

NASCLA Discussion of Contractor Referral Services

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What is a Referral

We have probably all received the question –

Do you know somebody who does . . .

Whether it be friend, family, neighbor, coworker, or somebody else, this person is looking for a referral.



What is a Referral Service

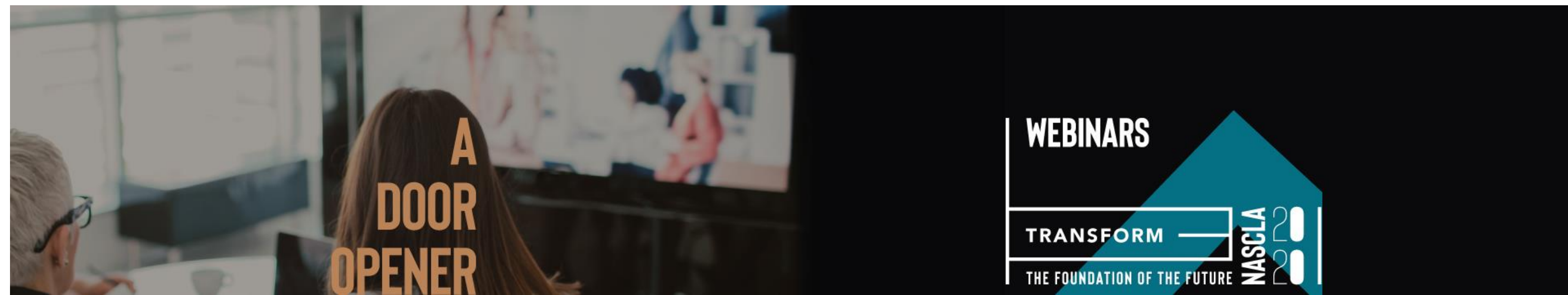
There are many type of referral services:

- Contractor listings (i.e. “bulletin boards”)
- Contractor listings + vetting
- Contractor dispatching (online marketplace)



Contractor Listings

- Old school, like the wants ads or yellow pages – the Service provides a list of contractors
- The consumer has multiple choices
- The consumer “vets” the contractor
- The consumer negotiates with, contracts with and pays the contractor
- Example: Craigslist



