

**CONSUMER
CODE** FOR
HOME BUILDERS

www.consumercode.co.uk



ANNUAL REPORT 2020/21

APRIL 2020 TO MARCH 2021

INTRODUCTION FROM THE CHAIRMAN

Last year in my report I marked the 10th anniversary of the Code and heralded a major landmark; the establishment of the New Homes Quality Board (NHQB). The creation of the Board under the chairmanship of Natalie Elphicke MP was the first step in the establishment of a new code which will place an increased emphasis on build quality. A public consultation process has recently begun to seek views on the new code and a parallel process to establish a New Homes Ombudsman has also commenced. The Government has also laid the Building Safety Bill before Parliament which, once enacted, will put in place the legal framework to underpin these developments.



The road ahead to implement these changes is complex and will require very careful management to ensure a seamless process for consumers and developers. It is clear that existing codes, including our own, will need to run in parallel with the new code to manage legacy issues arising from properties built under existing rules. That period will extend for at least two years after the new code becomes fully embedded within the industry.

Our Board has set itself some underlying principles by which to navigate the way ahead to the point where all existing codes, including our own, are wound up.

We have agreed to:

- Work in cooperation with the NHQB to achieve a smooth transition.
- Maintain effective governance and legal compliance.
- Ensure consumers covered by the CCHB are adequately protected and have continued access to information and support.
- Ensure businesses covered by CCHB have adequate guidance and oversight.

- Taper resources consistent with these principles as coverage of the CCHB reduces.
- Transfer responsibilities to NHQB as soon as possible but in accordance with these principles.

We have begun preliminary meetings with the NHQB team to prepare a roadmap for the considerable task that lies ahead. The key task will be to coordinate our work to ensure that there are no 'bumps in the road' for either home buyers or home builders. Clearly, parallel operation of five or more codes is a recipe for confusion if not carefully managed. Seamless access to navigate consumers and developers to the appropriate information or complaints procedure will be an early challenge which must be effectively addressed.

We have considerable experience, extensive information, training materials and antecedent history which we will share with NHQB to avoid unnecessary re-invention. The end result will be a new and more comprehensive code offering added protection to consumers and supported for the first time by an independent New Homes Ombudsman.

It will be important that the new organisation overseeing all of this has the trust and confidence of the industry, and more importantly the buyers of new homes. Since the present Code was introduced, it has been evident that buyers of new homes have little experience at their disposal to make the most significant purchasing decision they are ever likely to make, or to navigate the complex legal landscape that surrounds it. Codes of practice are not the total panacea but they make an important contribution to consumer protection and consumer confidence.

Standards within the industry are also crucial and I can record a marked improvement in consumer focus over the last five years which bodes well going forward, but much remains to be done. We wish the NHQB every success.

Noel Hunter, OBE
Chairman,
Consumer Code for Home Builders

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WHO WE ARE AND WHAT WE DO

The Consumer Code for Home Builders ("the Code"), which came into effect in April 2010, applies to all Home Builders registered with the UK's main new home warranty bodies: NHBC; Premier Guarantee; LABC Warranty and Checkmate. It consists of 19 Requirements and principles that home builders must meet in their marketing and selling of new-build homes and their after-sales customer service.

The Code was developed to provide additional consumer protection for new home buyers. It is independently chaired and led by a Management Board made up of representatives from the home building industry and consumer protection organisations.

Our aim is to improve the new home buying experience for customers by:

- Setting and monitoring customer service standards
- Educating and guiding builders and other stakeholders
- Working with home warranty bodies to explore how the Code could cover defects without duplicating the resolution processes already in place
- Providing a fair and independent dispute resolution service, which is free for home buyers to use, if things go wrong

The Code provides protection and rights to purchasers of new homes. It requires that all buyers of new homes are treated fairly and are fully informed about their purchase before and after they sign the contract.

Since its launch in April 2010, the Code has developed and improved to further benefit home buyers. The principles of the Code have been firmly adopted and embedded into the processes of many home builders whilst raising the standard of service and support provided to home buyers. Consumer confidence in home builders in 2010 was relatively low, with only 46% of home owners willing to recommend their home builder, but that figure now stands at 91%¹.

