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# Why it's important to keep records



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## LEGAL MATTERS

**H**ow do you avoid problems when buying goods or services?

Most problems arise because the customer and supplier/tradesperson/professional have not agreed on what is to be done, when and for how much or have not recorded their agreement.

If you want to avoid a dispute it is good practice to record in writing what has been agreed.

This does not have to be a lengthy legal contract, but needs to contain the essential things:

- Who are the contracting parties? Are they individuals, a trust, company, incorporated society, partnership etc? This is essential so you can follow up with the right party if a dispute arises.

- What have you agreed will be done? This is the scope of work or what is being bought. This can include detail as to standards and quality.

- When will this be done? Start date and completion date, delivery date etc.

- What will the cost be? Is this an estimate or a quote? Quotes are binding. Estimates can vary, but must be given using reasonable skill and care so that the final price is not too different to the estimate.
- How will materials be charged?
- Does the cost include GST?
- When is payment due? Is there a deposit payable? How will further payments be calculated?
- What will happen if extras need to be done?
- How will disputes be handled?

Once you have agreed on the essential terms, put them in writing and get them signed by both parties.

At the very least, provide the other party with a copy and get written confirmation, such as an email, that the terms are agreed.

Ensure you keep good records. That could include copies of receipts, progress payments, plans, letters, emails and file notes of discussions about extras or issues.

A good file note should record what was discussed and agreed. Sign and time/date the note. In some cases it is a good idea to give a copy of the file note to the other party or confirm the discussion with a letter or email.

If there is an issue, try to sort it out by discussion first. See if agreement can be reached. If so, record the agreement and get it signed or confirmed. What will be



It is much easier to keep good records of agreements than have to involve the law when things don't go to plan.  
PHOTO: PANFAK

**"Once you have agreed on the essential terms, put them in writing and get them signed by both parties."**

done? What? Any extra cost etc? If you cannot agree, then depending on the value you could lodge a claim at the Disputes Tribunal (up to \$15,000 or \$20,000 if both parties agree) or District Court (up to \$200,000) or High Court (over \$200,000).

You can also try other dispute resolution processes like arbitration or mediation (these may be cheaper and quicker than going to court).

The Consumer Guarantees Act will set out the parties' rights and you may need professional advice on the dispute if it is complicated or there is a lot at stake.

Column courtesy of Rainey Collins Lawyers, phone 0800 733 484 or [raineycollins.co.nz](mailto:raineycollins.co.nz). If you have an inquiry you would like discussed in this column, email [alan@raineycollins.co.nz](mailto:alan@raineycollins.co.nz). Our next free public seminar, Buying and Selling a Business, will be on April 7, at 12.5pm till 1.30pm. See our website.