

Halifax press release

The underestimation nation

Monday 14th January 2008

One-in-four home improvement projects are under budgeted

- One-in-four home makeover projects end up going over budget
- Underestimating costs results in Britons spending £4.7 billion more than they had planned
- Getting carried away with fixtures and fittings is the major source of increased costs

Britons should expect the unexpected when planning major works to their homes, according to Halifax Home Insurance. Its latest study¹ found that the cost of one-in-four major home improvement projects spiral well beyond their original budget each year.

Indeed, one million under-budgeters end up having to find an extra £4,690 to afford the £10,320 that it costs to complete the average major home improvement project. This equates to a total annual budgeting shortfall of approximately £4.7 billion.

Upgrading to higher specification fixtures and fittings was the most commonly cited reason (53%) for escalating costs by those who had under budgeted for the cost of improvements. One-in-four (20%) said costs had risen after building works had unearthed problems with their house that needed urgent attention, while a further 20% simply conceded that they had originally underestimated the true costs of their project.

A significant number of people placed the blame for spiralling costs on the shoulders of their tradesmen. One-in-ten (9%) said they had ended up being charged more than was originally agreed, while 4% reported that a tradesman had irreparably damaged items during fitting that had subsequently needed replacing. Poor weather had delayed works and added to the costs claimed 3% of under budgeters.

Householders could face further financial strife if they undertake these home improvement projects on their own. Householders that attempt major home improvement projects, such as extensions, without employing approved contractors could risk invalidating their buildings and contents insurance cover. Before commencing major building works, householders should check with their insurers to make sure they are covered under the terms and conditions of their policy.

Kitchen makeovers are the most likely project to go over budget, accounting for almost a quarter of incidents (24%). This was swiftly followed by bathroom overhauls (19%) and extensions (9%).

Table One: Most commonly under budgeted projects²

Rank	Project	Percentage of
1	Kitchen	24%
2	Bathroom	19%
3	Extension	9%
4	General repairs	6%
5	Living room	6%
6	Garden	6%
7	Garage	5%

8	Conservatory	4%
9	Loft conversion	4%
10	Bedroom	2%

Source: Halifax Home Insurance 2007

Martyn Foulds, senior claims manager at Halifax Home Insurance, said,

"It's interesting to see that the major reason for spiraling costs is often due to homeowners adding extras to a project half way through. Clearly it is all too easy to get carried away with adding more expensive fixtures and fittings as the project unfolds. Before embarking on any home improvement project, homeowners should always check tradesmen have the appropriate accreditations and references for their work. It is also critical that homeowners check that all tradesmen they employ have adequate insurance to cover for any damage caused to their belongings."

Ends.

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Editors' Notes

1. ICM fieldwork carried out amongst 1007 18+ British adults carried out between November 2—21st, 2007.

2 Other unspecified projects made up the made up the remaining 15% in table one