The Code reinforces best practice among home builders to make sure the level of information and customer service provided by them is consistently high and provides for a speedy, low cost dispute resolution scheme to deal with complaints.

¹ According to the latest HBF Survey: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/latest-results/>

OUR AIMS

The aim of the Code is for all new home buyers to:



Be treated fairly at all times



Be given reliable information about their purchase and consumer rights before and after they move into their new home



Know what levels of service to expect



Know how to access an independent, speedy, dispute resolution scheme to deal with any complaints about breaches of the Code

Despite the impact of the Coronavirus pandemic throughout the year, which saw the total number of new homes being completed fall to 107,900² during 2020, the demand for new homes to be built across the country continues. The Code reinforces best practice among home builders to encourage a consistently high level of information and customer service. It builds on successful efforts already made by the industry to improve consumer satisfaction in recent years. However, the Code recognises there is more to be done to improve consistency and quality across the industry.

² According to latest MHCLG published figures.

Source: https://www.hbf.co.uk/documents/10871/S030a_-_HBF_2021_Brochure_-_V5.pdf



GOVERNANCE

A Management Board is responsible for operating the Code which is chaired by Noel Hunter OBE.



**Noel Hunter,
Chairman**

Noel is a Fellow, Vice President and Board Chairman of the Chartered Trading Standards Institute, a Fellow of the Royal Society of Arts and Chairman of the British Hallmarking Council and a third sector hospice.

BOARD MEMBERS

Noel is supported by:



*Geoff Egginton³,
NHBC Regional Director*



*Gary Devaney, Group Chairman
and Chief Executive Officer
of MD Insurance Services Ltd*



*Mike Freshney,
Chairman of the
Code's Advisory Forum*



*Nicola Barclay,
Chief Executive for
Homes for Scotland*



*Frances Harrison,
Chair of Brighton & Hove
Citizens Advice*



*Paul Cooper, Partner
at Lockton Companies LLP
and Head of Checkmate*



**Carol Brady MBE,
Chief Executive**

The Code's Management Board is supported by Carol Brady MBE in her role as Chief Executive. Carol has extensive experience in consumer and regulatory policy and has provided Secretariat services for the Code since May 2014.

³ Geoff retired on 31 March 2021 and has been replaced by Kim Carter, Head of Claims Consumer Strategy



ADVISORY FORUM

The Management Board is supported by an Advisory Forum that is chaired by Mike Freshney. The Advisory Forum is an industry-wide body that represents, consults and advises on Code content and its practical application and operation, and through which changes and improvements are channelled.

Independent voices from organisations who have an affiliation with the new home building industry continue to make themselves heard and contribute to the deliberations of the Code's Advisory Forum.

Members of the Advisory Forum include:

- Chartered Trading Standards Institute
- Checkmate
- Citizens Advice
- Construction Employers Federation (NI)
- Home Builders Federation
- Homes for Scotland
- House Builders' Association
- Law Societies (England and Scotland)
- MD Insurance Services
- NHBC
- Propertymark
- Retirement Housing Group
- UK Finance

DISCIPLINARY AND SANCTIONS PANEL

The Code operates an independently chaired Disciplinary and Sanctions Panel (DSP) which reports to the Management Board on matters of compliance with the Code.

Its purpose is to consider what action, if any, needs to be taken in relation to driving up performance and compliance with the Code, either across the industry as a whole, or in relation to individual home builders (see sections in this report on Compliance Monitoring and our Independent Dispute Resolution Scheme).

Frances Harrison chairs the DSP, which met three times over the course of the year. In that time the DSP:

- Reviewed all the decisions which had been through the Independent Dispute Resolution Scheme;
- Considered any failure (or persistence in failing), by a home builder to comply with the rules of the Independent Dispute Resolution Scheme and in particular, the failure to comply with an Adjudicator's decision;
- Reviewed the findings of the compliance monitoring activity and in particular, where any non-compliance with the Code was identified;
- Considered whether there was any persistent non-compliance in failing to meet the Requirements of the Code that had been brought to the attention of the home builder and rectification previously sought but not implemented;
- Implemented feedback to individual home builders, and the industry as a whole, on the findings from the compliance and monitoring activity to help drive up customer service standards.

