

Improving Consumer Confidence in Home Inspections

– Intentions Paper –

Summary

The Province is considering changes to improve the quality and consistency of home inspections in British Columbia. This includes examining the regulatory model for home inspectors.

An effective regulatory model should be sustainable and cost efficient, and result in:

- Consumer confidence in the quality and standard of home inspections
- Consumer protection from unethical practices
- Knowledgeable and professional home inspectors

We want to hear from current licensed home inspectors in B.C. on how a proposed shift to a professional governance model would achieve these outcomes.

How to Participate

Please review this intentions paper and email your responses to the discussion questions to PSSG-CPPO@gov.bc.ca by **January 31, 2020**.

Please include your name and licence number in your submission.

Context

There are approximately 450 licensed home inspectors in B.C. Consumers rely on home inspectors to provide accurate information about the condition of a house, because that information can influence their decision to purchase. A strong regulatory model is necessary to ensure consumers have confidence in the quality and consistency of home inspections, and to protect consumers from unethical practices.

Current requirements

Home inspectors are regulated under the *Business Practices and Consumer Protection Act*. A home inspector must have a licence to conduct home inspections in B.C. Membership in an industry association or professional body is voluntary.

Qualifications for home inspectors are set out in the Home Inspector Licensing Regulation, which also establishes requirements for contracts and inspection reports, prohibits conflicts of interest in relation

to a home inspection that results in a material gain to the licensee, prohibits contract terms that limit home inspectors' liability, and requires home inspectors to hold liability insurance.

Consumer Protection BC issue licences to home inspectors and responds to inquiries from consumers and investigates complaints about business practices.

A summary of licence requirements can be found on Consumer Protection BC's website:

<https://www.consumerprotectionbc.ca/get-keep-licence/home-inspections/know-your-obligations/#>

Challenges We've Heard

Government consulted the public, home inspectors and others in 2013.¹ In 2016, government made changes to the law to address issues that were identified, including creating consistent qualifications, strengthening liability insurance requirements, and setting requirements for contracts, inspection reports and record-keeping. Further changes did not proceed at that time.

We have continued to hear concerns about home inspections, including:

- **There is no industry-wide inspection standard.** Inconsistency in what an inspection should involve creates confusion for consumers. It also makes it difficult for consumers to hold inspectors accountable for poor quality or inadequate inspections.
- **There is no mandatory code of ethics.** This makes it challenging for consumers to get recourse for unethical behaviour that is not a contravention of the law.
- **There is a need for mandatory professional development** to ensure that inspectors maintain their inspection skills.
- **There is limited ability to address competency concerns.** Authority is needed to review an inspector's competence and to take disciplinary action for substandard inspections.
- **The cost of licensing is not sustainable.** The small number of inspectors makes it difficult for Consumer Protection BC to cover its administrative costs and keep fees manageable for inspectors.

Professional Governance

Professional governance is an agreement between a profession and the government to regulate the activities of its members in the public interest. It is used to reduce the risks of incompetent and unethical practice, by enabling professionals to use their expertise to set and enforce appropriate requirements in the public interest. Examples of professions using professional governance include lawyers, engineers and foresters.

Profession Governance Act

Government passed the *Professional Governance Act* (PGA) in 2018. The PGA strengthens professional governance in B.C. by establishing a consistent and modern framework, and by establishing government oversight through the Office of the Superintendent of Professional Governance.

¹ Information about those consultations can be found here: <https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/buying-selling/home-inspectors>.

The PGA provides a profession's governing body the authority to manage itself within a consistent regulatory framework and set requirements for persons to enter the profession, standards of competence and conduct, education and continuing competence, a process for complaints, and investigation and discipline procedures. The legislation lays out a consistent set of ethical principles and expectations regarding the conduct of professionals.

Government intends to bring the PGA into effect in fall 2020. This Act will initially provide government oversight to five regulatory bodies, and other professions may be added in the future. More information on the PGA can be found here: <https://professionalgovernancebc.ca/>

Difference between a regulatory body and an association

Regulatory bodies are granted authority under the PGA to oversee their profession(s) and are required to serve and protect the public interest through the governance of the profession. The duty to regulate in the public interest may not necessarily reflect the interests of their registered professionals. The PGA restricts advocacy by regulatory bodies. Registration may be mandatory, depending on the rights granted to the regulatory body.

Typically, professional associations are voluntary organizations which advocate for a profession and their member's interests. Associations often provide services to their members, including training programs, information on business development and new technologies, and networking opportunities.

Often professionals choose to be members of an association in addition to being registered with their regulatory body.

Right to title & right to practice

The PGA also enables regulatory bodies to establish protected titles for their professions as well as reserved or protected areas of practice for their professions. For example, you can't call yourself a professional engineer unless you are registered, and there are certain activities that only professional engineers are legally allowed to carry out.

Proposal

Home inspectors as a regulated profession under the PGA

The Province is considering moving home inspectors from a licensing model under Consumer Protection BC to a professional governance model, with government oversight through the PGA.

Under this model, home inspectors would register with a regulatory body, and would have to comply with the regulatory body's entry and professional development requirements, inspection standards and code of ethics, and would be subject to disciplinary proceedings for non-compliance.

Consultations would be needed to determine whether home inspectors should have reserved practice rights, to ensure that granting them would not unintentionally prevent others (such as building inspectors or insurance adjusters) from carrying out assessments.

Consumer Protection BC's role

With a strong regulatory body overseeing home inspectors there may not be a need for Consumer Protection BC to issue licences to home inspectors.

Consumer Protection BC could continue to enforce requirements for contracts. For example, a regulation under the *Business Practices and Consumer Protection Act* could prevent a home inspection contract from limiting an inspector's liability or to limit the time period for making a claim.

Transitional steps

If government chooses to move home inspectors to a professional governance model, it would need to take actions to smoothly transition from the current licensing model.

These actions could include:

- Establishing or designating a professional regulatory body under the PGA
- The Superintendent of Professional Governance consulting with interested parties on whether to establish a right to title or a right to practice for home inspectors
- The professional regulatory body consulting with interested parties on qualifications, professional development requirements, and inspection standards
- The professional regulatory body offering transition options to assist inspectors meet the eligibility criteria that is established
- Consumer Protection BC continuing to licence home inspectors during the transition while they apply to be registered with the professional regulatory body.

Questions

1. Please provide your views on a move to a professional governance model for home inspectors, under the *Professional Governance Act*.
2. How would a shift to a professional governance model affect your home inspection business?
3. What steps would you recommend to ensure a smooth transition to a professional governance model?
4. Please provide any additional comments or questions you have about the proposal.