

Delay and compensation claims in construction

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Business is good in the construction industry. Cash is flowing. Relationships between contractors and subcontractors have never been better now that the skills shortage has tightened further.

Now that the good times are back there is an understandable reluctance by subcontractors to ruffle the feathers of contractors, particularly with the promise of more work on the 'next job'.

Subcontractors tend to park their contentious claims until final account negotiations. However that is too late. Contractors make significant savings because of subcontractors naivety and ignorance.

Too many subcontractors' claims fail because they have not served notices on the contractor in a timely manner under the contract when delay or compensation events occur during the project. Their claims fail not because they have absolutely valid claims but rather because they did not understand the contract. More often they have not bothered to read the contract and because of that they missed the standard paragraph that there are time limits for serving notice under the contracts to validate the claim.

The larger subcontractors like Mechanical & Electrical have the skill set and professionals to know when to serve notice under the typical PWC or RIAI contracts. Not so for the smaller and less sophisticated subcontractor. Those subcontractors often leave large claims behind. They wouldn't pour money down the drain or would they?

Confidence is back in construction. The [Ulster Bank PMI index](#) for January shows the fastest rate of grow for eight months. Chief Economist Simon Barry says it is a strong start to the year and that is good for jobs - and for housing.

He said: "The housing element of our survey showed further improvement in January. The pace it increased at in the early part of the year was very strong.

"So while we are not going to solve the housing shortfall in a matter of months but it certainly does offer some encouragement that at least progress is being made and we are moving in the right

direction."

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Meet the Author



[Ronan McGoldrick](#)

Partner

[Ireland](#)

E: ronan.mcgoldrick@ogier.com

T: [+353 1 632 3116](tel:+35316323116)