

Laying claim to a change

27 January 2017

Emma Vigus on the changing nature of claims against the surveying profession

Allegations of negligence are heavily influenced by the economic cycle but, over a 10-year-period, building surveys are proportionally less likely to result in such an allegation than are lending valuations. Where an allegation does arise, it is usually resolved quickly without legal assistance, and often at an amount that falls under a firm's self-insured excess.

It is surprising how many allegations relating to both building surveys and HBRs are made against the profession

So professional indemnity insurers are rarely troubled by claims arising from building surveys and are therefore happier to cover them, and HomeBuyer Reports (HBRs), than they are to cover higher-risk lending valuations. This results in a professional indemnity insurance (PII) rate for building surveys of around a third of that for lending valuations.

The majority of surveyors provide good-quality work, consistently practising effective risk management. However, it is surprising how many allegations relating to both building surveys and HBRs are made against the profession.

Analysis of a sample of residential survey and valuation notifications made since 2006 reveals that around 30% relate either to a building survey or an HBR. By 2015 and 2016, more than 70% of notifications in each year related to building surveys and HBRs, according to [Howden Group](#) internal data.

Average settlement

The average settlement in these matters is just ?1,000, with some of the larger firms of surveyors reporting that the level has actually fallen over the past 2 years. However, consumers are increasingly likely to complain, and the way they complain is changing.

While insurers are rarely bothered financially by claims relating to building surveys or HBRs:

- the balance sheet of the surveying firm itself will be affected;
- its reputation could be damaged; and
- management time will be required to resolve the matter.

Insurers may also take a dim view of a firm that is the subject of repeated allegations.

Data from the annual [Consumer Action Monitor \(CAM\) 2016](#) shows there has been a significant increase in the number of people who refuse to put up with poor service ? rising from 67% in 2013 to 82% in 2015. The report also highlights the growing popularity of social media as a route for getting a complaint resolved.

According to CAM, complaints against property services providers accounted for just 1% of 52m complaints received in 2015. However, data from the [Ombudsman Services](#) shows a fourfold increase in complaints about property services between 2009 and 2015, and 42% of those complaints relate to HBRs and building surveys. Importantly, however, annual residential property transactions have increased significantly in that period.

Claims issues

So what sort of claims are we seeing? Alleged failures to report accurately on damp, flooring, movement and services are the most common. The nature of complaints has been relatively consistent throughout the last decade, allowing for peaks in notifications relating to damp, roofs and conservatories during wetter months. There is little variation between regions, although consumers in the South East of England are more prone to complain ? a finding supported by data from CAM.

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Pinpointing the underlying cause of a claim is essential if a firm is to manage risk effectively. While it is tempting to blame an increase in the number of damp-related issues on the weather, repeated allegations could point to a more systemic problem ? for example, lack of experience or shortage of time to complete inspections and reports.

Anecdotal evidence from the internet, including review sites such as [Trustpilot](#) , suggests that consumers often lack understanding about what they are commissioning and the scope of inspections. It is encouraging that both RICS and surveying firms are now running campaigns to educate consumers.

The internet has an important role to play in this process but, increasingly, it is also the first place a disgruntled customer turns, whether to find a lawyer or to complain about service via social media or a consumer review portal.

Regardless of how you become aware of a complaint, you must handle the matter in line with your PII terms and conditions and notify your broker and/or insurer as soon as possible. Where a criticism of your service is posted publicly, ensure that your response does not inflame the situation or breach your PII policy's terms and conditions by admitting liability.

You should also ensure that clients are aware of your complaint-handling procedures, which should flag the consumer's right to redress via the ombudsman, an option that will typically be cheaper and less confrontational than a complaint that comes through a law firm.

Social media and consumer review websites mean that numerous people can access both positive and negative comments on your service. One hopes that consumers will take a balanced view of the odd negative comment but long-term reputational damage resulting from consistently poor service is now far more likely than it was a decade ago. And this change necessitates the addition of another skill set for risk managers ? that of reputational management.

Emma Vigus is Director of Professional Indemnity at [Howden Group](#)

Further information

This feature is taken from the RICS *Building surveying journal* (October/November 2016)