

Licensing Complaints Against Contractors

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by Rachel Burkhart and Michelle Arnold

I. Introduction

Construction disputes often involve allegations of overbilling, defective work, abandonment, or fraud. While parties frequently turn to private litigation to resolve these disputes, state licensing authorities and regulatory boards offer an alternative enforcement pathway. If proven, licensing complaints can result in license suspension, revocation, financial restitution, or civil penalties against contractors. For these reasons, licensing complaint proceedings also afford contractors due process protections to contest complaints and preserve their reputations.

This article examines the requirements for licensing complaints against contractors with particular emphasis on the types of evidence needed to support complaints, the procedural mechanisms for submitting and adjudicating those complaints, and the varying standards of conduct that trigger disciplinary authority. We also address what happens after the complaint is filed and the potential outcomes of licensing complaint proceedings. Understanding these frameworks enables project owners, contractors, and compliance professionals to navigate contractor enforcement systems effectively.

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- Rachel Burkhart
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II. Overview of Contractor Licensing and Complaint Frameworks

a. Purpose and Scope of Licensing Enforcement

State contractor licensing regimes serve dual purposes: protecting the public from unqualified, incompetent, or dishonest contractors, and maintaining professional standards within the construction industry. Administrative enforcement complements civil remedies by enabling licensing boards to investigate complaints, impose discipline, and remove bad actors from the marketplace without requiring project owners to file lawsuits.

Contractor licensing laws typically authorize state agencies to investigate allegations of

misconduct against contractors. Potential forms of reportable misconduct can include fraud, misrepresentation, negligence, incompetence, violations of building codes, or failure to pay subcontractors or suppliers. Disciplinary sanctions range from letters of admonishment and probation to license suspension, revocation, and civil penalties. In some jurisdictions, boards may also order financial restitution to injured consumers as part of administrative proceedings.

b. Who May File Complaints

Complaint processes are generally accessible to any person with knowledge of a contractor's alleged misconduct. Property owners who have hired the contractor are the most common complainants, but statutes in several states explicitly permit complaints from subcontractors, suppliers, government agencies, trade organizations, and members of the public. In some jurisdictions, the complainant can submit their complaint anonymously. Some jurisdictions also empower licensing boards to initiate investigations on their own motion, without waiting for an external complaint.

c. Types of Conduct Subject to Discipline

Licensing statutes across jurisdictions identify similar categories of conduct that warrant disciplinary action. The most frequently cited grounds include:

1. **Fraud, Deceit, and Misrepresentation:** Knowingly making false statements to induce a contract, concealing material facts, fraudulently obtaining a license, or submitting false documentation to licensing authorities.
2. **Gross Negligence and Incompetence:** Performing work that falls below accepted professional standards, installing defective materials, or repeatedly failing to complete projects in a workmanlike manner.
3. **Willful Code Violations:** Deliberately disregarding building codes, permit requirements, or safety regulations.
4. **Financial Misconduct:** Overbilling, diverting funds designated for a specific project, failing to pay subcontractors or suppliers, or abandoning a project after receiving payment.
5. **Contract Abandonment:** Failing to complete a project without legal justification or the owner's consent.

In addition, numerous jurisdictions establish specific grounds for discipline applicable to particular contractor specialties, such as plumbers, electricians, HVAC contractors, and home improvement contractors, with provisions tailored to the nature of work performed by each specialty.

A criminal conviction may also serve as an independent ground for license discipline.

III. Procedural Standards for Filing Licensing Complaints

a. Complaint Format and Submission Requirements

Each jurisdiction prescribes specific procedures for submitting complaints to contractor

licensing boards. While requirements vary, several common elements appear across jurisdictions:

1. **Written Complaint:** Complaints must be submitted in writing. Many states provide official complaint forms that must be completed, though some accept general written submissions that include required information.
2. **Identification of Parties:** The complaint must identify the contractor by name and license number (if known), and provide the complainant's contact information.
3. **Statement of Grounds:** The complaint must describe the alleged violations, specifying the time, place, and nature of the conduct. Vague or conclusory allegations are typically insufficient.
4. **Verification or Oath:** Some states require that complaints be verified, sworn, or submitted under penalty of perjury.
5. **Supporting Documentation:** Complainants may attach relevant evidence at the time of filing, though boards may request additional information during investigation.

b. General Evidentiary Principles

Successful complaints against contractors require concrete, verifiable evidence that substantiates the alleged misconduct. Administrative complaints need not meet the preponderance-of-the-evidence standard at the initial filing stage. Instead, the complainant must present sufficient information to establish a *prima facie* case—that is, enough evidence to warrant investigation by the licensing authority.