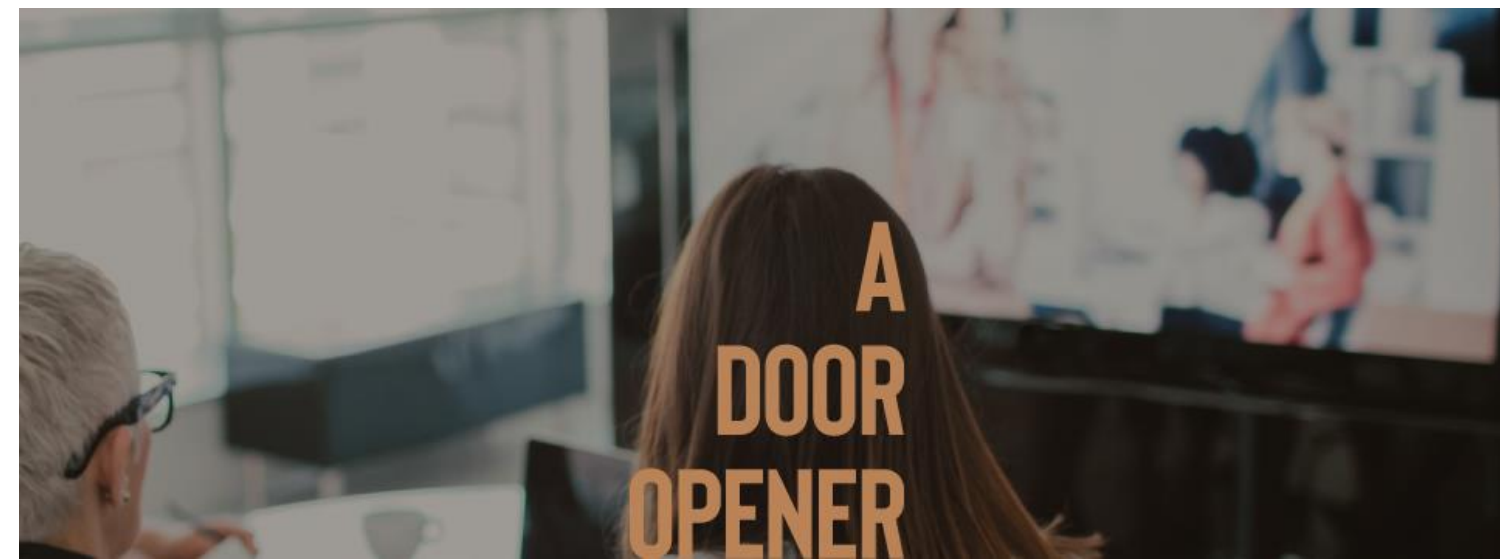
Contractor Listing + Vetting

- The Services provides a list of contractors
- The consumer has multiple choices
- Service “verifies” licensure and insurance, and “background checks” contractors
- The consumer usually negotiates with, contracts with and pays the Contractor (some Services allow payment through the Service)
- Example Angie’s List



Contractor Dispatching

- Consumer has “one click” shopping to buy materials & labor from the Service
- Service picks the contractor – no consumer choice
- Service vets the contractor and sets the price
- The consumer does not negotiate with the contractor, rarely signs a contract with the contractor, and pays the Service who in turn pays the contractor
- Example: Amazon



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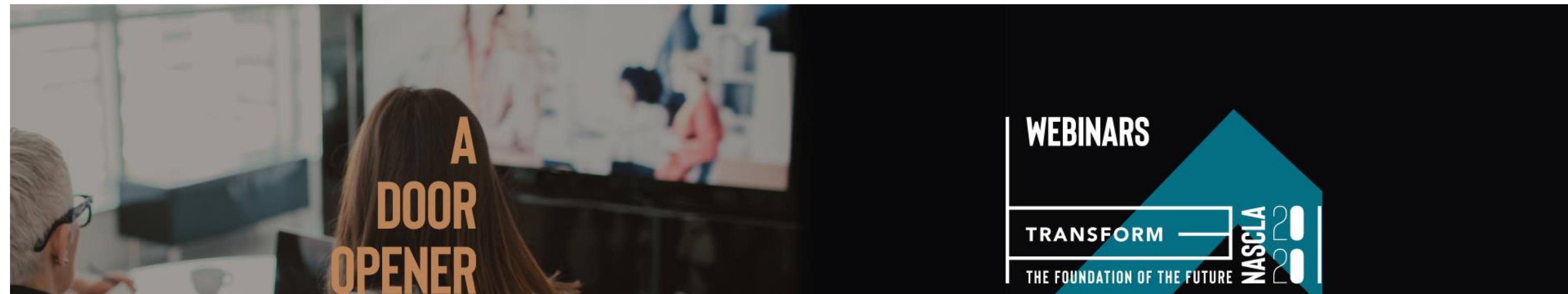
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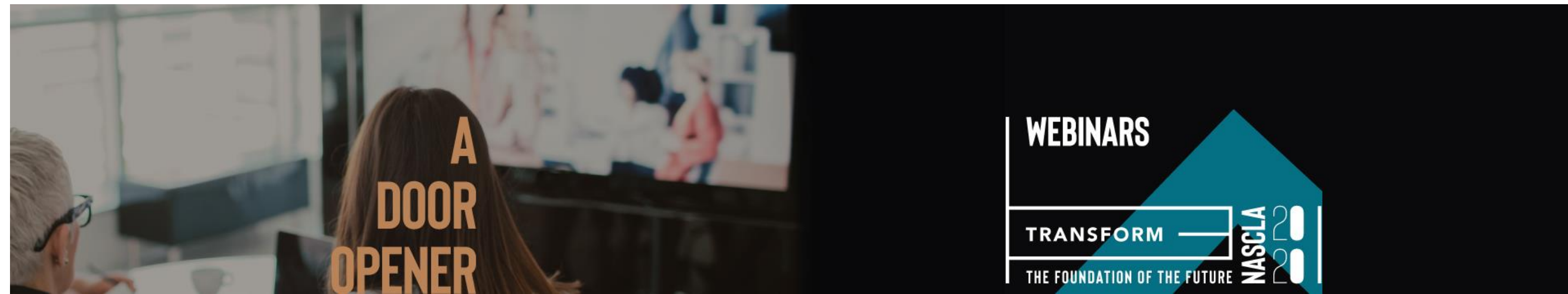
Key Questions

- With whom does the consumer reasonably believe it contracted to perform the work?
- Who is “selling” the installation work?
- Who is responsible if there is a problem with the work?



