



Will Alterations Invalidate Guarantee Rights?

This article is one of a three-part series that seeks to answer frequently asked questions about warranties and guarantees. This article examines the impact of alteration works on guarantees, while the other two will discuss the difference between warranties and guarantees from a practical perspective, and what happens to warranties and guarantees when a property is sold.

1. The issue

- [1] The question is often raised whether a buyer will lose their guarantee rights if they carry out alterations in the property after the handover. It is an understandable desire for a client or buyer to tailor their property to their specific needs. On the other hand, contractors also have a good reason to argue that they can only be held liable for their own performance and for the technical and engineering solutions that they have chosen to use.
- [2] This article looks at the relevant judicial practice in order to find an answer to the question of how this conflict of interest can be resolved.
- [3] The issue has major implications because under Section 6:171(1) of the Hungarian Civil Code, whoever that guarantees that a product or service is defect-free will only be relieved from liability during the term of the guarantee if they are able to prove that the cause for a defect in the product or service arose after the supply was completed. Therefore, a key feature of a guarantee is that it shifts the burden of proof: the client does not have to prove that the defect stems from the contractor's product or service supply; rather, the contractor has to prove that whatever it supplied was defect-free.

2. A guarantee will not apply after the alterations if the contract says so

- [4] If the contract between the parties states that alterations will invalidate a guarantee, the contractor might be able to gain exemption from its obligations under the guarantee simply by citing that alteration were performed, regardless of their mode or scope. In this case, the burden of proof will shift back to the client, and at best, they will only be able to try and prove that the defect they have found is due to a specific cause that is unrelated to the alterations. This is clearly a more disadvantageous position, as otherwise the contractor would be required to prove the cause of the defect.
- [5] For example, the Budapest Court of Appeals ruled in case 4.Pf.20.321/2025/16 that the guarantee rights of a buyer of an apartment no longer applied because they had carried out alterations works in the apartment. The Court made this finding because the contract between the parties expressly stated that any alteration work performed by the buyer would result in the loss of the related guarantee rights. The Court also found that in addition to the alteration, the fact that the buyer used their properties for purposes other than as homes was also a decisive factor.

3. If there is no contractual provision on guarantees in the case of alterations

- [6] If the contract does not expressly address the issue of guarantees in the case of alterations, the mere fact that alterations have been carried out will not exempt the contractor from its guarantee obligations. In that case, the contractor will have to prove that the defect did not stem from its performance but from the alterations. If the scope of the alterations is so large as to represent a significant departure from the technical and engineering solutions that were originally applied by the contractor, it might successfully argue that its guarantee was granted for the specific solutions that have been effectively eliminated by the alterations, and the guarantee does not apply to the new solutions.
- [7] In case **3.Pf.20.843/2008/3**, the **Budapest Court of Appeals** encountered this dilemma in the following scenario. The contractor built a condominium and the buyers bought a loft apartment in it. The handover took place in February, and then, in late February, the buyers installed a partition wall in the living room to create another separate room. The buyers then sought to assert a claim for defective performance on the basis of defects in the air insulation and soundproofing of the apartment and the lack of access to the attic. The contractor argued that the partition wall installed by the buyers had changed the nature of the apartment and it could not be examined in its original conditions by the experts in the procedure. The Court ruled that the contractor was not exempted from its guarantee obligations because it could not prove that defect in the soundproofing was caused by the partition wall. The Court confirmed that: „The obligor of a guarantee will only be exempted from their obligation if they prove that the cause of the defect arose after their supply.” The decisive factor in the case was that the contractor was unable to demonstrate causality between the buyers’ alteration and the defect.



4. Necessary modernisation or refurbishment will not necessarily invalidate a guarantee

- [8] Another frequently asked question is whether necessary modernisation and refurbishment work will invalidate a guarantee.
- [9] When examining this issue in case Pf.II.20.195/2007/4, the Győr Court of Appeals ruled that contractors were not exempted from the consequences of defective performance if the buyers had to repair defects with alteration or refurbishment performed after the purchase in order to obtain an occupancy permit. The Court argued that a home had to have the requisite statutory and contractual elements at the time of the performance, and a contractor's objective liability existing on the grounds of the proven absence of such an element could not be limited by any modernisation or refurbishment work that was carried out by the buyers after the contractor's performance in order to repair defects.

5. Assumption of guarantees by a new contractor that finishes a project

- [10] Another frequent issue is a scenario where a new contractor finishes a project, and the question is whether it will assume the guarantees provided by the original contractor that performed the bulk of the work.
- [11] In case Gf. 40.480/2020/8 heard by the Budapest Court of Appeals, the contractor agreed to finish a project that had been previously abandoned. Defects were identified after the completion of the project, and the contractor disputed its guarantee liability on the grounds that the defects were related to the original contractor's performance. On the other hand, the client argued that the new contractor's guarantee obligations also included an obligation to repair defects that were attributable to the original contractor, because the purpose of the contract with the new contractor was the completion of the project. However, the Court concluded that the contract limited the new contractor's guarantee obligations to the works that it had performed and could not be interpreted to mean that it assumed the original contractor's guarantee obligations as well. The Court determined the new contractor's obligation to repair specific defects on the basis of the date when a given defect appeared and was identifiable.
- [12] Therefore, a contractor will not automatically assume the guarantee obligations of another contractor simply by agreeing to finish the work started by that other contractor. On the other hand, the risk of such an assumption cannot be ruled out, especially if the contract does not determine the allocation of guarantee obligations clearly or if the cause of a defect cannot be identified beyond doubt.

6. Recommendations

- [13] The lesson that can be learned from the cases discussed above is that the determination of the impact of alterations on guarantee obligations will require the evaluation of many factors. The uncertainty that this inherently involves represents significant risks for clients and contractors alike. In summary, if a contract expressly states that alterations will render an underlying guarantee invalid, the client will lose its advantageous position in terms of the burden of proof just by performing the



alterations; if the contract does not include such a provision, the contractor will have to prove causality between the alteration and the defect.

- [14] In order to manage these risks, it is a good idea to identify in the contract the alteration works that can and cannot be performed without rendering the guarantee invalid. Such a contractual provision will make alteration works performed during the term of the guarantee more predictable and easier to plan, and considerably reduce the risk of later disputes.

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