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# The Douglass Law Firm

Employment Law - Civil Rights



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## The New Jersey Consumer Fraud Act-Home Improvement Contractors Beware

You might care less or even think ridiculous the recent lawsuit filed by two New Jersey men against the Subway Corporation for Consumer Fraud because the hoagies they purchased were less than 12 inches long as advertised, but my guess is that you take more seriously a relationship between a homeowner and a Home Improvement Contractor.

Americans spend gobs of money on home improvement. After all, it's estimated that Americans devote around \$114.6 million dollars a year on home restoration jobs with a typical project costing somewhere around \$45,000. Needless to say, if you don't know how to repair your roof or do the occasional odd job, maintaining and/or

improving the condition of your home can become expensive—and quick. Even so, when it comes to home improvement, it's usually best to simply hire an expert. You don't want your roof sliding off onto your lawn, now do you? More importantly, you expect to get what you pay for when hiring a home improvement contractor. What happens when you don't?

In two recent New Jersey Appellate Division decisions the Court has provided homeowners with added protection against defective workmanship performed by Home Improvement Contractors under the New Jersey Consumer Fraud Act. The New Jersey Consumer Fraud Act ("CFA") allows parties to recover damages if they have suffered an ascertainable loss. See [N.J.S.A. 56:8-19](http://www.nj.gov/education/legislation/njsa/56-8-19.html).



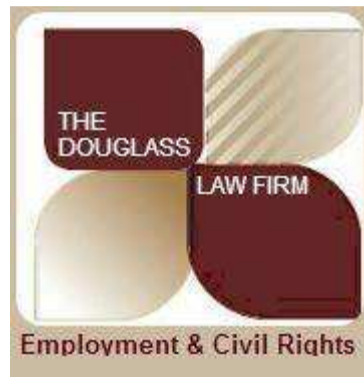
In [\*Pope v. Craftsman Builders, Inc.\*](#), the plaintiff homeowners hired the defendant contractor to renovate their home. During the course of construction, the defendant issued a couple of change orders and the township issued a notice of violation that temporarily suspended work on the project. When a certificate of occupancy was ultimately issued and the plaintiffs were allowed back into the house, they noticed a number of issues with the work performed by the defendant notwithstanding the fact that the defendant had been fully paid to complete the project. The plaintiffs hired another contractor, Ciccotti Construction, to complete the work and repair the defective work performed by the defendant. The trial court dismissed the homeowners case finding that there was no ascertainable loss but the New Jersey Appellate Court disagreed ruling that the cost to complete and repair the work performed by the defendant was an ascertainable loss and that the homeowners were not required to hire an expert to establish damages.

The New Jersey Appellate Division affirmed a trial court's verdict against a home improvement contractor an unreported decision in [\*Ying v. Li.\*](#) The Yings hired American East Construction (owned by Li) to renovate their house. Li represented that American East Construction was licensed and insured, and the contract noted that the work would be completed "in about 20 days." According to the Yings, the work was done poorly, and was never completed. The Yings sued Li, and expert testimony revealed that much of the work needed to be completely redone.

Li admitted at trial that American East Construction was not licensed or insured, and that no permits were obtained for the work. The trial judge found that Li had engaged in "unlawful practices" under the CFA, including performing work without a license, insurance, construction permits, and for failing to provide a beginning and end date in the contract, and entered a judgment in the amount of \$24,500, which was trebled to \$73,500 under the CFA, and held against Li personally.

The Appellate Division took the opportunity to remind contractors of their various obligations under the CFA, such as (1) registering with the DCA; (2) maintaining general liability insurance; (3) obtaining proper permits before work commences; and (4) ensuring that construction contracts include all required information, including dates on which the work is to begin and to be completed. A failure to do any of these is an unlawful act under the CFA, and may result in treble damages, as well as personal liability on the part of the contractor's principals.

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