The strength and nature of the evidence determines whether a complaint proceeds to formal investigation, settlement, or dismissal. Licensing boards typically require written complaints supported by documentation that demonstrates both the contractor's conduct and the resulting harm or code violation.

c. Documentary Evidence

While some jurisdictions will accept complaints without supporting documentation, the most persuasive complaints include comprehensive documentation that establishes the contractual relationship, the scope of work, the alleged breach or violation, and the resulting damages. Key categories of documentary evidence can include:

1. **Written Contracts and Amendments:** The home improvement contract, construction agreement, or written estimate, amendments, change orders, or side agreements.
2. **Payment Records:** Cancelled checks, bank statements, credit card receipts, wire transfer confirmations, and invoices.
3. **Correspondence:** Emails, text messages, letters, and written demands sent between the owner and contractor.
4. **Photographs and Videos:** Visual evidence of defective workmanship, code violations, incomplete work, or property damage.
5. **Inspection Reports and Expert Assessments:** Building inspectors, licensed engineers, architects, and other qualified professionals can provide written assessments identifying code violations, substandard work, or safety hazards.
6. **Permit Records:** Documentation showing that required permits were never obtained, or that work failed inspections.

7. **Proof of Prior Complaints or Violations:** If the contractor has a history of similar misconduct, prior disciplinary actions, or unresolved complaints.

d. Testimonial Evidence and Witness Statements

In addition to documents, witness testimony and sworn statements strengthen complaints. Project owners can provide narrative evidence, such as written accounts of the project timeline, the contractor's representations, the problems that arose, and witness statements.

Some jurisdictions require that complaints be verified, sworn, or notarized, transforming the complaint into a declaration under penalty of perjury. Jurisdictions vary in their treatment of hearsay statements.

e. Specialized Evidence by Type of Violation

Different categories of contractor misconduct require different types of supporting evidence. For instance, complaints alleging fraud must demonstrate that the contractor knowingly made a false statement of material fact with intent to induce the owner to enter into or modify a contract. Meanwhile, claims of substandard workmanship require evidence that the work does not conform to the contract, applicable building codes, or accepted industry standards. The evidence should match the nature of the allegations in the complaint.

IV. Board Investigation and Resolution of Licensing Complaints

a. Initial Review and Threshold Determination

Upon receipt, licensing authorities conduct an initial review to determine whether the complaint falls within their jurisdiction and whether the allegations, if proven, would constitute a violation warranting investigation. This threshold review typically focuses on:

1. **Jurisdictional Authority:** Does the complaint involve a licensed contractor performing work subject to licensure requirements?
2. **Timeliness:** Has the complaint been filed within any applicable statute of limitations or complaint-filing deadline?
3. **Prima Facie Case:** Does the complaint and supporting evidence, taken as true, establish a plausible violation of licensing laws or regulations?

Complaints that lack jurisdiction, are untimely, or fail to state a cognizable claim may be dismissed without investigation. Typically the complainant is notified in writing of the dismissal and the reasons for it.

b. Investigation Process

Complaints that survive initial review are referred for investigation. The investigation may include:

1. **Notice to Contractor:** The licensing authority notifies the contractor of the complaint, provides a copy or summary of the allegations, and invites the contractor to respond.
2. **Document Review:** Investigators review all submitted documentation and may request additional records from the complainant, the contractor, or third parties.
3. **Site Inspection:** In cases involving defective work or code violations, licensing authorities may conduct on-site inspections or retain licensed professionals to evaluate the work.
4. **Interviews and Statements:** Investigators may interview the complainant, the contractor, subcontractors, suppliers, and other witnesses.

c. Mediation, Settlement, and Alternative Resolution

Many jurisdictions offer mediation or settlement programs that allow parties to resolve complaints without formal disciplinary proceedings. Licensing boards may facilitate negotiations, and contractors who agree to correct deficiencies, provide restitution, or accept lesser sanctions (such as letters of admonishment) may avoid more severe discipline.

If mediation fails or the contractor does not participate, the matter proceeds to formal adjudication.

d. Formal Adjudication of Complaints

At the conclusion of the investigation, the licensing authority determines whether the evidence substantiates the allegations and whether disciplinary action is warranted. The level of procedural protections to the contractor varies at this stage. The board may be required to first provide notice to the contractor that it intends to take disciplinary action and set the matter for a hearing. A few jurisdictions authorize immediate or summary suspension without prior hearing when public health, safety, or welfare requires emergency action, so long as a hearing is held promptly afterwards.

As for the conduct of the hearing itself, the hearing may be limited to an oral presentation by the contractor and the complainant of their respective views, or it may allow for the submission of evidence, witness testimony, or cross-examination. Hearings are typically conducted under state administrative procedure acts, which also provide the mechanism for appeal of the board's decision.

Most jurisdictions permit the licensing authority to impose penalties that include license suspension or revocation. Typically, the contractor's actions must rise to the level of intentional misconduct or fraud for a license to be suspended or revoked. Other disciplinary actions may include probation, reprimand or censure, restriction of scope of practice, or correction of a licensing violation. The licensing authority may order additional sanctions such as financial restitution, compensatory damages, civil penalties, and assessment of investigation costs and attorney fees.

V. Conclusion

Bringing complaints against contractors through administrative licensing channels

provides project owners and the public with an important enforcement tool that complements private litigation. State licensing agencies and regulatory boards offer an alternative forum that can impose discipline—including license suspension or revocation—and order restitution or civil penalties where violations are proven. These proceedings also afford contractors due process protections and a clear structure to resolve disputed facts.

If you believe that you have a complaint against a contractor, or you are the subject of a licensing complaint, you should contact an attorney to discuss your options and jurisdiction-specific procedures.