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10.2 pm

Dr. Vincent Cable (Twickenham) (LD): I am grateful for the opportunity to raise a subject that represents a familiar problem for many Members of Parliament. I was prompted to raise it by a significant number of specific constituency cases, but I recognise that it is a big national issue. The consumer organisation Which? estimates that consumers are currently spending some £2 billion a year on dealing with faults after being misled by contractors in various ways, and there are roughly 100,000 outstanding cases-probably more-on the files of trading standards officers.

It is not just that a large number of households have been caused considerable difficulties by builders whom they have contracted; the problem is very damaging to the wider economy. If there is any single measure that would breathe life into the British economy and create a large amount of employment, it is a big burst of housing maintenance and improvement, but people are often inhibited by

worries about quality.

I want to draw attention to a handful of cases. I have six on my books at the moment from my advice surgeries, and, although they illustrate different aspects of the problem, they all have certain things in common. First, the individuals concerned were careful. They were not duped. They went through a number of tests to establish whether those with whom they were dealing had proper qualifications. They tried to make staged payments. They did all the things that people are advised to do. Secondly, behind many cases in which problems were encountered with cowboy builders was a familiar story. For example, some contractors who go bankrupt subsequently reopen under new names. The so-called phoenix company technique appears to be quite common at that end of the trade. More seriously, many of the established remedies, obtained through the trade body—the Federation of Master Builders—the courts and trading standards officers, proved wholly unsatisfactory.

I recognise that the Government have in the last decade put quite a lot of effort into trying to put in place a better regime to protect consumers. A decade ago, the cowboy builder working party was dealing with this, and it led eventually to the charter mark called the quality mark, which was established in 2000. The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) put a lot of effort into getting that system going. It was well intentioned, but it did not work. More recently, we have had the TrustMark system, but, as I will illustrate from a few examples, that is not working well either.

Let me cite a few examples, as they will serve to illustrate the general principle. Most of the people who have come to me do not want to be named; in some cases, fear of intimidation is a factor. I will start with Mr. Williamson, however, who is sufficiently indignant to be happy to be identified, by recounting his experiences with one particular company or set of companies, variously known as M. D. Lockyer Builders Ltd or M. D. L. B.

Lest it be thought that I am picking on this company, I should point out that, completely out of the blue and after I had secured this debate, in my

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Friday evening surgery last week another constituent came to me with very similar problems with the same company.

I was approached by Mr. Williamson last May. He gave me a hair-raising account of poor workmanship, loss of his own personal possessions, threats and intimidation, but what was particularly significant were the problems he encountered once he tried to establish remedies through the established channels. This company was accredited to the Federation of Master Builders, so he went to the FMB and sought an adjudication, which was the proper procedure. The adjudicators found in his favour and awarded him £6,230 plus VAT, but the contractor simply did not pay the money. Mr. Williamson also had to pay a fee for the adjudication—£632, which was his half of the costs—but, again, the builder did not pay his half and the matter was just left hanging. Partly as a result of this judgment, the FMB expelled this company—it did so in September of this year, I think—but the company continues to use its logo; I checked on the company's website this weekend. Moreover, it carries the highest prestige logo, something called MasterBond, which carries with it the Government's own scheme accreditation, the TrustMark standard. That continues to be displayed, and there appears to be absolutely no way of getting it removed.

The constituent sought other remedies. He went to the trading standards department of the local council, but he was not able to make any further progress. He went to the police, too, because he suspected that fraud was involved, but the police felt this was predominantly a civil matter and were not able to help.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman refers to local authority trading standards departments. Might it not be worth while going to the local authority building control department? Does he hope that the Minister will refer to the role of such departments in his response to the debate, because they have essentially been privatised over the last 10 to 12 years, in favour of approved inspectors, and they have not got the resources for enforcement that they should have?

Dr. Cable: That is an important point. I was not going to raise it, but I am grateful to the hon. Gentleman for doing so, because it raises a new dimension of uncertainty and lack of satisfactory underpinning to the regulatory regime.

However, I just want to round off my constituent's case by mentioning that in the course of his research he discovered another resident who had paid something in the order of £120,000 to this contractor and was left with a shell. This appears to be a pattern, therefore.