On the relatively few occasions where a home builder failed to comply with an Adjudicator's decision, the home builder is reminded of its obligations through the disciplinary process, including that the supporting home warranty bodies could, if so requested, be required to apply appropriate sanctions.

Such sanctions can include the removal from a home warranty body's register and where this occurs, our Scheme Rules ensure that those home builders are also removed from the registers of all the Code's supporting home warranty bodies. This is the most serious of sanctions that may be applied, given it can affect a home builder's ability to trade, so such a decision is not taken lightly.

Unlike the previous year, no registered home builder was required to be removed from the register of the supporting home warranty body albeit 11 home builders were required to take remedial action to comply (see Sanctions section).

Other recommendations the DSP can make include requiring the home builder's staff, who have contact with home buyers, to be trained on their obligations under the Code; withholding the issuing of certificates of insurance; suspension for a limited period of time from the home warranty bodies register; and referral to local authority Trading Standards Departments for contravention of any Consumer Protection Regulations.



CELEBRATING THE CODE'S TENTH ANNIVERSARY

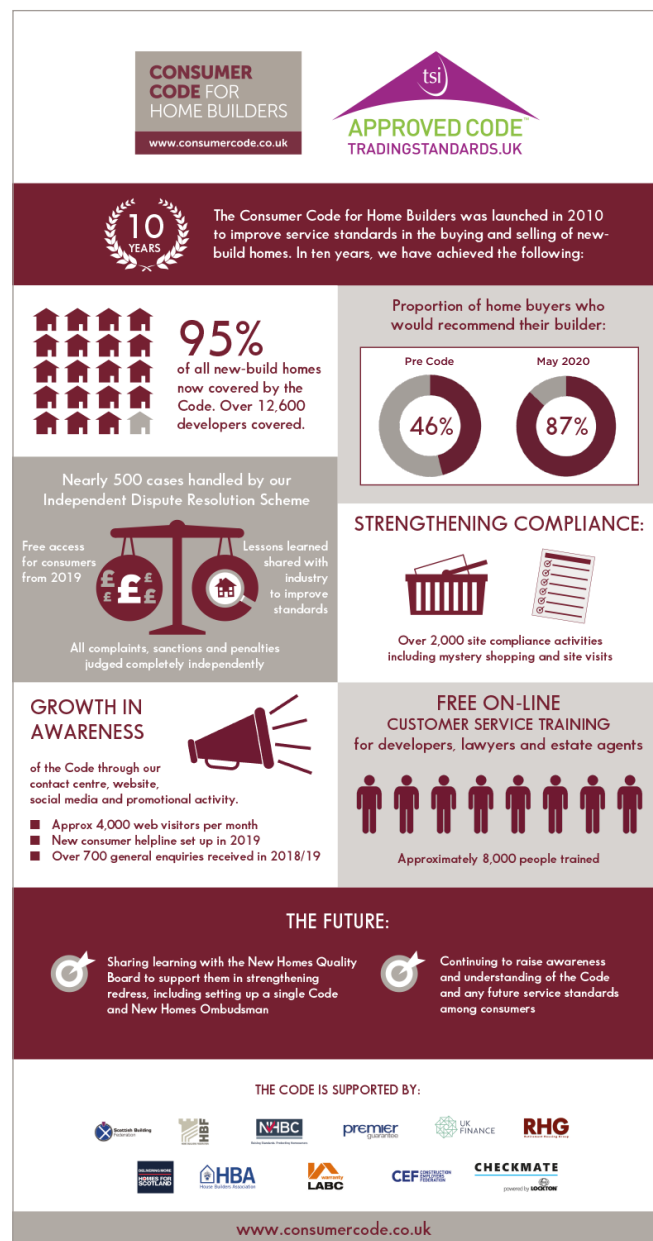
May 2020 saw the Code mark its tenth anniversary of working to improve customer service and fairness in the buying and selling of new build homes.

Since the Code's launch, the proportion of consumers who would recommend their builder has risen from 46% pre Code to 91% in 2021.