The Survey Says...

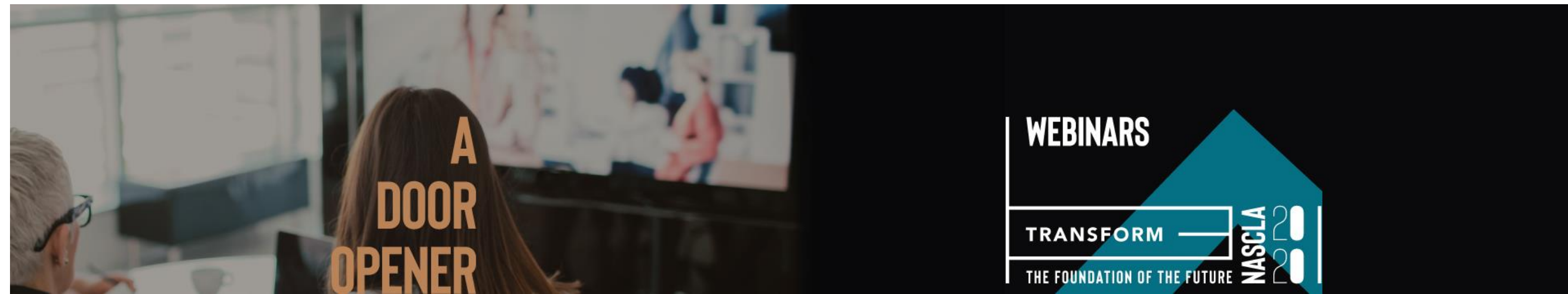
NASCLA sent out survey to see how members view the license implication of Referral Services.



Some States Already Require Licensure By Some Types of Online Referral Services

Example Survey Responses

1. Our law prohibits contracting without a license
2. Need for licensure is determined by the terms of the agreement
3. Referral Services do not require licensure IF they are not in contract with the consumer or managing the construction



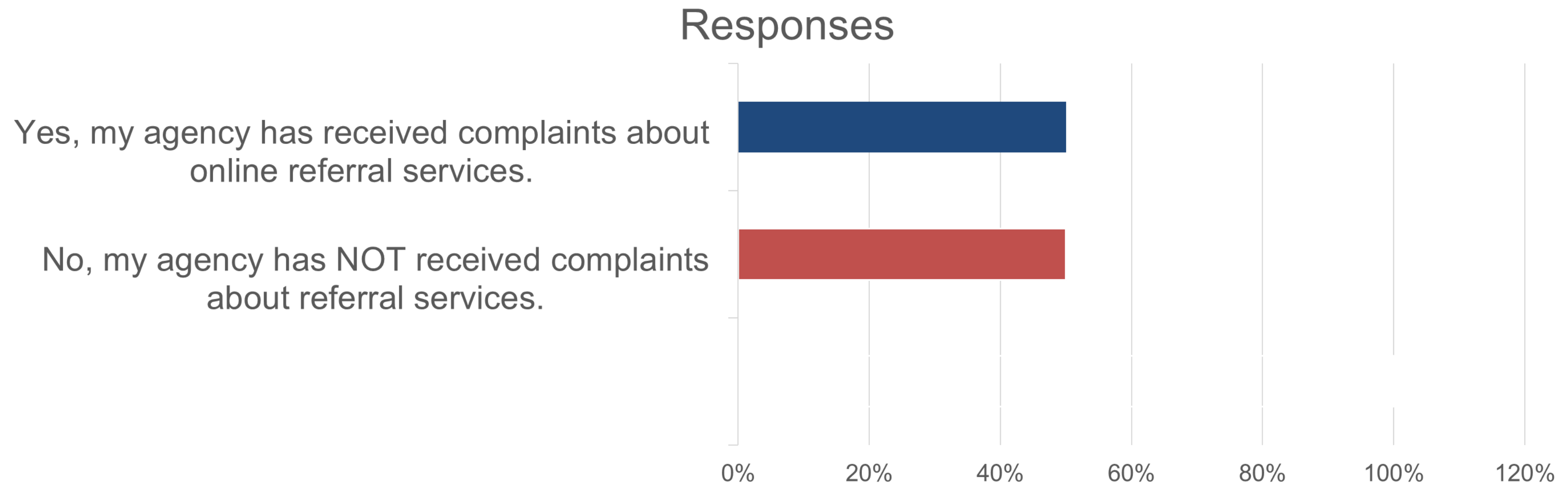
What Factors Determine if an Online Referral Service Requires Licensure?

