BUILDING PERFORMANCE

Homeowners: Know your rights to build it right

A quick guide for homeowners to consumer protection measures when building or renovating.

QUICK GUIDE

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government

Ministry of Business, Innovation and Employment (MBIE)
Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

The quick guide for homeowners to consumer protection measures when building or renovating is produced by the Building System Performance branch. It is intended to provide information to homeowners with information on consumer protection measures when building or renovating.

While MBIE has taken care in preparing the document, it should not be relied upon as establishing compliance with all relevant clauses of the Building Act or Building Code in all cases that may arise. This document may be updated from time to time, and the latest version is available from MBIE's website at www.building.govt.nz

Information, examples and answers to your questions about the topics covered here can be found on our website www.building.govt.nz or by calling us free on 0800 24 22 43.

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1. Purpose

The purpose of this quick guide is to provide homeowners with information on consumer protection measures when building or renovating.

It is intended that this document provides guidance to support homeowners understand that there are laws to protect you in Aotearoa New Zealand when building or renovating.

2. Background

If you're considering residential building work or renovating in Aotearoa New Zealand, there are laws designed to protect you.

The consumer protection measures will help you and your builder be aware of your rights and responsibilities, so that your project can run smoothly and successfully.

This quick guide explains the important steps you need to take to protect yourself during the building process.

View the information from this quick guide on our website building.govt.nz Know your rights | Building Performance

3. Protection for homeowners

A residential building is one that is used only or mainly for residential purposes and is lived in or intended to be lived in as the home of a single household or family.

Residential buildings can also include tiny homes that are on permanent foundations and granny flats as non-consented small standalone dwellings that are 70 square meters or less.

Find out more about Tiny houses | Building Performance

Find out more about Granny Flats | Building Performance

Building work is any work done in relation to the construction or alteration of a building[1]. This includes any work done on your home or other structure, such as a detached garage, retaining walls, and fences. It also includes work like painting, decorating, and landscaping if it is part of the construction or alteration of a building.

Steps to protect yourself during the building process

1. You must have a written contract for residential building work costing $30,000 or more, including GST. You should have a contract even if the work will cost less, so everyone understands obligations, requirements and expectations.

2. Before you sign a contract for work that will cost $30,000 or more (including GST), or if you ask for it, your building contractor must give you:

[1] This includes the manufacture of a 'modular component'

- a disclosure statement including information about his or her skills, qualifications, licensing status, and the insurance or guarantees they provide (this is called a disclosure statement)
- a checklist that outlines stages of the build and how to protect yourself (this is called the consumer protection standard checklist).

3. Once the building work has been completed, and regardless of the size of the job, your building contractor must give you certain information or documents related to the building work. These include ongoing maintenance requirements, guarantees or warranties and any ongoing insurance policies. This can include documents such as a Certificate of Work, Certificate of Compliance and Record of Work where applicable.
4. You have an automatic 12-month defect repair period when building contractors must fix any defects you've told them about in writing.
5. You can take action any time within 10 years of the building work being completed if warranties in the Building Act have not been met, even if they're not in your contract (these are called implied warranties).
6. Building contractors can be fined if they don't comply with the law.

Find out more by using the Consumer protection standard checklist

Remember, all building work must comply with the New Zealand Building Code, even if the building work doesn't require a building consent.

What the law says

The Building Act 2004 protects consumers in relation to residential building and renovating work through implied warrantees.

Find out more about how the Building Act protects consumers Building Act 2004 No 72 (as at 08 August 2025), Public Act – New Zealand Legislation

The Consumer Guarantees Act 1993 applies to services provided to the building industry but not to buildings and building materials.

Design work is excluded from the definition of "building work" under Part 4A of the Building Act through section 362B. This means that implied warranties and residential building contract protections do not apply to design work. Design work may still be protected under the:

- Consumer Guarantees Act 1993
- Fair Trading Act 1986
- Professional disciplinary processes under the Building Act (especially for licensed building practitioners doing restricted building work).

Find out more about Restricted building work | Building Performance

Find out more about consumer protection Consumer Guarantees Act | Consumer Protection

The Fair Trading Act ensures people are not misled about products and services. Find out more about the Fair Trading Act and the Commerce Commission Commerce Commission - Your rights as a consumer

The building process overview

Find out about each step in the building process and who is responsible from this diagram.