A second constituent had a completely unrelated experience involving another contractor called Grey Fox. This lady commissioned an eight-week project, costing contractually £25,000. Twenty-four weeks later she had a very big hole in the front of her house and two extensions, neither of which was completed at all satisfactorily, and the contractor simply walked away. The company was dissolved, she was unable to get any further satisfaction, and her £25,000 project ended up costing £65,000 with another contractor. On doing some research, she discovered that this company was in the habit of carrying out its business in this way.

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A third case illustrated the difficulties and frustrations of going to court. My constituent pursued a dispute with a cowboy builder through the courts and was awarded £17,000, but the company simply did not and would not pay. He then got a charging order on the house of the contractor but was unable to force it through; the contractor had a family—six children—and the judges were very reluctant to allow the charging order to be taken any further. My constituent still has not got his money, despite using the courts.

The case of another constituent proved the limits of what people are often advised to do, which is to get a warranty. He got a 25-year warranty with a company called Gill Builders, which completed a shoddy piece of work in respect of a leaking roof. He went along with his warranty to ask the company to repair it, but the contractor declined to take any action. It was clear that the warranty had no legal force.

My final case illustrates the difficulties faced by the very careful consumer who makes carefully calibrated staged payments to limit their exposure. This particular constituent, who was dealing with a company called W. Brown of Feltham, managed to limit his exposure to about £1,000 through carefully staged payments. When he got into dispute with the builder, he went to the Federation of Master Builders only to discover that in order to resolve a dispute it costs £110 an hour plus VAT for an adjudicator. So anything that takes more than a few hours is simply not worth pursuing if the outstanding sum is less than £1,000—for some people that is a lot of money. He was then advised to go to court, but getting legal representation would have cost a minimum of £500. The courts system is not helpful in dealing with small claims of that kind and for many people the loss of £1,000 in a dispute with a builder is a very serious matter.

Those are some examples of the problem, and they illustrate different points. What general conclusions do I reach and what should be done about it? First, we face a big problem of complexity. Lots of

different means are open to people to establish the quality of the contractors that they deal with, but there is no common set of values against which they can be judged. It is very complicated and difficult for consumers to find their way in the system. They could, of course, become part of a membership organisation, such as Which?-they would have to pay for that-but the lack of a standardised system is one of the central weaknesses in this area.

Let us consider the Government's initiatives, because I recognise that they have tried to get to grips with this problem. The quality mark scheme, which was introduced by the right hon. Member for Greenwich and Woolwich, tried to introduce high quality standards; I believe that it involved a financial audit requirement and a one-day inspection. The problem was that the scheme required expenditure on the part of the building company to get the accreditation-about £500 per annum for a middle-sized building contractor-and so very few of them did it. Thus, very few companies signed up and the scheme, in effect, folded in about 2004.

The Government then introduced the more modest TrustMark scheme, which is less demanding of companies; it provides a credit search and a search of the county court records. The problem with this scheme-this is what I hope the Minister will update us on-is that it seems to have limited coverage. Perhaps he will be able

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to tell us how many companies and roughly what proportion of the industry it covers. The scheme also seems to have great difficulty in screening out some of the bad eggs. I did a quick search with my caseworker this weekend and we found that none of our reputable, highly regarded contractors were on the list covered by this scheme, but Mr. Lockyer's company was. In addition, as far as I can establish, there is very little support for the scheme. Perhaps the Minister could give us an up-to-date assessment of the Government's view about how well the scheme is working, and how it could and should be adapted.

My final point-this is a suggestion-is that that scheme and the approach to this problem in general would be greatly helped if there were a single point of contact, so that people who are contemplating a big home extension and people who get into difficulties with a particular contractor have a single place to which to go in order to have it established what the exact status of the company is, and whether there have been disqualifications or county court judgments; we are talking about a proper health test of the company concerned. The best place to do that, probably, is in the trading standards departments of local councils through a standardised database to which they could all refer. Has the Minister considered that? What are the practical problems that might be involved in doing it?

