

RECOMMENDING SERVICE PROVIDERS

Purpose: To help licensed industry professionals take appropriate steps when recommending outside service providers to their clients.

This bulletin applies to all industry professionals.

Consumers often ask their industry professionals to recommend other service providers, such as home inspectors, tax experts, lawyers and moving companies.

Some industry professionals think they can only provide the names of other service providers if they provide a list of three names. While others think they can only provide the name of one. The fact is, neither is completely true. The issue isn't how many service providers you recommend, but rather how you make the recommendation.

Industry professionals can recommend other service providers to their clients but they should keep a few things in mind.

Possible liability issue

There is always a chance someone you recommend will provide sub-standard service, which may put you at risk for liability. Recommending three rather than one service provider doesn't necessarily protect you from liability, no specific number does. There are, however, ways to make recommendations that will help reduce the chance of you becoming liable.

- ensure that any person you want to recommend is licensed (if necessary) in their industry
- ensure you know enough about them to know their qualifications and competence (you should only recommend the best service providers you know)

How to provide recommendations

The way you make a recommendation is also important. It's probably not enough due diligence to simply give your client a name and a phone number.

- have a conversation with your client; tell them your experiences with the service provider in question, but also indicate you can't guarantee the services they will provide.
- suggest to your client that they do own research and maybe interview or talk to a few before hiring someone. A lot of professionals have their

own websites that include testimonials from past clients; suggest your client check those out before making a choice.

- make sure you document the discussion you had with your client when making a recommendation.

These steps will help you balance possible liability with your desire to help and provide service to your clients.

On referral fees

Sometimes industry professionals provide referrals to other service providers and receive compensation for doing so. These referrals are different than recommendations as you're actually providing your client's name and contact information to another service provider.

If you're providing referrals and receiving compensation, you need to disclose this information to your client and get their consent in writing before proceeding. Receiving compensation for providing a referral could increase your liability in the event the person to whom you are referring a client provides sub-standard service.

Related Information

Legislation

- *Real Estate Act* Rules – sections 1(1)(bb), s.44, s.45,

Information Bulletins

- Referrals – Industry Member Requirements