A consumer's quick guide to the building process The building process: an overview

4. Before building work starts

Make sure you're clear on your budget and priorities before you start, and that your design professional knows them too. Once your design and plans are sorted, the next step is to approach potential contractors and get quotes for the job.

A **design professional** includes licensed building practitioners (LBPs) with a **Design licence, Architects** preparing plans for building consent, **Engineers** providing structural or compliance advice, Builders who draft plans for exempt work (eg low-level decks) and take on a design role.

Designers prepare plans and specifications for building work or give advice on compliance with the Building Code. They do not perform construction and are therefore not classified as building contractors. For more, see **Section 362B** and **Section 14D** of the Building Act 2004.

The building contractor is the person or company you have contracted to do or manage your building work. The building contractor may not be a builder; they could be a plumber, electrician or other tradesperson you are contracting with directly. A designer or architect is not normally a building contractor, unless they are expressly fulfilling this role.

Pricing the job

Using your plans, a quantity surveyor (QS) can give you a reasonable idea of the costs involved in the building work. You can give building contractors the QS estimate of materials required (but not the price) to help them prepare their quotes. A QS can also calculate progress payments and cost variations during construction.

Choosing someone to do the job – do your homework, get quotes

When looking for a building contractor, ask friends, family or neighbours for recommendations. Ask for references and look at examples of previous work. You could also take recommendations from your design professional, as it can help to have a building contractor who is used to their style of work. Make sure you use a licensed building practitioner for Restricted Building Work.

Find out more Use licensed people for restricted building work | Building Performance

Determine whether the building contractor has sufficient insurance to cover the work while it is being carried out:

- Ask about the building contractor's employees and what subcontractors the building contractor will use on the project.

- If the building contractor is a company, look up its company records on the Companies Office website. If your search raises concerns, ask the building contractor to explain.
- If the building work is or includes the manufacture of a modular component, look up the details of the modular component manufacturer on the register of modular component manufacturers.

A quote is based on detailed specifications and is the price you will pay to complete the building work, except for matters outside the builder's reasonable control or additional costs from variations to the contract as decided by the builder in agreement with the homeowner.

Get more than one detailed quote (including a breakdown of labour and materials) not just estimates for the building work. You will need to give building contractors a copy of the plans, specifications and materials estimate (if you have one) alongside information about the building site.

The more information you give them, the more reliable the quote should be.

Check whether the quote price includes GST and ask for the building contractor's hourly rate (including GST) so that you can calculate how much you might have to pay if you want any additional work done.

Reviewing the quote

When considering and comparing quotes, price shouldn't be the only factor in choosing your building contractor. Compare quotes on more than just price; think about their levels of experience and reliability, what fixtures and fittings they suggest and check their references. Look at the details and make sure that they cover the same scope of building work and the same materials and fixtures, so you are comparing 'like with like'. If any quote is significantly higher or lower than the others, ask why.

It's important that you're happy with everything in the quote. If any part of the quote is unclear, ask for more details.

> Remember: A quote is not a contract. Quotes typically do not include the same level of detail as a contract and may not be explicit about the process for managing variations and disputes.

Relying on quotes over formal contracts may mean you find it more difficult to navigate a change in agreed price or timeframe and may find it more challenging to obtain redress if things go wrong.

When choosing materials for your building work, building contractors will be influenced by several factors, including:

- materials and products specified on plan or those nominated in the specification
- their experience with the products
- the wholesale price of the products
- the time – and labour cost – taken in getting quotes from multiple sources
- terms of trade available from various sources
- loyalty schemes (such as rebates for buying in bulk) available from various merchants.

Ask your potential building contractors:

- why they propose to get building materials and fixtures from a particular source
- if they receive any benefits from buying materials and fixtures from that source, and whether that has been reflected in the quote.

It's important to understand 'contingency' or 'PC sums' on the quote could be either provisional sums or prime cost sums.

A provisional sum sets aside money for specific building work when there is not enough detail to provide a fixed price (ie the item has not yet been purchased or chosen, and the installation cost is unknown). Ask the building contractor to confirm that the amount quoted will be adequate for the quality of goods you are expecting.

A prime cost sum sets aside a fixed amount for a certain item (eg kitchen sink) so that you can choose these yourself. If you choose a product that costs more than the allocated prime cost sum, you will need to pay extra. A prime cost sum does not include any installation costs.