Over the last ten years, we have delivered a range of customer service improvements which have helped to make the process of buying a new-build home fairer and more transparent. These include:

- Introducing a comprehensive, Chartered Trading Standards Institute (CTSI) -approved Code of Conduct, covering 19 customer service requirements which home builders must meet in the marketing and selling of new homes
- Setting up a fully independent Dispute Resolution Scheme run by the Centre for Effective Dispute Resolution (CEDR Ltd) which is free for consumers to access and has awarded over £500,000 to consumers since its inception
- Establishing a consumer enquiry service run by Government-sponsored CTSI
- Providing free online training for home builders, solicitors and estate agents to support compliance with the Code
- Implementing a series of compliance measures including self-assessments, mystery shopping and site audits, which is overseen by an independent Disciplinary and Sanctions Panel.

The work done by the Code lays important foundations for the new arrangements expected to come into force within the next 12 months, led by the New Homes Quality Board.



STRENGTHENING CONSUMER REDRESS IN THE HOUSING MARKET

In July 2020, the Government published its draft Building Safety Bill and which is currently making progress through Parliament, having been scrutinised by the Housing, Communities and Local Government Committee. It is thought that it will come into force in late 2021. While it predominantly focuses on the safety of buildings in light of Grenfell, it paves the way for the introduction of a new single Code of Practice across the new homes industry and for the development of a New Homes Ombudsman.

In light of this, an interim New Homes Quality Board was set up by the Government and led by Natalie Elphicke MP whose responsibility it has been to take forward the recommendations arising from the Government's consultation into improving redress in the housing market. That interim board

was more formally established in February 2021 and will now oversee the creation and adoption of a comprehensive new industry code of practice, referred to as the New Homes Code, as well as the appointment of a New Homes Ombudsman Service to adjudicate against the New Homes Code.

The intention of the New Homes Quality Board is to have the New Homes Code and Ombudsman service in place during the latter part of 2021. Once a developer has registered with them and signed up to the new arrangements, all new home buyers that have reserved homes from that date will be covered by the New Homes Code and Ombudsman scheme.

We will be working with the New Homes Quality Board to support the transition to new consumer protection arrangements over the coming months.

ANNUAL CTSI AUDIT HIGHLIGHTS BEST PRACTICE



As part of its membership of the Chartered Trading Standards Institute's Consumer Codes Approval Scheme (CCAS) the Code is subject to an annual audit. Our Management Board welcomes the opportunity this provides to ensure the Code is working well and is supporting new-build home buyers.

While this took place in April 2021, the auditor considered the operation of the Code during the 2020/21 financial year.

We were pleased to have passed the audit for the second year running, without any non-conformities.

The review looked in detail at how our Code is applied, what actions we take to promote compliance and how our Independent Dispute Resolution Scheme helps consumers when things go wrong.

The CTSI's independent auditors highlighted a number of examples of best practice during their assessment.

The auditors were particularly pleased to see the commitment demonstrated to the Code by members and their willingness to make all necessary changes to comply with the Code where our audits highlighted potential areas of non-compliance. They also highlighted as good practice the feedback which the Code provides to the industry which helps members learn from the mistakes of others, enhancing their customer service and thus reducing the risk of consumer detriment.

The CTSI report stated: "Despite the challenges of the pandemic and lockdowns, and the uncertainty around the development of a single code with the introduction of a New Homes Ombudsman, CCHB have maintained their high standards and continue to drive compliance and thus consumer protection."

