

Know the Red Flags to Look Out for Before Hiring a Contractor





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04 EXPERT GUIDE

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A stranger in a work shirt knocks on your door. His crew is finishing a roof down the street, he says, and they have leftover shingles. Decide today and they're yours at a discount.

Home improvement scams start this way all the time. The Better Business Bureau's [2025 Scam Tracker Risk Report](#) ranked the category fifth riskiest for consumers. This guide walks through each phase of a job and shows how to avoid contractor scams before you sign or pay anything.

Red Flags At First Contact

An Unexpected Knock

Someone turns up "in the area" or mentions leftover materials. Both are [well-known scammer tactics](#), because they hand you a deal before you've had a chance to look anything up.

A knock alone doesn't make someone a scammer. A knock paired with pressure does. Take a card and check them out on your own.

Pressure to Decide Today

"Today only" pricing is a pressure tactic, and storm chasers lean on it. They work neighborhoods right after severe weather and count on rattled owners to rush. An honest contractor will let you sleep on it. If you're older or dealing with an urgent leak, call someone you trust before agreeing to anything.



Red Flags In The Bid And Credentials

No License or Proof of Insurance

Once a real bid is on the table, ask for both. Reluctance to show either is one of the clearest signs of a bad contractor.

Licensed means the state approved them. Insured covers injuries and damage. Bonded backs claims if they default.

Confirm the license with your state or county office, since rules differ by state.

California, for example, exempts jobs under \$1,000, but only when no permit is needed, and the person has no employees.

On a job of any real size, expect a license number.

A Bid Far Below the Others

Get multiple written estimates and don't pick the lowest bidder automatically. If one number sits far below the rest, ask what the others are pricing that this one isn't. A good answer is fine. Silence isn't.

Reviews That Look Too Perfect

A wall of glowing praise with no specifics tells you very little. The federal ban on fake reviews took effect Oct. 21, 2024, and it covers AI-generated reviews. Cross-check a few platforms and look for photos, dates and real project details.

Red Flags In The Contract And Payment Terms

Cash Only, or Everything Up Front

Keep any deposit small and tie every later payment to finish work. Some states limit payments. In California, the Contractors State License Board caps a down payment at \$1,000 or 10% of the price, whichever is less. Later payments can't exceed the value of work done or materials delivered.

Other states differ, so check with your state consumer office. Hold the final payment until you're satisfied.

"You Pull the Permit" or "You Don't Need One"

Asking you to get the required permit is a scam sign. Skipped permits can come back on you later. Ask who pulls permits before you sign and get the answer in writing.

A Lender They Happen to Know

In a familiar pattern, the contractor arranges a loan and rushes you through the paperwork. You later find a high-interest home equity loan and unfinished work. Shop loan terms yourself and never sign blanks.

Vague Contracts

A solid contract lists the contractor's name, address, phone and license number, plus start and completion dates and any verbal promises. Fill every blank. If you sign at home, the federal Cooling-Off Rule gives you three business days to cancel.

It skips sales under \$25 at your home, sales under \$130 at temporary locations, emergency purchases and sales made because you asked the seller to come repair or maintain your property. Your state might add protection.

Red Flags During The Job

No Lien Waivers

Paying the contractor in full doesn't protect you on its own. If a subcontractor or supplier goes unpaid, they can sometimes put a lien on your house anyway. Ask for lien waivers from the contractor, subcontractors and suppliers with each payment.

A conditional waiver takes effect once payment is received. An unconditional one takes effect when it's signed. Lien rules vary by state, and this isn't legal advice, so check with your state attorney general.

Changes Without Paper

A verbal "while we're at it" turns into a surprise bill. Get every change in writing, with its price, before the work starts.

Something Feels Off

Paying the contractor in full doesn't protect you on its own. If a subcontractor or supplier goes unpaid, they can sometimes put a lien on your house anyway. Ask for lien waivers from the contractor, subcontractors and suppliers with each payment.

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Questions To Ask Before Hiring A Contractor

Screenshot this list and see why trust matters when you hire.

- 1 Did they come to you, or did you call them?
- 2 Are they pushing you to decide today?
- 3 Have you confirmed their license and insurance?
- 4 Do other bids explain any big price gaps?
- 5 Do the reviews check out?
- 6 Is the deposit legal, and not cash only?
- 7 Who pulls the permit, and is that in writing?
- 8 Did you shop the financing yourself?
- 9 Are all blanks filled, with changes and lien waivers on paper?

Ready to hire? Find [vetted pros in your area](#).



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