

The 7 Contractor Red Flags

The seven warning signs that predict the most contractor disasters — plus what to actually do when you spot one, before the project, during it, and after it goes wrong.

The 16 Things — Homeowner Protection Resource · US + Canada Edition

Read this first: Red flags are never one thing. A single flag may have an innocent explanation — a contractor running late because of an emergency on another job, for instance. What matters is the pattern. Two flags together is worth a pause. Three or more is a pattern you should not ignore. Use this checklist during your first meeting and throughout the project — not just before you hire.

01 THE 7 RED FLAGS — WATCH FOR THESE FROM THE FIRST MEETING

1

Requires payment up front

A contractor who needs your money before any work begins, beyond a reasonable 10–15% deposit, is asking you to fund their business — not your project.

2

Shows up late for meetings

How a contractor treats your time before you've hired them is the most reliable preview of how they'll treat your project after.

3

Does not call you when running late

Lateness happens. Not communicating about it doesn't. This is a communication habit, not a one-time excuse.

4

Refuses to answer your questions to your satisfaction

Evasive, vague, or irritated responses to reasonable questions in the first meeting will not improve once the walls are open.

5

Asks you to find subcontractors yourself

Sourcing subcontractors is the general contractor's job. A contractor who hands this back to you is signaling disorganization, or worse, sidestepping liability.

6

Requests an unusually large deposit

A contractor pushing hard for a large deposit may be experiencing cash flow problems — sometimes using new clients' money to finish prior jobs.

7

Shows up in a vehicle that doesn't match the story

Not a rule — a corroborating signal. A worn work truck can mean a humble, skilled tradesperson. A spotless luxury vehicle paired with vague answers and rushed pricing is worth noticing. The vehicle alone proves nothing either way.

“Red flags are never one thing. They travel in clusters. Judge the pattern — not any single signal.”

02 12 MORE SIGNS — YOU MAY BE GETTING OVERCHARGED

Beyond the headline seven, these twelve signs specifically predict overcharging — the most common way homeowners lose money even when the work eventually gets done.

Overcharging Signal	Why it matters
Vague estimates with no cost breakdown	If you can't see what you're paying for labour vs. materials vs. permits, you can't tell where the padding is.
Significantly low bids	A bid 30%+ below the field is rarely a deal — it's usually a bait-and-switch setup for change orders later.
Frequent or inflated change orders	One change order is normal. A pattern of them, especially priced high, often means the original bid was deliberately low.
Pressure tactics or rushing you to sign	'This price is only good today' prevents you from comparing bids — that's the point.
Lack of licensing or insurance	Without these, you have no recourse and no protection if something goes wrong.
Poor communication or hard to reach	A contractor who is difficult to reach before the deposit clears will be harder to reach after.
No written contract	Verbal agreements about price and scope are unenforceable. Get everything in writing before work starts.
Unexplained fees	Any charge that appears on an invoice without a prior written explanation should be questioned before paying.
High down payments	The same warning as Flag #6 above — large upfront payments transfer your leverage to them.
Negative reviews or unresolved complaints	Patterns in reviews — not single bad reviews — reveal how a contractor handles problems.
Excessive scope-creep suggestions	A contractor who repeatedly suggests upgrades beyond your original scope may be optimizing for revenue, not your needs.
Unusual payment methods (cash only, etc.)	Cash-only payment requests eliminate your paper trail and your recourse if a dispute arises.

03 DETECTABLE AT THE FIRST MEETING — SIX CLUSTERS TO WATCH

Most of what predicts a bad contractor relationship is visible before you ever sign anything. These six clusters group the behavioral and credential signals you can observe in person.

1. Punctuality before the job starts

On-time arrival, advance notice of delays, and respect for the appointment window all predict how this contractor will treat your schedule once work begins.

2. Communication quality in the room

Listens to what you actually want, answers directly, and doesn't push an agenda you didn't ask for. A contractor who approaches the meeting like a salesperson rather than a tradesperson is a signal.

3. Credential hesitation

A licensed, insured contractor knows their licence number the way you know your own phone number. Hesitation, vagueness, or 'I'll send it later' deserves a follow-up question on the spot.