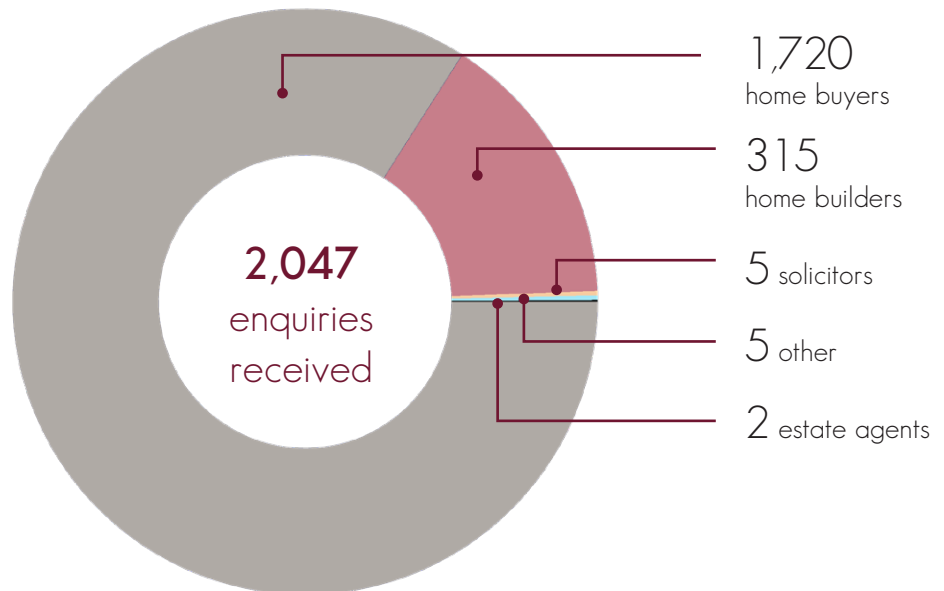
CODE ENQUIRIES ON THE INCREASE

During the year, there were 2,047 general enquiries made to the Code which represents a 24% increase on the previous year. These are broken down as follows:

- 1,720 from home buyers
- 315 from home builders
- 2 from estate agents
- 5 from solicitors, and a further
- 5 recorded under "other" and included media enquiries.

Our supporting home warranty bodies also provided information on the Code to over 940 policyholders. In those instances where application forms are sent out for a claim to be made to the Code's Independent Dispute Resolution Scheme, the home warranty body writes to the home builder advising them of the fact and encouraging them to resolve the matter with the home buyer without the need for an Adjudicator to decide the case.


+24%
enquiry increase





SUPPORTING CONSUMERS

Coronavirus pandemic

The pandemic has impacted home buying throughout this period. We kept consumers up to date via our website and social media as national and local lockdowns were imposed, and new guidance was issued affecting viewings and completions.

The Code Management Board was pleased to discover many sites adopting innovative approaches to supporting consumers during the pandemic, including replacing home demonstration visits with videos, which were acknowledged during the site audits in autumn/winter 2020.

For those home buyers who visited a home builder's sales site, these were done on an appointment only basis, fully compliant with the health and safety requirements under the restrictions and with full use of PPE.

Telephone helpline

The telephone and email helpline which was launched last year, continues to grow the number of contacts it receives, handling a 22% increase on the previous year.

Working with an established and independent contact centre, the team offers guidance to consumers and home builders, providing help with general queries about what the Code covers and how its requirements apply in the purchasing process.

Our telephone helpline provides an easy way for people to get in touch if they have concerns during

the home-buying process - whether that is pre-contract, exchange of contract or during occupation.

The Code continues to be committed to providing protection and rights to new-build home buyers and while the helpline team cannot advise consumers on Code breaches or individual cases, it can advise how to raise a complaint through the Code's Independent Dispute Resolution Scheme.

"The information you have provided is more than helpful. I am very grateful for your attention to this matter and the service you have provided".

"Thank you so very much for your reply. It is much appreciated and will be extremely useful in helping me get to the bottom of our issues".

The helpline team can be contacted on 0345 608 9797 between 10am-4pm, Monday - Friday. Alternatively, the Code can also be contacted by email at enquiries@consumercode.co.uk.

Blogs and videos

The Blogs and Videos section on the Code website provides a growing library of information to help consumers.

Recent additions include an article from the Code's Chief Executive setting out the sources of help and redress available to consumers, covering different aspects of buying a new build home.

We also interviewed Sue Steward, Head of Client and Commissioning from the Chartered Trading Standards Institute, about the role of the CTSI's

Consumer Codes Approval Scheme in enhancing consumer protection, and raised awareness of alternative dispute resolution (ADR) in line with the five year anniversary of ADR legislation. This was followed up with an article and video explaining the Code's Independent Dispute Resolution Scheme which is free for consumers and handled independently of the Code.

Support available for new home buyers

Buying a new home is a significant investment and it's understandable that home buyers want their home to be perfect and feel that their money is well spent. When buying something new there's often an expectation that it will be trouble-free.

Laws such as the Consumer Rights Act 2015 are in place to protect consumers and give them rights to refunds if a product is faulty. With new build homes, it's a more complex picture. The Consumer Rights Act doesn't apply but there are other protections in place to support home buyers, including the Consumer Protection Regulations which do apply to the sale of homes.

