

Information Sheet

Vendor Reports

Beware (or be aware) of Vendor Reports

Don't get caught unaware or uninformed!!!

There has recently been a push predominately driven by Real Estate Agents to have pest & building reports carried out by the vendor and made available to a prospective purchaser at a discount prior to sale.

It could be considered a Win - Win for the vendor and purchaser but this practice is being shown to be anything but that!

We have been made aware of a number of current and potential issues with this system and it is essential that purchasers are aware of this.

Although on the surface, it seems like a great idea, it can be fraught with dangers. We are not suggesting that every vendor originated report is a problem but here are some of the issues that have been recently brought to our attention.

1. Agents are organising these reports for the vendor.
2. Some (not all) agents have a list of inspectors who **'go easy'** on properties. This is GOOD for the vendor and agent and BAD for the purchaser.
3. Although not necessarily ignoring some defects in the property, some of those 'vendor originated inspections' may be less critical of issues that may deserve more attention.
4. If an inspector is too critical on a vendor report, the agent won't refer future work to them. By stealth, this works to persuade the inspector to write a less critical report. This could make an inspection report look better than it should.

We have recently carried out independent reports where purchasers have initially opted for a discounted vendor report but have then decided on advice from their own solicitor or conveyancer, to have an independent report carried out. The differences in some of these report were nothing but unbelievable. Major defects reported as minor items. Some significant defects simply not reported on at all.

You have to ask the question, if the agents are driving this initiative, who does it favour. The answer is clearly the vendor and by extension, the agent.

Who has the most to lose? The purchaser!!!

Purchasers will often see the advantage of a 'cheap report' but overlook the clear conflict that is ever present.

We can't compel the purchaser to always get an independent report done, but we can give them an **appropriate warning.**

What prompted this fact sheet is a disturbing development that now sees an industry wide increase in reported claims from reports supplied to purchasers by vendors or vendors agents. By understanding the relationships and motivations behind these reports, purchasers are likely to be better informed.

Please be aware of the potential for conflicts and make an informed decision.