



Payment time for Subbies

There is a new law to ensure that building sub-contractors (Subbies) who do construction work or supply building materials get paid progress payments quickly. Others in the construction game may benefit too eg. architects.

The *Building and Construction Industry Payments Act 2004* does not allow claims against people building their own home. They are permitted by law to continue changing their minds and generally winding up the builder and any one else involved.

A Subbie owed money sends a "Payment Claim" letter. He must state the work done (if any), the amount claimed and refer to the Act. Get it wrong and it isn't valid.

Builders receiving a "Payment Claim" must pay in ten business days unless within that period they issue a "Repayment Schedule" saying why they intend to pay less or nothing at all.

No reply and the Subbie can enforce it straight away as a court judgement.

If a Repayment Schedule is issued in time then within 10 days the Subbie can refer the matter to an adjudicator who should make a decision within about 10 days. There is room for a meeting and inspection however most claims will be dealt with quickly.

What if the Subbie is really trying it on and you, as a builder will never see your money again. Well the court does have an inherent power to stop fraud-but getting this type of order would be difficult and expensive. So the Builder normally pays then must sue the Subbie to get the money back.

So if Subbies are a bit short of cash there is plenty of opportunity for them to sneak in a claim.

Developers/builders, if you do not read the letters that you receive or have chosen a registered office which is like a black hole, then you are a sitting duck.

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