contract



What to consider before you start renovating



How to make a claim on your Master Build 10-year Guarantee

### About this guide

This guide is intended to provide practical tips for homeowners. It is not intended as legal advice. We recommend homeowners discuss any concerns they may have about the particular building contract with their builder and, where unsure, seek legal advice.

## Glossary

<b>Defects</b>	It is normal for there to be minor issues that need to be resolved during the build process. Your builder will address these at key stages in the project. Some of these may require co-ordination with subcontractors. It is important you understand what constitutes a defect. MBIE issues a guide to tolerances which outlines the acceptable levels of workmanship in New Zealand.
<b>Disputes resolution service</b>	A voluntary process which brings the builder and homeowner together for a facilitated discussion. The facilitator is a neutral external party and does not take sides with either the homeowner or the builder. They do not make decisions or provide legal advice, rather they encourage both homeowner and builder to provide options and solutions to reach resolution. This process can help resolve contract and construction issues such as communication, quality, payment, and design.
<b>Variations</b>	Any changes that are made to the original contract. This could be because you change your mind, or an unforeseen issue arises, or a product is unavailable. Your builder should get written confirmation and agreement to any variation to the contract or costs. You should discuss the process for managing variations with your builder, and this should be included in your building contract.