Example Survey Responses

1. With whom does the consumer contract
2. Who does the consumer pay
3. Who choose the contractor
4. Who is “responsible” for the work



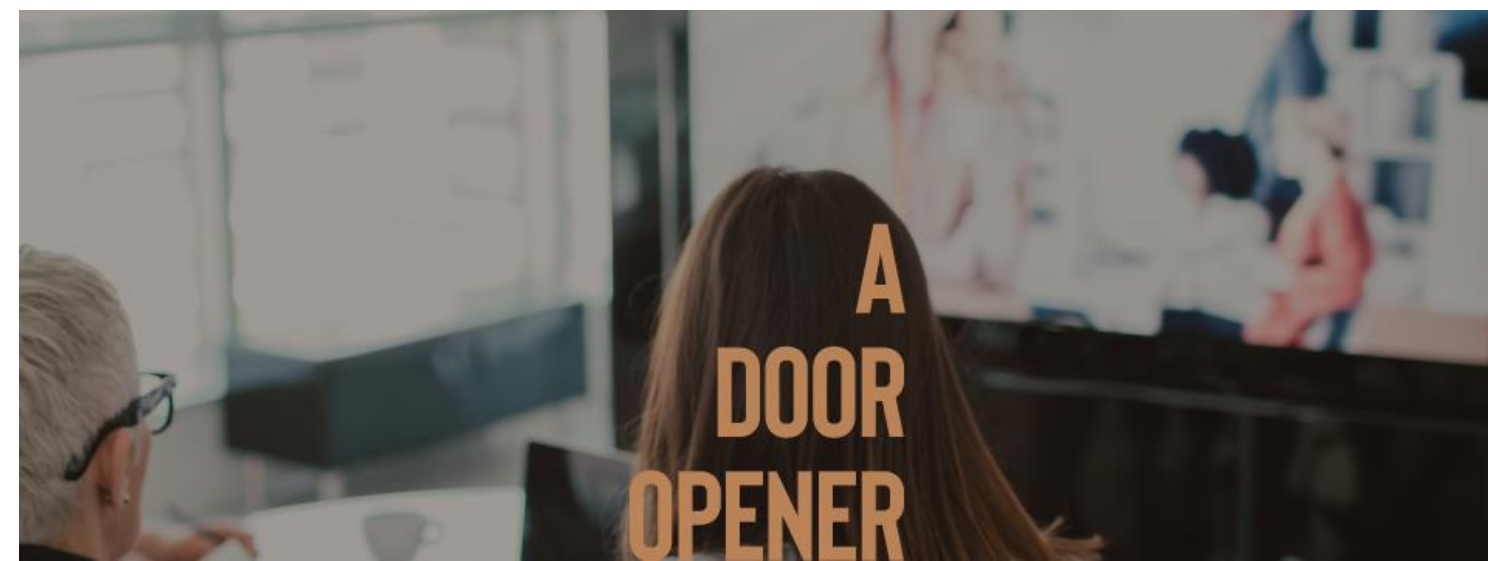
Has your agency received complaints about online referral services?



What are the most common types of complaints?

IF YES, LIST COMMON COMPLAINT TYPES:

1. Typically complaints come from other contractors for both licensed and unlicensed contractors
2. We have had one complaint that involved a referral service. The Attorney General's office took the case and prosecuted the referral service to a negotiated settlement
3. Complainant is typically confused about responsibility of the referral service versus contractor



