

## **Tarion deposit payout expected to hit \$80 million for 2024, the highest in its history — with majority of claims for illegally sold homes**

The provincial new home warranty provider says roughly 80 per cent of claims for lost deposits related to developers who built or sold homes illegally.

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Tarion is expected to have paid out \$80 million in deposit claims in 2024.  
R.J. Johnston Toronto Star

By [Clarrie Feinstein](#) Business Reporter

Tarion provided “the highest amount of consumer support in its history” last year, aiding more than 1,000 homeowners who had lost deposits because of builder receiverships.

According to Tarion, the provincial new home warranty provider expects to have paid out around \$80 million in warranty coverage for purchaser deposit claims in 2024 (the finalized amount will be published in a year-in-review report this spring).

In 2023, Tarion paid out more than \$10 million, followed by \$6.5 million in 2022 and around \$1.5 million in 2021. [Read More](#)

Over the last two years, Tarion received more than \$100 million in related deposit losses, according to its 2025 business plan released in January — with the remaining \$10 million in deposit claims still to be paid out rolled into 2025, Andrew Donnachie, director of stakeholder relations at Tarion, said in an email to the Star.

Of the 1,000 homeowners who had lost deposits due to receiverships, almost 80 per cent of those losses related to agreements of purchase and sale that did not comply with the regulatory process, meaning the builder failed to enroll with Tarion and sold and built the homes illegally.

“Under Ontario’s new home warranty program, builders are required to refund a new home buyer’s deposit in the event that a sale is not completed — and Tarion is here to help consumers if that doesn’t happen,” said Donnachie.

“Purchasers can have confidence that if purchase agreements are terminated as part of a cancelled project or receivership process, they can contact Tarion for assistance.”

By law, builders must provide a warranty on all new homes built in Ontario, and Tarion has a mandate to ensure buyers of newly built homes receive the coverage they’re entitled to. But if a builder fails to deliver a home to the purchaser and won’t refund them, a claim can be made to Tarion for the return of the deposit.

The anticipated payout comes after a perfect storm of high interest rates, rising construction costs, and buyers unable to close on their unit, which has led builders to abandon projects or seek bankruptcy.

New home purchasers have few options when a builder goes into receivership, turning to Tarion to get the coverage owed to them. But Tarion's Guarantee Fund — which covers the cost of deposit claims — is “vulnerable” as fewer builders enrol in Tarion, while the number of deposit claims escalate, leaving Tarion's financial situation in a precarious position, a consumer advocate warns.

Vendors and builders must enrol homes with Tarion prior to construction and sale — the enrolment fees are the primary source of revenue for Tarion's warranty coverage.

Tarion says that around \$30 million needs to be added to the fund over the next three years, but when asked if the organization would be increasing enrolment fees to cover the cost, Donnachie said, “No final decision on fees for 2025 has been made at this time.”

“The 2025 budget has been drafted to reflect the need to replenish and reinforce the Guarantee Fund after the unprecedented level of claim payments, which if unmitigated will leave the fund vulnerable to future catastrophic events,” the business plan says.

Enrolments have been low in 2024 and are expected to remain low this year — but the demand for Tarion warranty services and coverage continues to be high, the business plan said.

Barbara Captijn, a consumer advocate for purchasers of new builds, worries that Tarion will offer to pay out less of the warranty coverage owed to the purchaser due to their funds being squeezed.

If a buyer signed a purchase agreement on or after Jan. 1, 2018, homes with a sale price of \$600,000 or less have up to \$60,000 of their deposit covered. Homes over \$600,000 have protection coverage of 10 per cent of the sales price to a maximum of \$100,000.

Condos have better deposit claim protections compared to freehold properties because the Condominium Act mandates all condo deposits be held in a trust by the builder and must be returned in full to the buyer if the purchase agreement falls through. Freehold properties don't have the same legal requirement. But if a condo builder fails to comply, then Tarion will only provide protection up to \$20,000.

"Businesses can declare bankruptcy and remake themselves but vulnerable homebuyers can't," Captijn said, adding many purchasers of new build homes have deposits exceeding \$100,000, so even if they receive the full coverage they can still be out tens of thousands of dollars.

Apart from going to Tarion to hopefully receive part or all of their deposit claim coverage, there's very little recourse available to purchasers, said Steve Rastin, senior counsel and lawyer at Rastin Gluckstein Lawyers.

"Purchasers who are victimized by builders who have built illegally or go bankrupt unfortunately have few options. They can litigate against bad actors, but as the old adage goes, 'you can't get blood from a stone,'" Rustin said.

"Most claimants in a bankruptcy get pennies on the dollar, and to make matters worse the legal system continues to move slowly post-COVID."