

How to Spot a Contractor Scam

There are thousands of legitimate, ethical contractors in business around the country. Unfortunately, there are also scam artists looking to cheat you out of your money who pose as legitimate contractors. These "fly-by-night" operators often show up in communities impacted by natural disasters to try to scam distressed home owners into paying for shoddy repairs or work that they will never show up to perform.

Here are some warning signs to look out for:

Doesn't have license and insurance. All professional contractors should be insured and able to show their certificate proving such insurance. Although all states do not require licensing, contractors in states requiring licenses should have it and be able to provide a copy.

Doesn't write contracts. Professionals have clear contracts that outline the job, process, the cost, and helps clarify how problems will be managed. If you don't have a contract, you are not protected when something goes wrong. Don't hire anyone who tells you a contract "won't be necessary."

Requires cash or payment in full before starting the job. Shady contractors demand cash and then run with the money. Many home owners have been stranded by paying in full up front. A deposit towards materials is common, but only pay it once you have a contract signed by both you and the contractor. It's also suspect you're asked to pay cash to a salesperson instead of a check or money order to a company.

Vastly underbids all other contractors. They may have the best price, but that doesn't guarantee the best work. Such contractors may cut costs on quality, which can end up costing you more when you have to have the substandard work redone.

Offers "special" pricing. If you're told you've been "chosen" as a demonstration project at a special, low price, or you're told a low price is good only if you sign a contract today.

Cannot provide customer references. Professional contractors should have current references they can provide from current and past clients — and you should be able to reach those references, not just an answering machine.

Difficulty contacting the contractor. Professionals have a physical office, mailing address, phone, and email. They should respond to your queries in a timely manner. Make sure you can verify the contractor's business address.

Your best bet is to take your time, do your research and choose someone you feel completely comfortable with. If your state requires contractors to be licensed, look them up on the state licensing website even if you've seen a piece of paper that looks like a license. Make sure they don't have a record of consumer complaints lodged with your local Better Business Bureau. You can also [contact your local home builders association](#) for a list of reputable contractors in your area.