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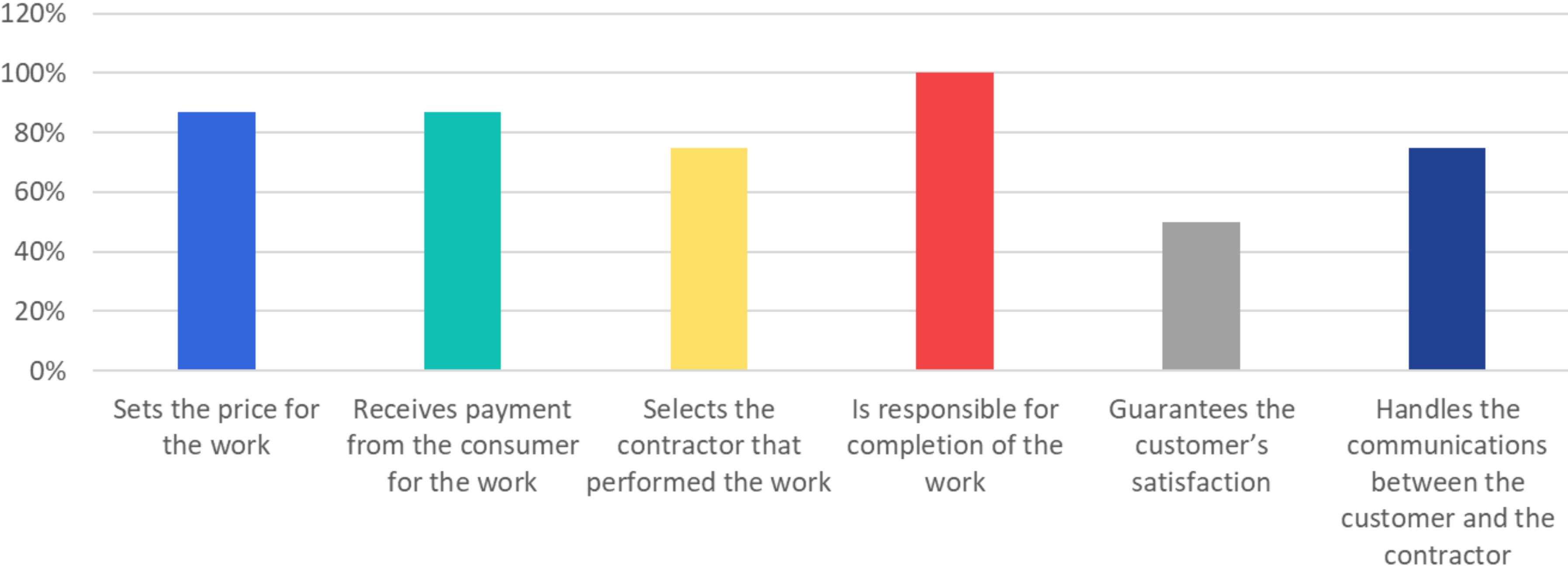
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Would an online referral service require licensure if it: (select all that apply)

RESPONSES



How NASCLA Can Help

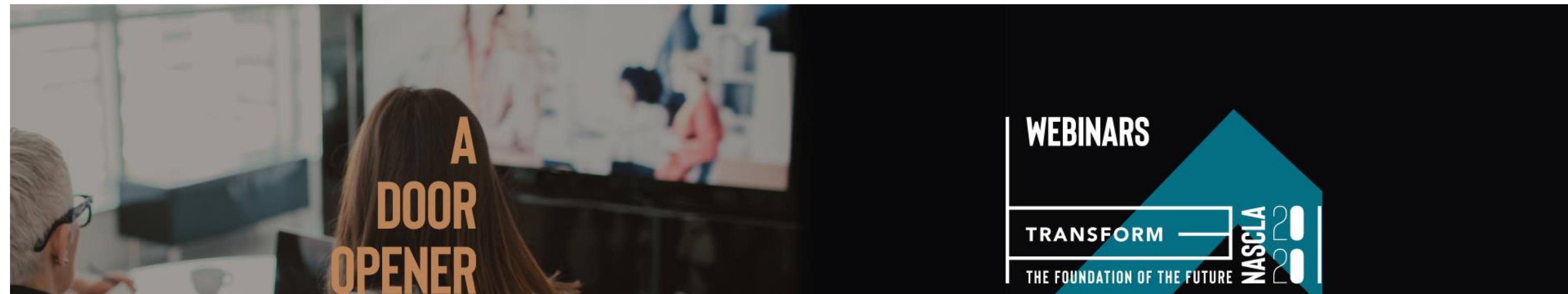
NASCLA is uniquely positioned to foster discussion and suggest solutions:

- NASCLA is a national organization, as are the larger referral services and online marketplaces
- NASCLA provides strength in numbers, which is helpful with large online marketplaces



Contact Information for Additional Information

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