Homes are built to strict standards and must meet building control regulations before they can be sold. In addition, most new builds come with a ten-year warranty which requires the home builder to meet more technical standards relating to the overall condition of every home. The Consumer Protection Regulations are also there to prevent information being withheld that might affect a buyer's decision.

There are many different aspects to a new build home - not all of which can be fully controlled and which can lead to teething trouble, either during the purchase process or when a home buyer first moves in.

To help home buyers understand what to look for and who to contact should they have a concern, we put together a blog to explain the support available to them: <https://consumercode.co.uk/what-support-is-available-for-new-home-buyers/>

Dealing with defects

The Code requires that home builders provide home buyers with an accessible after-sales service. This includes informing home buyers that their builder is responsible for remedying relevant defects arising under the Home Warranty two-year defect period (sometimes referred to as the defects insurance period).

The home builder should advise home buyers who to contact during the first two years of the Home Warranty cover, including names, addresses and telephone numbers as they are responsible for putting right defects that develop within the first two years of purchase.

Where faults are reported to a builder and they have either failed to rectify them in a reasonable time, or are unable to rectify them due to insolvency, then the home buyer can contact their home warranty provider who may be able to help or offer advice through their own dispute resolution service. They may even be able to complete the work if the builder is not able to do so. The Code requires that home builders advise their home buyers of this.

If a problem arises in years three to ten, home buyers continue to be protected by their insurance cover which is usually referred to as the structural insurance period. This means the home warranty provider will pay the cost or carry out remedial works for issues covered by the home buyer's policy and will usually include items such as foundations, walls and cladding, roofs, flues and chimneys, ceilings and load bearing parts of the floor and glazing in outside windows and doors.

Frequently asked questions

Our Frequently Asked Questions (FAQs) are regularly updated to help consumers understand the support available.

We have added a new section explaining the latest developments regarding the New Homes Quality Board which we will continue to update as more becomes known about transition arrangements.



SUPPORTING THE INDUSTRY

Learning from Code Compliance Monitoring

Audits are one of the ways we work with the industry to help ensure the Code is being applied correctly and that new home buyers receive a good service when purchasing their home.

The audits conducted identify a number of positive examples, including developers who go above and beyond the Code to support home buyers. However, there were also instances where builders and/or their agents have fallen short of Code requirements and they have been able to take action once the gaps were highlighted.

To promote proactive best practice, we summarised the main findings from the audits to benefit all builders and provided some useful pointers to help them comply with the Code.

The lessons learned fact sheet was made freely available on our website: https://mkOconsumercode.myt11.kinstacdn.com/wp-content/uploads/2021/03/Consumer-Code-Lessons-learned-2020-audits_vfn.pdf

Using the Code in Marketing

When it comes to builders marketing their homes, promoting their membership of the Code can help give buyers confidence that they will receive a good service and that help is available should they need it.

As part of the Code requirements, builders must clearly display the Code logo at site sales offices, including those of their appointed selling agents, and

in sales brochures, as well as giving a copy of the Code to home buyers who reserve a home.

As many processes throughout the year moved on-line due to the pandemic, many home builders took the opportunity to voluntarily promote the Code via their websites which was particularly encouraging given the greater reliance on online communication and electronic brochures.

Online Training

Seeking compliance with the Code Requirements is an important part of the protection afforded consumers when purchasing their new home.

The Code provides a free online e-learning training programme which supports the home building industry and their agents to comply with the Code Requirements. It is designed to ensure those involved in the sale of new homes understand the expectations of the Code and are clear on how to support consumers through the home buying process.

The training marries the importance of complying with Code Requirements alongside the Consumer Protection Regulations, which are enforced by local authority Trading Standards officers.

Many home builders have incorporated the training into their own Learning Management Systems. For a free copy of these files, please email secretariat@consumercode.co.uk

Approximately 10,000 people involved with the selling of a new home have completed the Code's online training.



Train the Trainers

With house building on the rise, developers have been keen to find ways to share the training more widely across their organisations.

Our 'Train the Trainer' package was designed with the assistance of the industry and to help the 12,600 builders covered by the Code to improve customer service when selling new homes.

