

Top 10 Causes of Construction Claims

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Supply chain disruptions due to the Ukraine war are stretching project timelines in the Americas region, if not directly, then through rising costs for fuel, metals and other commodities, according to the [fifth annual Crux insight report on global construction claims and disputes](#).

The report claims inflation, though still lower than the European average, may now be the greatest threat to project outcomes in the U.S., compounding difficulties in the supply chain and labor markets.

Nevertheless, the country's commercial construction sector is set to grow strongly despite these global uncertainties, according to the report.

INSIGHT

The majority of claims and disputes are not only intertwined, they also tend to share common roots, according to the report.

For example, project owners, seeking to minimize their outlay on upfront design, allow construction work to proceed. That almost invariably leads to changes in scope, according to the report.

On public projects, federal funds are conditional on being spent by a fixed deadline. For this reason, work may proceed before full due diligence, or before all necessary rights of way or licenses are in place.



“Many of the dominant causes of claims and disputes – notably change in scope, unforeseen physical conditions, and deficiencies in design or workmanship – arise from short-sighted attempts to save time and money up front,” said Toby Hunt, partner at HKA, a U.K.-based business consulting and services firm, in the release.

Here are the top 10 causes of claims or disputes in the Americas region, according to the report:


- » Change in scope.
- » Physical conditions were unforeseen.
- » Design was incorrect.
- » Workmanship deficiencies.
- » Design was incomplete.
- » Poor management of subcontractors, suppliers, or their interfaces.

- » Design information was issued late.
- » Contract management or administration failure.
- » Contract interpretation issues.
- » Access to the site was restricted or late.

TECH CAN HELP

Without a fundamental change of approach, complex projects delivered in a fast-track environment will continue to encounter these causes of claims and disputes, the report authors said.

For this reason, the report said construction firms need to move toward digitalization, including digital twinning. At minimum, parties involved in the construction stages should streamline the paper processes commonly used for change order management, project correspondence, and design approvals.

To reap the full potential of design and project management tools, the entire planning and delivery team needs to keep up to date with the latest technology. Access to digital platforms also needs to be shared, ensuring a common data environment, according to the report. 



About the Author

Sebastian Obando is a reporter covering the construction industry for Construction Dive, based in Washington D.C. Prior to Construction Dive, Sebastian covered the commercial real estate industry for the National Real Estate Investor, based in New York City, as well as contributing to Forbes, covering personal investment topics. He has also appeared in Adweek, New York Post, Washington Post, among others, and interned with The Daily Caller in our nation's capital.

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