If you're not confident asking difficult questions or negotiating the quote, ask someone you trust to help you.

Make sure you have the funds to pay for the project before the work begins and that you understand the payment terms agreed with your building contractor.

When you've made your decision and chosen your building contractor, you should send written notification to those who missed out.

Restricted building work

You need to start thinking about Restricted Building Work (RBW) from the start of your project.

If you are using a designer, they must identify all the RBW on your job when they fill in their Certificate of Work (part of the documentation required for a building consent application). They'll do this when they draw up your building plans.

If you are building a granny flat as a non-consented small standalone dwelling you may not require a building consent. In this case, you will be required to notify your local council of your intention to build by applying for a Project Information Memorandum (PIM) before building work can commence.

Find out more about [Granny Flats | Building Performance]

Restricted building work is everything that involves or affects the following:

- Primary structure – for example, this work contributes to the resistance of vertical and horizontal loads (such as walls, foundations, floors and roofs).
- Weathertightness – any work done to the outside of the building to protect it from the weather or elements.
- Design of fire safety systems – this work involves elements intended to protect people and property from fire (eg escape routes) in multi-unit residential buildings.

LBPs are designers, carpenters, brick and block layers, roofers, external plasterers, or site and foundations specialists who have been assessed to be competent to carry out work essential to a building's structure.

If you're building a granny flat as a non-consented small standalone dwelling, you must use an LBP, but you may not be required to get a building consent.

Find out more about Granny Flats | Building Performance

Learn more about restricted building work.

Ask your builder to produce their licensed building practitioner identification OR check the LBP register.

Before signing a written contract

The building contractor must give you information about their business and the consumer protection standard checklist before you sign a residential building contract if either:

- your building work will cost $30,000 or more (including GST)
- you ask for these documents.

Make sure you check through this information and are confident the building contractor has the skills and resources (which may include subcontractors) to carry out the project. Also check council files on their previous jobs. The standard checklist says to check a building company's records on the Companies Office website. You could also check the Insolvency Register to see if the building contractor has been previously declared bankrupt.

It's also important to clarify roles and responsibilities for your building work upfront when getting your quote and signing your contract.

For example, the homeowner is responsible for obtaining any required building or resource consents, although often people ask their building contractor or project manager to get these.

It's a good idea to make sure both parties are clear on expected outcomes for the project; when do you expect the building contractor to finish work on the building project? If this hasn't been specified, the building contractor may begin work for other clients.

Even with a signed building contract, it's important to keep written records of all decisions and changes during the project. This helps avoid misunderstandings, makes it easier to resolve disputes, and ensures everyone stays on the same page. Any change to the building work listed in your contract is a contract variation and needs to be put in writing to your building contractor. It's important to check on the price and timeline implications of any variations.

Any work on an insured home that involves the structure or weathertightness should be notified to your insurer.

Building contractors can be fined for not supplying you with the standard checklist or disclosure statement if they are required to: or if you asked for it. This checklist has been prepared by the Ministry of Business, Innovation and Employment (MBIE) covering the content required by law and includes information on how building projects are managed, hiring building contractors, what should be covered in a written contract and resolving disputes.

Tick off the consumer protection standard checklist

Disclosure statement

By law, the building contractor must give you a disclosure statement that includes:

- The name of the contractor and/or the legal name of their business entity; whether they are trading as an individual, partnership or Limited Liability Company; the business address and contact details and when it was formed.
- Information about the key contact person (eg the project manager or site foreman) who will be involved in carrying out or supervising the building work, including their relevant qualifications, skills and experience.
- Information about insurance policies the building contractor has, or intends to have, in relation to the building work – this must specify the amount of the cover and any relevant exclusions on policy coverage.
- Information about any guarantees or warranties the building contractor offers in relation to the building work – this must specify the period of time the guarantee or warranty is offered for and any limits or exclusions on coverage.

Only the party you are contracting with must provide this information (ie your building contractor may have hired other workers to help complete your building work, but they do not need to disclose this information).

If any of the disclosure information seems unusual, query it with the building contractor. Anyone who knowingly provides false or misleading information, or who knowingly leaves out information, is liable on conviction to a fine of up to $50,000.

Consumer protection - disclosure statement and standard checklist | Building Performance

What your written contract should cover

Written contracts are mandatory if your residential building work will cost $30,000 or more (including GST).