The 'Train the Trainer' programme provides the skills and resources needed to allow developers to run group training sessions in-house. There is a full suite of course materials, including a presentation, delegate handouts and guidance notes, to equip staff with the knowledge and content required to run a group training session.

Anyone wanting a copy of the package can obtain it free by contacting secretariat@consumercode.co.uk.

Further support for Home Builders

Other material is also made freely available for home builders and their agents to use to encourage compliance with the Code; this can be found on our website at: <https://consumercode.co.uk/resources/#home-builders>.

Such material includes:

- A Code compliance Starter Pack
- A sample Reservation agreement
- A compliance checklist
- Code logos and branding guidelines
- Compliance auditing, a guide for developers.

It is a requirement of the supporting home warranty bodies for home builders to adopt and promote the Code, particularly in relation to the promotion of the Code at site and sales offices, by providing free Code window stickers/clings.



CODE COMPLIANCE MONITORING



To encourage home builders to adopt the Code and to enable the Management Board to check how well it is being applied, or whether it needs to be amended or updated further, a number of monitoring activities are carried out.

Our targeted auditing regime includes:

- A desktop audit of compliance through the delivery and return of self- assessment forms
- Site visits to areas across the UK where new homes are being offered for sale, including the offices of estate agents
- Assessment of all complaints and decisions that have been made through the Code's Independent Dispute Resolution Scheme as well as
- Providing training to home builders through the supporting home warranty bodies.

The outcome of the monitoring is considered by the Code's Independent Disciplinary and Sanctions Panel who decide what, if any, further action needs to be taken to improve compliance (see also the section on the Disciplinary and Sanctions Panel).

Self-assessment

Given the size of the industry, self-assessment forms part of our auditing regime and survey forms are sent each month to a cross section of home builders, ranging from large to small across the UK, ensuring those who build within Scotland, Wales and Northern Ireland are included.

In the main, the responses provided indicate that home builders deemed to be medium to large in size were aware of the Code and had processes and systems in place to comply with its Requirements. However, smaller home builders were less likely to be aware of the Code and therefore found the self-assessment process helpful in terms of raising awareness of what needed to be done to bring them into compliance.

Comments received from builders included:

".....are fully committed to information transparency and customer support. The Code has become an integral part of our customer promise and we are grateful to The Code provider for driving best practice..... This Consumer Code review has been a useful exercise for us and has helped us make small changes to ensure we are fully compliant with The Code".

"....We have found this a very useful tool to carry out to ensure our sales procedures and welcome packs include all that is required. We would like to thank you for the survey help provided".

The Code's Disciplinary and Sanctions Panel reviews all responses at its meetings and considers what action, if any, needs to be taken. This may include a more focused audit, including a site visit if necessary.

Virtual Site Audits

Independent site audits are an important part of our compliance work and are one of the ways we work with the industry to help ensure the Code is being applied correctly and that new home buyers receive a good service when purchasing their home.

During 2020, the site audits had to be paused at the start of the pandemic. However, with sites back up and running in the summer, we were able to restart visits, albeit remotely via video conference to minimise the risk to sales staff and the auditors themselves.

Our independent auditors conducted a series of compliance checks in autumn/winter 2020 to give home builders an independent view of current strengths and identify any gaps that needed to be addressed.

The auditors found evidence of good compliance at many sites, including well trained staff, clear use of the Consumer Code and CCAS joint logo, and COVID-19-safe site visits for home buyers. The audits also spotted opportunities to improve compliance, including clarifying the approach taken to Reservation Agreements to make sure they still met the Code Requirement given changes made due to the pandemic.

The principle behind the audits is not about catching people out but to promote proactive best practice. With that in mind, we produced a downloadable [factsheet](#)⁴ summarising the latest learnings and useful pointers to help compliance with the Code, which was shared with the industry via our newsletter and website.



"We have found the audit experience to be both informative and helpful as we continue ... to shape our Customer Journey, and we look forward to welcoming you back to visit us in the coming months."

"I am extremely grateful for all the help and feedback if it helps improve our customer journey and provides a better experience for our customers, I will embrace everything I possibly can".

