

# Don't Fall for These 10 Home Improvement Scams

Do your research on a contractor before handing over any money, especially in times of high demand.

By [Emily Benda Gaylord](#) Updated on Jun 29, 2023 7:56 PM EDT

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You're ready to tackle your next [home improvement project](#), and all you need is a contractor to take on the job. While it may be convenient to use the contractor who left a flyer at your door, homeowners should use caution when choosing a contractor to avoid getting caught in a scam.

Home improvement scams are on the rise—in 2021, [the median loss from home improvement scams](#) was \$1,700. Scams also tend to increase following a weather event or during the warmer months. Before you sign any contracts or checks, keep these 10 common cons in mind to avoid becoming a victim of a home improvement scam.

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# 1. Deposit Scam

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In this situation, the [contractor](#) will ask for payment upfront (usually cash) before beginning work. Then, the contractor disappears and never completes the project. Many legitimate contractors may ask for a 10 percent to 30 percent deposit at the start of a project, but never the full amount. Some states even limit the amount of money a contractor can ask for as a down payment.

Asking for cash can be another red flag of a scam. Be extra careful depositing cash, since it is less protected than a credit card or check payment.

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## **2. Insurance Scam**

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**This trick is common after a big storm or natural disaster that damages homes in the area. Scammers will visit homes affected by the [weather](#) and offer their services to fix the damage. The scammers say they will handle the insurance claim and payment for the homeowner, which is a common situation for legitimate contractors.**

**Then, the scammers pocket the insurance money to repair the damages and are never heard from again. Ask contractors for**

referrals and their credentials to verify their business and avoid getting scammed.

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### **3. Fake Company**

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This scam begins with an unexpected phone call or a visit to your home. The “contractor” may offer a special deal that is available today only and pressure you to commit to a deposit. Later, the [contractor](#) is nowhere to be found and you can't find the company's name or contact information anywhere. Always ask a

contractor for their credential information, such as a city permit, to ensure you're dealing with a real business.

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## **4. Handshake Deals**

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Watch out for contractors who offer a quote and ask you to agree to the price without any sort of contract or documentation. Often, this leads to contractors increasing the total price at the end of the job. Get the quote in writing and a [contract](#) signed before exchanging any money.

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## **5. Lowball Quote**

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Homeowners looking for help with a home project shouldn't get too excited when a contractor [quotes](#) a price lower than others. Contractors who offer super-low quotes are either inexperienced or scammers trying to lure in victims.

Either way, the quote might increase as the contractor begins work. Ask your contractor the reason for the lower estimate, and include a contract clause that requires a change order agreed upon by both parties if additional work or costs come up during

the project.

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## **6. Door-to-Door Contractors**

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A common home improvement scam is when a contractor knocks on your door claiming to have leftover supplies from another project and offers their services for a low price. If the cost—or the project time frame—seems too good to be true, it probably is. In this situation, the contractor might steal deposit money, leave the [project](#) half-finished, or claim there are issues that raise the price. Not all contractors who go door-to-door are

scammers, but be cautious of anyone who asks for your business.

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## **7. Home Improvement Loan Scam**

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Some fraudsters will scam homeowners by taking out a loan against their home. A contractor will offer homeowners a deal on a large [home improvement project](#), such as a new roof, and recommend financing with a lender they know. When the homeowners sign the papers, there might be blank spots or sections they didn't read thoroughly. Then, the homeowners find out a line of equity has been taken out on their home and the



contractor is nowhere to be found.

Homeowners should always shop around for other loan options and never agree to a loan without fully understanding its terms. Do not sign a contract with blank sections and don't let anyone pressure you to sign a document without carefully reading it first.

**RELATED: [9 Tools and Strategies You Need for a Remodel, According to General Contractors](#)**

## **8. The “Free” Inspection**

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**Be wary of contractors who show up on your doorstep offering a**

free home inspection. In this situation, the contractor may inspect your home only to cause damage during the inspection so they will be hired to fix the damage. They also might use [industry terms](#) you're unfamiliar with to scare you into moving ahead.

## **9. Flyer Advertisements**

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Flyer advertisements do not guarantee a scam, but it's essential to do your research before calling the number on a flyer. A quick internet search on the business can help you find reviews and other information to verify the contractor is [legitimate](#) and hasn't scammed others in past projects.

# 10. Homeowner Pulling Permits

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It's not a good sign if a contractor asks a homeowner to pull permits for a project. An ethical contractor will not ask you to pull any permits, and this often means the contractor does not have a license. They may say you can save money by [pulling the permits yourself](#), but this is usually not true. A good contractor will know the different permit requirements and regulations in the area so homeowners don't overpay or get charged with permit extensions.