10.15 pm

The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs (Kevin Brennan): As is customary, I congratulate the hon. Member for Twickenham (Dr. Cable) on securing this debate on an important subject about which I am sure other hon. Members have concerns from their casework in their constituencies. Clearly, any expenditure on building repairs or improvements to our home represents an investment in our future. It is not a decision that people should take lightly or make hastily and, as the hon. Gentleman pointed out, his constituents did not do either of those things.

Any of us who have been through the experience of engaging builders personally are aware of how stressful and expensive that can be. Obviously, when things go wrong it has both a personal and a national cost. It leaves people with continuing repairs to deal with and to pay for, it puts them off having other work done in the future and it damages the reputation of the building sector as a whole. This is all at a time when the vast majority of hard-working and law-abiding skilled workers who make up this industry in Britain have been hit hard by the recession.

The hon. Gentleman estimated a cost of £2 billion-the estimate I have is £1.5 billion-but we know that the cost of botched home improvement work and the waste that it entails, even without taking into account the millions more in lost business opportunities to our economy, is very significant.

Finding the right builder has always been important. Obviously, there are new methods available to consumers. The internet has given greater access than ever before to information on the range of building companies and services available in the UK, but navigating one's way through the mass of information can be confusing

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and difficult at the best of times, without the added pressure of often needing the work done quickly and cost-effectively.

In addition, such sites do not always make it clear that many online registers accept builders' details without undertaking checks on their competence or on the business acumen of the companies listed, and also operate with no procedures for dealing with unhappy customers. The criteria to join such schemes can range from companies being asked to pay a standard fee for a listing, or to supply three "recommendations" for inclusion.

The hon. Gentleman acknowledged that over the past few years, the Government have been working hard with the UK building industry and leading consumer protection groups to help consumers cut through the maze of information and understand exactly the type and quality of information on which they are basing their purchasing decisions without-as he stated elsewhere today, in an article that I have read-introducing unnecessary and burdensome regulation into the system.

In 2006, as the hon. Gentleman rightly said, the Government created TrustMark, which is a non-profit scheme to give the public greater peace of mind that the builders they hire in the domestic repair, maintenance and improvement sector will do a fair day's work for a fair day's pay, and to a high standard. In answer to his question, I can tell him that the TrustMark scheme now has approximately 20,000 individual firms registered as TrustMark members. Obviously, that constitutes about 20 per cent. of the membership of the Federation of Master Builders, but I accept that this industry has a large number of small companies the vast majority of which are not registered with the FMB.

The scheme allows builders to sign up and commit to a continuous and rigorous assessment of their work and trading position. A firm's technical skills are independently assessed via regular on-site inspections. Checks are also undertaken regularly on each individual company's trading record and financial status, as well as on the quality of its work, business practices and delivery of customer satisfaction.

TrustMark companies have also signed up to a Government-endorsed code of practice that includes the provision of guarantees, compliance with good health and safety practices and access to follow-up customer care and means of redress if required. For example, consumers who employ a TrustMark company can expect to be offered an insurance-backed warranty for the work that has taken place. Deposit protection insurance is available to consumers in the event that the firm should cease trading. Businesses are equipped to tell a customer about any building regulations they must comply with, and provide certificates where appropriate.

Ultimately, if a customer has a problem or disagreement with a TrustMark listed builder, the TrustMark website provides advice and information about how customers can progress and resolve their complaint. One estimate is that 1.7 million jobs are carried out by TrustMark firms every year, yet the number of complaints is low. The consumer may complain directly to the tradesman or their scheme operator and the complaint is easily and quickly resolved, but TrustMark receives only a handful of unresolved complaints every week-three on average. Statistically, that means only one unresolved complaint for every 10,000 jobs completed by a TrustMark-registered

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firm. That is a very strong statistic for the repair, maintenance and improvement sector, and one that TrustMark is proud of, as it reflects the high quality of firms that are members of the scheme.

Many national names endorse TrustMark; for example, Dulux, Homebase, B&Q and the Glass and Glazing Federation are just some of the 20-odd scheme operators that work under the TrustMark banner. Supporters include trading standards, Consumer Focus and Help the Aged, to name but a few. To date, a large number of firms, covering nearly 18,000 trades, have registered and I encourage any successful building company that has not yet done so to sign up to TrustMark. It is an easy to understand badge for good business practice, and in an increasingly competitive market, TrustMark offers an accessible channel to build a positive reputation and to source new and repeat business from clients.