Your contract must include the following:

- names, physical and postal addresses (including the address for the delivery of notices) of both parties, and all relevant contact details (E.g., phone numbers and email addresses)
- address or location description of the site where building work will be carried out
- date(s) the contract is signed by both parties
- expected start and completion date and how possible delays will be dealt with
- contract price or the method by which the contract price will be calculated (eg fixed hourly rate with materials invoiced separately by supplier)
- description of the building work that your building contractor will complete including the materials and products to be used (if known)
- which party will be responsible for obtaining building consents, and any other approvals required, to carry out the building work - if you are building a granny flat as a non-consented small standalone dwelling you may not require a building consent
- who will carry out and/or supervise the work
- how notices, records and certificates will be given by one party to the other

- the payment process, including dates or stages for payment and how payments will be invoiced, made and receipted
- how defects in the building work will be remedied, including reference to the existence and application of the implied warranties in sections 362I to 362K of the Building Act
- the dispute resolution process to be followed if there is a disagreement
- how variations to the building work covered by the contract will be agreed before work continues
- an acknowledgement that the client has received the consumer protection standard checklist and disclosure statement from the building contractor.

For free building contracts in Aotearoa New Zealand, you can download and use NZS 3902:2004 Housing, alterations and small buildings contract directly from the Standards New Zealand website. This contract is sponsored by MBIE and is written in plain English to be fair and easily understood by property owners undertaking simple residential building work.

If you don't have a written contract or if your written contract doesn't include the minimum content specified in the Building Act, there are default clauses which will be considered as part of your contract. A default clause won't override an existing clause in your contract on a similar topic.

Get legal advice

The minimum contract content only covers the basics. Take time to make sure your contract is suitable for the building work you are undertaking. It is especially important to check the scope of works included in the contract, as this is all your building contractor must carry out. Always get legal advice before you sign a contract.

Implied contract terms has more details of the default clauses.

Implied warranties

The law sets out implied warranties that apply for up to 10 years to all residential building work, regardless of whether you have a written contract, or the terms of your contract.

Implied warranties cover most aspects of building work, from compliance with the Building Code to good workmanship and timely completion of building work. A breach of these warranties is a breach of your contract.

If you think your building contractor has breached these warranties, your first step should be to begin the dispute resolution process outlined in your written contract.

Implied warranties and residential building contract protections do not apply to design work. Even though implied warranties under the Building Act don't apply, design work may still be protected under:

- Consumer Guarantees Act 1993
- Fair Trading Act 1986
- Professional disciplinary processes under the Building Act (especially for licensed building practitioners doing restricted building work)

Implied warranties and defects have the full list of implied warranties, which are set out in the Building Act.

5. Once building work finishes

Information your building contractor must give you

Your building contractor must give you the following information and documents once the building work is completed, regardless of the price of the work:

- A copy of any current insurance policy they hold for the building work completed under the contract. This does not include policies that expire when the work is completed.
- A copy of any guarantees or warranties for materials or services used in the building work, including information about how to make a claim, if the guarantee or warranty is transferable, and if it must be signed and returned to the issuer.
- Information about the processes and materials to be used to maintain the building work; particularly if maintenance is required to meet the requirements of the Building Code or maintenance that could affect any guarantee or warranty.

If you have built a granny flat as a non-consented small standalone dwelling homeowners must collect and submit to the council a range of records and certificates that confirm the work was carried out by appropriately licensed building professionals and complies with the Building Code. These include:

- Records of Work (RoW) from licensed building practitioners (LBPs) who carried out or supervised restricted building work - LBPs are required to provide the Records of Work to both the homeowner and the council.
- Certificates of Work (CoW) from designers for any restricted design work.
- Energy work certificates, including electrical safety certificates and gas safety certificates (if applicable).

Make sure you get information on how to maintain your home and that you budget for this work – it's an ongoing cost.

Defect repair period of 12 months

There is a defect repair period of 12 months from the date your building work is complete. If you tell building contractors about any defective work before the 12 months are up, they must put it right within a reasonable timeframe from receiving written notification.

> If there is a dispute, it is the building contractors' responsibility to prove that any defects are through no fault of their own (or their product).

How the process works

You must notify your building contractor of any problems in writing. It is up to them to arrange and manage the repairs, including any defects in work done by subcontractors.

If you've contracted other tradespeople directly, you'll need to advise them yourself (in writing) about the defective building work.

