

Cautionary Note No 13: Advising the client of a provider change and obtaining agreement from the client to that change

The Board has recently considered a matter that ultimately settled between the parties but related to a change to the legal entity of the builder involved in the project. Despite the issue being settled between the architect and client, the Board decided to review the architect's competence under section 12(1) of the Act and rule 22(2) of the Rules.

A summary of the circumstances of this matter follows, for architects to reflect on in the context the code of ethics covering skill, care and diligence, honesty and fairness, and terms of appointment.

The client signed a contract with company A to undertake project works under an NZIA Standard Construction Contract. Company A commenced its work, and the client made payments in accordance with the contract.

Approximately six months after commencing work, company A was placed into liquidation. The client was not advised by the architect of this. The client only became aware of the liquidation of company A, through a tradesperson's text some 11 months after company A went into liquidation.

The architect, without notice or discussion with the client, prepared a further contract on the same terms as the first for the project works between the client and company B, but at no stage was the contract provided to, or signed by the client. Without the knowledge, consent, or agreement of the client, the architect arranged for and allowed the project works to continue, undertaken by company B.

The architect should have provided timely advice to the client on the liquidation of company A, engaged with the client about alternative providers, and involved the client in contracting with company B.



Gina Jones
Chair

Date: 10 May 2021