It is not only TrustMark that provides consumers with protection. There are other non-profit initiatives, including competent person schemes, such as FENSA, for glazing. Supported by the Department for Communities and Local Government, such schemes enable individuals and enterprises to self-certify that their work complies with building regulations, as an alternative to submitting a building notice or using an approved inspector, although I take note of the comments made by my hon. Friend the Member for North-West Leicestershire (David Taylor) in his intervention.

David Taylor: Does my hon. Friend acknowledge the strength of the point that local authority building control is in a weaker position than 10 or 12 years ago? Local authorities need resources and powers to enforce against not only sloppy building but illegal building, with stop notices, fixed penalty notices and so on.

Kevin Brennan: I may need to defer to my colleagues in the Department for Communities and Local Government about resourcing in local authorities for building regulations.

However, self-certification is an important step forward in making sure that further protections are available to consumers. The scheme, which is compatible with TrustMark, aims to enhance compliance with the requirements of building regulations, to help tackle the problem of cowboy builders, reduce costs for law-abiding firms and promote training and competence in the industry. Certain other types of work, such as gas and electrical installation, also require that only certified builders do the job. In the case of gas, that is the Gas Safe scheme.

It is important that the public are aware of such schemes. The hon. Member for Twickenham has pointed out elsewhere that many of his constituents were unaware of the TrustMark scheme, so we need to make sure that we advertise it and make consumers aware of it. The more that consumers know about and use such schemes, the quicker we can drive out the rogue builders the hon. Gentleman is concerned about. We are working hard to get the word out to consumers and builders.

TrustMark is advertised on the Department for Business, Innovation and Skills website and by local authorities—for example, in Hertfordshire—that use it to provide a

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contact list of reliable builders for their local communities. I think that the hon. Gentleman would like to turn that the other way around, so that local authorities provided a rogue builders' list and information. At the moment, that is a matter for local authority trading standards officers to decide, based on appropriate advice, but I am willing to consider any further suggestion he might have and what he would like the Government to do in relation to his suggestion. In addition, a national advertising campaign called "The Mark that Britain Trusts" is also running, with further information being promoted through radio and newspaper articles, billboard advertisements and other initiatives targeted at consumers and the industry.

For those householders who have been affected by shoddy work but who have not used a non-profit-making scheme such as TrustMark, several means of redress are still available, although I accept the hon. Gentleman's account of the difficulties that consumers can face. All building work must be carried out in compliance with building regulations, and notwithstanding the remarks made by my hon. Friend the Member for North-West Leicestershire, local council building inspectors are there to check that work is up to requirements. If a cowboy builder sidesteps those protections or commits fraud, there is redress to the courts, as the hon. Gentleman mentioned, although I accept his concerns about the problems for people with modest means or small amounts of money that are important to them.

The hon. Gentleman raised a number of specific examples from his own casework. Obviously, it is difficult for me to comment on them; he knows far more about them than I could. However, I am concerned about the fact that he mentioned a case that involved a company that was part of the MasterBond scheme and was therefore associated by definition with the TrustMark scheme as well. So I should be grateful if he supplied me, if he can, with some of the detailed evidence of cowboy builders who have been part of the TrustMark scheme and who are continuing to masquerade as members of it, having been expelled from the Federation of Master Builders and therefore from MasterBond and the TrustMark scheme. I will be happy to pass on those details and to ensure that such cases are properly investigated.

We are committed to working with the industry and consumers to tackle cowboy builders—I am grateful to the hon. Gentleman for his acknowledgement of the effort that the Government have made in this regard—and to promote best practice across the industry and to ensure a fair deal for consumers. We believe that TrustMark and other associated Government-endorsed schemes are the simplest and most effective way to do that, although I am always interested to hear suggestions from hon. Members about how we can do better, and we will continue to do all we can to raise public awareness of those schemes and their take-up by reputable businesses across our building industry.

Question put and agreed to.

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