When the clock starts

The completion date is when all the physical building work agreed to by you and the building contractor has been finished. The 12-month defect repair period applies to all residential building work, regardless of the price.

Once the defect repair period ends

Implied warranties in the Building Act apply for up to 10 years, so the building contractor is still obliged to fix defective work after the 12-month defect repair period ends. The main difference is that it becomes your responsibility to prove that there is a defect if the building contractor does not agree the work is defective.

Acceptable levels of workmanship

MBIE has produced guidance on acceptable levels of workmanship and tolerances to help building contractors and homeowners determine what is, and isn't, defective building work.

How to identify defects

When the warranties don't apply

A building practitioner isn't liable if the defect is caused by:

- events beyond human control
- accidental damage caused by others — but not subcontractors or anyone that the builder is legally responsible for
- you not carrying out normal maintenance
- you not carrying out or arranging to have done repairs as soon as practicable after a defect becomes apparent
- you not taking your building contractor's advice.

If your building contractor goes out of business, you are not protected — but you may still have legal rights against the subcontractors.

If you are planning on replacing your flood damaged fence with a fence that is taller than the previous fence, you will need to check with the council to see if you need a resource consent.

6. If things go wrong

It is in both your interests and the building contractor's interests to keep the building project running smoothly and to deal with any disputes as they arise. If you have concerns about the building project, raise them with the building contractor (or the key contact person) as soon as possible.

You have several options if you are in dispute with your building contractor. Some of the basic steps are set out in the standard checklist you should have received at the start of the build process.

Tick off the consumer protection standard checklist

Refer to your contract and talk to your building contractor

If you have concerns about building work that has been carried out, start by checking the terms agreed in your contract and discussing matters with your building contractor.

Many complaints and disputes result from misunderstandings, such as:

- not understanding the terms agreed in the contract
- unrealistic expectations about the level of quality you can expect for the amount of money you have agreed to pay

- not understanding the impact of asking for changes after the initial quote or contract was agreed
- not being clear about the work you want them to do.

Follow the dispute resolution process in the contract

If you have received an invoice that you have concerns about, clearly outline your concerns to the building contractor in writing.

If you fail to make a payment when it is due, the building contractor might start dispute resolution proceedings before you have a chance to explain why you have not paid – withholding payment when there is a dispute may make the situation worse.

If you are still unhappy after talking it through with the building contractor, the next step is to check the contract to see what (if any) dispute resolution process you should use and begin that process.

More steps to consider

If the issue remains unresolved, then how you progress your concerns will depend on who or what you are concerned about and how much you are prepared to spend to get it resolved.

Complaining about a building contractor

You can lodge a complaint with MBIE if your building contractor has not provided you with their disclosure statement, the consumer protection standard checklist or a written contract and you asked for this, or your building work cost $30,000 or more (including GST). If a building contractor fails to provide a written contract, standard checklist or disclosure information they may be fined up to $2,000.

Complaining about a building contractor has more information.

Complaining about the conduct of a licensed building practitioner (LBP)

If your building contractor is an LBP and you believe they were negligent or incompetent, you can complain to the Building Practitioners Board. They can investigate the LBP and discipline them, but they can’t award you any compensation or make the practitioner fix defective work.

Complaining to the building contractor’s trade or professional association

If the building contractor is a member of a trade or professional association, you can complain to these bodies. They may offer dispute resolution services and/or guarantees which cover work done by their members.

Breaches of implied warranties

You can also take action when the implied warranties under the Building Act have not been met. These cover:

- what happens when the breach can be remedied
- what happens when the breach is substantial or cannot be remedied
- what a substantial breach is.

Implied warranties and defects has more information.

Seeking mediation

You can try to come to an agreement with the help of a mediator even if your contract does not provide for it, or if you have no written contract, but both parties have to agree to this.
Mediators are appointed by either:

- New Zealand Law Society
- LEADR (an Australasian association of dispute resolvers)
- AMINZ (Arbitrators' and Mediators' Institute of New Zealand Inc.)
- private mediation services.

Approaching the Disputes Tribunal or District Court

You can take a dispute to the Disputes Tribunal if your claim is for up to $30,000. If your claim is for more than this or if you need to enforce the Disputes Tribunal's decision, you can go to the District Court. You should get legal advice if you are considering taking the matter to the District Court.

Resolving problems has more information about what to do when things go wrong.