

Risk Management Tip

A risk management publication for real estate professionals

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How to Manage the Difficult Client

Many real estate professionals have encountered the “difficult client,” *e.g.*, the one who calls you at all hours, or is not interested in any property that you have shown. As with any profession, working with a difficult client is considered the cost of doing business. It is nevertheless critical that you manage the risks that are associated with working with such clients, to help prevent having one assert a claim against you in the future.

Risk management should begin before you agree to work with a prospective buyer or seller, so that you can determine whether he or she would make a suitable client. For example, an internet search may help you obtain important background information about the prospective client. If your research reveals that the prospective client has previously filed for bankruptcy or has filed one or more lawsuits and therefore appears to be litigious, the best risk management practice may be to decline representing the client.

Good risk management practices also dictate that you should not work in a vacuum. Speak to others in or outside of your office to determine whether anyone has previously worked with the prospective client. If the answer is yes, and if the client reportedly was constantly dissatisfied, made many unreasonable demands, or was generally rude, this is another situation in which it is likely best to decline entering into a business relationship with this client. Furthermore, trust your instincts. If you see red flags up front, the potential commission is likely not worth the risk of dealing with a difficult client, or worse, ultimately

having to defend yourself against a lawsuit that may later be filed against you.

If you nevertheless decide to represent the difficult client or fail to learn that the client is difficult until after you enter a business relationship, note that proper communication is critical. At the inception of the relationship, take the time to clearly explain the sales process, as it can be a stressful and emotional process. You may also want to discuss what each person expects from the other, so that you can dispel any unreasonable expectations up front. Additionally, regularly and clearly communicate with the client to answer questions and alleviate any concerns, since a failure to do so may result in flared tempers, bad behavior, or worse.

Lastly, document everything. Consistently follow up in-person and phone conversations via an email or text that memorializes what you discussed. By doing so, you create a written history of your communications, which may help avert any future allegations regarding the substance of your conversations, and/or the quality of the service that you provided the client.

Working with the difficult client may be inevitable. However, with a pre-screening process in place, a commitment to communicating with your client clearly and regularly, and a practice of documenting your communications, you can effectively manage the risk that working with a difficult client presents.

For more information about client files and documentation, please see our Advisory Bulletin, “Maintaining Proper Client Files and Communications” on [Travelers Professional Liability Risk Management for Real Estate Professionals website](#).