

Construction deposit dispute guide

General information to help you organise your paperwork. Not legal advice.

Start here

Use this kit when a client wants their deposit back, or a project ends early and the deposit has to be reconciled.

Do these three things today

1. Find what the contract says about the deposit (Deposit Terms Review).
2. Reconcile the deposit against work completed and materials bought for the job (Deposit Reconciliation Calculator).
3. Reply in writing with your figures and supporting records (Client Refund Request Response).

Calling a deposit "non-refundable" does not settle the question by itself, especially with homeowners. Consumer rules differ by province.

What is in this kit

Document	Use it to
Construction deposit dispute guide	Start here: when a client asks for their deposit back.
Deposit terms review	Read what the contract says about the deposit.
Response to a client refund request	Reply to the client's refund request in writing.
Deposit Payment Ledger	Record deposits received, applied and refunded.
Materials and Commitments Register	List materials bought and commitments made for the job.
Completed Work and Cost Record	Record work completed and its cost.
Deposit Reconciliation Calculator	Reconcile the deposit against work and materials.
Cancellation rights review checklist	Check the client's cancellation rights, especially for homeowners.
Deposit refund decision record	Record how the refund decision was made and why.
Partial refund settlement agreement (template)	Settle a partial refund in writing.
Deposit dispute evidence pack	One indexed file of the deposit dispute.
Official sources by province and territory	Official consumer protection and court sources by province.

Establish what happened to the deposit

Use this kit when a client seeks a refund or disputes retention of an advance payment. First establish actual cleared receipts, reversals, prior refunds and the contract context. A label such as nonrefundable does not by itself decide enforceability; spending the deposit does not by itself establish a right to retain it.

- ☐ Save the contract, quotation, deposit wording and receipt.
- ☐ Record who paid, payment date, method, allocation and bank evidence.
- ☐ Preserve the refund request and any cancellation notice exactly as received.
- ☐ Distinguish a pending chargeback from a completed debit.
- ☐ Assign a reviewer for consumer cancellation and deposit restrictions.
- ☐ Avoid new avoidable commitments while instructions and authority are clarified.

Project and dispute owner: _____

Requested refund and stated reason: _____

Urgent issue and next action: _____

Separate cash from supported charges

Record	Purpose	Avoid this error
Payment ledger	Cleared money in and out	Counting a pending refund as paid
Work record	Measured completed work and cost basis	Treating all expenditure as earned value
Commitments	Uninstalled materials and remaining orders	Adding installed materials twice
Reconciliation	Reviewed charge less net cash held	Treating arithmetic as legal entitlement

Fictional example: CAD 5,000 was received and CAD 500 already refunded. Net cash held is CAD 4,500. If separately reviewed charges are CAD 3,000, the arithmetic refund candidate is CAD 1,500. A pending CAD 1,000 chargeback is tracked but not deducted until posted. If it posts, update the ledger before any further refund.

- ☐ Link every proposed deduction to evidence and a reviewed basis.
- ☐ Separate agreed, disputed and pending items.
- ☐ Net confirmed supplier recoveries once.
- ☐ Reconcile totals with the client and retain contrary evidence.

Make a documented decision before paying or retaining

A reviewer must determine whether deductions are permissible, whether a mandatory refund applies and which timing rules govern. Do not delay a legally required refund merely because this administrative review is unfinished. Obtain urgent advice where the applicable timing is uncertain.

- ☐ Record the authorized decision and unresolved issues.
- ☐ Use the response template to explain the account without unsupported conclusions.
- ☐ Verify recipient and payment instructions through an established channel.
- ☐ Recheck chargebacks and earlier refunds immediately before release.
- ☐ Record the transaction reference and provide a receipt.
- ☐ Review any proposed settlement or release separately.

Decision reviewer and source: _____

Confirmed action and timing: _____

Next reconciliation owner and date: _____

All legal application remains pending verification. No automatic forfeiture or refund rule is embedded in the workbook.

Before you act: this document is general information prepared by ArtBuild to help you organise facts and paperwork. It is not legal advice and has not been reviewed by a lawyer for your situation. Rules differ by province and territory and change over time. Check the official source for your project, and for deadlines, liens, court or insolvency steps, speak with a lawyer licensed where the project is located.