

Homeowners out thousands despite warranty

B.C. couple hit with structural repairs says warranty company didn't protect them

Last Updated: Tuesday, November 16, 2010 / 8:08 AM PT [Comments201Recommend152](#)

A couple from Chilliwack, B.C., say they are out almost \$80,000 to repair structural defects in their house despite paying for new-home warranty coverage they believed would protect them.

"I think consumers like us have really been taken — with the whole concept of a warranty and what home warranty people say they are going to do," says Kirk Ward.

Ward and his wife, Brenda, hired B and D Construction to build a home for them on a steep hill in 2006. The company is no longer registered to build homes in B.C., but it was at the time. At the builder's request, the Wards paid \$2,025 for a warranty with National Home Warranty, the provider the builder was registered with — one of the largest in B.C.

Early on, the couple said they began to worry their home might fall down before it was finished. "The top floor, when you walked across it, before the walls were up, the whole thing would just sway under your weight," said Brenda.

An engineer they hired found joints and beams weren't secured properly, along with several other deficiencies.

Shaky foundation

"If you build something the foundation has to be right," Kirk said. "And if you mess up on the foundation, the higher up you go the worse it's going to get."

Kirk submitted a detailed list of what he considered to be structural deficiencies to National Home Warranty.

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At the time, the warranty company was promising homeowners on its website that its inspectors "work with builders as an extra set of eyes looking for problems before they are 'built into' a house ... working and looking to ensure a quality product is delivered to you."

The Wards maintain they didn't get that kind of protection. Kirk said he never saw the inspector, despite his requests for an onsite meeting. The inspector apparently had looked at the home's foundation; however, his report showed no concerns.

Inspection details withheld

When Kirk asked National Home Warranty if there were any other inspection reports, he was told in an email that "due to privacy laws we are not able to discuss any further information."



The Wards home was built on a steep hill and they feared it would fall down during construction if deficiencies weren't repaired. (CBC) Kirk said the company essentially told him to file a claim when the house was finished. By then, he pointed out, the defects would be much harder, if not impossible, to fix.

"Essentially what they're saying is let the builder do his job — let him get his work done — and then we will come out and we will give you a final inspection. And hopefully if the house doesn't fall down we won't have to have any claims."

National Home Warranty declined a CBC News request for an interview. However, it sent a statement from its president, Carrie Mason, which read, in part: "We empathize with the homeowner and understand there are contractual disputes between himself and the builders he engaged over work performed during construction. However, the role of the warranty provider is to provide coverage to the homeowner after the home is completed."

The Wards said the builder didn't agree that any of the work needed fixing, then quit the job during construction and de-enrolled their home from the warranty program.

The couple said it then cost \$78,000 to have another builder fix the deficiencies identified by their engineer. The home is now finished and they are suing the original builder to try to recoup that money.

'A nightmare'

"We spent three years trying to finish a house," said Brenda. "We had this house sitting open, being weathered through the spring. It was a nightmare, really."



The deficiencies identified by an engineer included gaps in the framing and joints and beams that had not been properly secured. (CBC)The Wards eventually got a refund of their \$2,025 fee from National Home Warranty, after one of the company's senior account executives, Gordon Houston, agreed in an email, "Yes indeed, it does seem to be a nightmare."

"National Home Warranty and other home warranty companies exist because of the builders," Kirk said. "The builders are paying into it and it's making it possible for them to rake in the money."

From 2005 to 2008, few consumers — one a year — filed legal claims against National Home Warranty. Since 2008, however, 16 claims have been filed in court by homeowners, most alleging harmful delays, inadequate inspections and unfairly denied claims.

"I didn't see them on my particular project once," said John Grasty, a B.C. realtor and longtime homeowner advocate. The builder of his condominium development was also registered with National Home Warranty.

"I get a better warranty with my toaster than I do with the most expensive investment I am going to make in my lifetime," he said while demonstrating how the door to his balcony doesn't fit in the frame — something he said National wouldn't cover.



B.C. realtor John Grasty shows reporter Kathy Tomlinson an ill-fitting door that he said National Home Warranty would not pay to fix. (CBC)Grasty agreed with the Wards that the essential problem is that warranty companies make their money from builders, not homeowners. He also said he hears similar complaints often.

"It's widespread. And of course the majority of people give up — like myself."

Grasty questioned the qualifications of the inspectors who work for warranty companies. By law, home inspectors hired by B.C. consumers have to be licensed. But an internet search by CBC News found that only one in 12 of National Home Warranty's inspectors listed on the website were licensed by the provincial government.

Inspecting inspectors

National Home Warranty spokesperson Kimberly Flood explained that the company's inspectors don't require licences. "Different kinds of inspectors require different qualifications," Flood said in an email.

"Inspectors who are not responsible for policing and certifying a contractor's work during construction are actually not required to have certification."

However, she said, most of the company's inspectors are certified by an accredited agency.

"Ninety per cent have formal certification which would in turn qualify them for licensing if mandated," Flood wrote. "They have that certification in place, despite no actual regulatory requirement."

Arne Kluge, a spokesperson for the Canadian Association of Certified Home Inspectors, said he hears complaints about home warranty inspections and coverage across the country. He pointed out that even if a warranty company's inspectors are certified, they are not independent.



Arne Kluge of the Canadian Association of Certified Home Inspectors said even if warranty inspectors are certified, they are not independent because their employer is paid by builders. (CBC) "I get calls from people who want an inspection done on their home. It's a brand new home, and I get in there and I see voids in insulation and I see problems with the foundation, problems with the waterproofing," said Kluge. "We need to try to get more inspectors out there that are independent inspectors — that are paid by the homeowner, not by the warranty company."

Kluge advises homeowners to have their own inspector check their builder's work and then help file a warranty claim, if necessary.

Kirk Ward suggests that homeowners who have had trouble with their warranties should band together to fight for improvements.

"We're just two people in one small community," he said. "How many other hundreds of thousands of people out there have had the same experience and perhaps don't have the financial resources to take anything to court — or to get their home fixed properly?"