4. Pressure tactics

Urgency that didn't exist a minute ago — limited-time pricing, other interested buyers, needing an answer today — is a sales tactic, not a fact about the market.

5. Lack of physical business presence

A contractor reachable only by cell phone with no verifiable address, website, or local footprint can be very difficult to find again if something goes wrong.

6. Evasiveness about permits and subcontractors

Suggesting a permit isn't needed — or asking you to pull it yourself — shifts liability onto you. Vagueness about who else will be on your job site is a related and equally serious signal.

04 WHAT TO ACTUALLY DO — THE STAGED RESPONSE FRAMEWORK

Almost every red flag list ends with 'walk away' or 'consult a lawyer.' Neither tells you what to do in the moment. This framework gives you the move for each stage of the relationship — before you hire, while work is underway, and if it's already gone wrong.

STAGE 1 — BEFORE YOU HIRE

- ☐ Pause and probe — When you notice a single flag, don't react — ask a direct follow-up question. 'You mentioned you'd need a deposit before the work starts. Can you clarify that?'
- ☐ Walk away on a pattern — One flag with a reasonable explanation is not disqualifying. Two or more flags together, or one flag plus an unsatisfying answer, is.
- ☐ Document anyway — Even if you don't hire them, write down what you observed and when. If their name comes up again — from a neighbour, a friend, or a contractor — you'll have a record.

STAGE 2 — WHILE WORK IS UNDERWAY

- ☐ Stop payments at the next milestone — Your payment schedule is your leverage. The moment a flag appears mid-project, your next payment depends on the contractor's response.
- ☐ Switch to written communication — Move every conversation about the flag to email or text. This is not about being difficult — it's about creating a record.
- ☐ Watch for financial distress signals — Suppliers complaining about unpaid invoices, subcontractors asking you directly for payment, or work stopping suddenly.

STAGE 3 — AFTER IT GOES WRONG (Escalation Ladder)

- ☐ 1. Demand letter first — A formal written demand with a specific deadline to remedy the situation. This is often enough to resolve the dispute without further action.
- ☐ 2. File with your state / provincial licensing board — A separate lane from a consumer complaint — licensing boards in many jurisdictions can sue contractors.
- ☐ 3. BBB complaint — Treat this as pressure, not your only move. Some contractors ignore it — but it creates a public record that future homeowners can see.
- ☐ 4. Small claims court — Best when you have a defined dollar loss and documented evidence. No lawyer required in most jurisdictions. (See: Small Claims Court)
- ☐ 5. Construction attorney — Reserved for disputes above small claims limits or with significant property damage. Speak to a lawyer before terminating the contract.

“Exhaust every avenue of direct communication, in writing, before you escalate. Almost every homeowner who ends up in a courtroom wishes there had been more communication beforehand.”

05 QUICK SCORECARD — USE DURING OR RIGHT AFTER YOUR FIRST MEETING

Check every flag you noticed. Remember: one checked box may be nothing. Two or more is a pattern worth taking seriously.

- ☐ Required payment up front, beyond a reasonable 10–15% deposit
- ☐ Was late to our meeting
- ☐ Did not call to say they were running late
- ☐ Did not answer my questions to my satisfaction
- ☐ Asked me to find or source subcontractors myself
- ☐ Pushed for an unusually large deposit
- ☐ Vehicle and presentation didn't match the story they told
- ☐ Gave a vague estimate with no itemized cost breakdown
- ☐ Bid was dramatically lower than other contractors I spoke with
- ☐ Used pressure tactics or urgency to get me to decide quickly
- ☐ Could not produce a licence number or insurance certificate on request
- ☐ Was difficult to reach or slow to respond before I'd even hired them
- ☐ Resisted putting the scope or price in writing
- ☐ Suggested skipping the permit, or asked me to pull it myself

CONTRACTOR NAME

TOTAL FLAGS CHECKED / MY DECISION (PROCEED / PAUSE / WALK AWAY)

Next steps: If you're proceeding, send the Bid Request Template (The 16 Things Toolbox) to your top candidates and compare line-item bids. Review the returned contract against the Contract Clause Checklist before signing. If a flag appears after you've hired, use the staged response framework above — starting with Stage 2.

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