We would like to use this feedback for training and development This would allow us to take any recommendations up with the team, and to commend them for where compliant

⁴ Source: https://mk0consumercodemyt11.kinstacdn.com/wp-content/uploads/2021/03/Consumer-Code-Lessons-learned-2020-audits_vfn.pdf

Adjudication Decisions

The Code's Disciplinary and Sanctions Panel (DSP) reviews all cases that go through the Independent Dispute Resolution Scheme (further details of the scheme can be found later in this report).

The Chairman of the Board writes to the Chief Executive of each company, where a breach of the Code has been found. The letter highlights the breach and offers further guidance on compliance to prevent a re-occurrence as necessary.

The majority of home builders have been keen to learn lessons from the Adjudications and improve their customer service where they can. Responses to these letters include comments such as:

"... we have reviewed our processes to ensure there are quality and procedures in place to avoid claims of this nature arising in the future.

We have now introduced a more robust approach in relation quality checks, which are now carried out by senior members of the Production team. In addition to this any changes to design are now a specific agenda item at our weekly meetings between site and sales. This should ensure our communications with our customers are more accurate and consistent".

"The division responsible for failing to provide an adequate response to the customer's emails have recently undergone some staffing changes at a senior level. This is in direct response to our recognition of their failings on a number of topics, including customer service".



Learning the lessons from Complaints

In monitoring every decision, trends and patterns can be identified and that includes where, on occasion, a home buyer may not have acted appropriately in the manner in which the complaint has been brought or dealt with.

Two such instances were identified throughout the year which brought about a revision to the Independent Dispute Resolution Scheme Rules. The first of these was whereby, in the event that the home buyer fails to permit the home builder to carry out the actions necessary to comply with the Adjudicator's decision, then the Independent Dispute Resolution Scheme will consider the Adjudicator's decision to have been rejected by the home buyer.

The second related to those home buyers who may bring a number of unwarranted or vexatious complaints (made easier by the fact that it is free for the home buyer to do so). As such, the Rules were amended to take account of this so that the Independent Dispute Resolution Scheme will not consider a dispute that, in the opinion of CEDR or the Adjudicator, is being pursued in an unreasonable manner including frivolous or vexatious complaints.

The adjudication process remains fully independent and seeks to apply proportionate redress, taking both the home buyer's and home builder's experience, into consideration.

Building on the work done last year to develop a series of factsheets to help the industry learn from past complaints, we produced a short video and accompanying blog, summarising the top tips to reduce the risk of breaching the code which can be viewed on our website:
<https://consumercode.co.uk/videos-blogs/>



Sanctions

The DSP also considers matters of non-compliance with an Adjudicator's decision. As part of a home builder's registration with the Code's supporting Home Warranty Bodies, they are required to comply with their Rules, the Requirements of the Code, and any directions and decisions given or made by the Independent Dispute Resolution Scheme (IDRS).



If a home builder fails to comply with an Adjudicator's decision, the Chairman of the Board writes to them and advises that the matter will be escalated to the appropriate supporting home warranty body.

If a home builder is found to be in serious breach of the Code, home warranty bodies may apply a range of sanctions which can, dependent on the relevant home warranty body's rules of registration, include:

- requiring the home builder's staff who have contact with home buyers to be trained on their obligations under the Code
- withholding the issuing of certificates of insurance
- suspension or removal from the home warranty body's register.

These are, of course, the most serious of sanctions that may be applied (which can affect a home builder's ability to trade) and are not taken lightly.

In the majority of cases, builders do comply with the decisions from the Independent Dispute Resolution Scheme and take the required action. In some cases, however, developers have failed to comply despite repeated follow up both from the Independent Dispute Resolution Scheme administrators.

During the year, there were 11 occasions whereby the home builder failed to comply with the Adjudicator's decision, albeit in two of those cases, it was due to the impact of the restrictions placed upon them by the Covid-19 pandemic.

In all cases, the home builder complied and provided the remedy directed upon the intervention of either the Code and/or the home warranty body, but such failures impact on confidence in the Independent Dispute Resolution Scheme and could lead to home buyers concluding that it's not worth pursuing a complaint. Any non-compliance is therefore taken seriously by both the Code's DSP and supporting home warranty bodies and appropriate sanctions applied as necessary.



Customer Satisfaction

According to latest research (see below) customer satisfaction scores continue to head in the right direction, albeit there is no room for complacency.

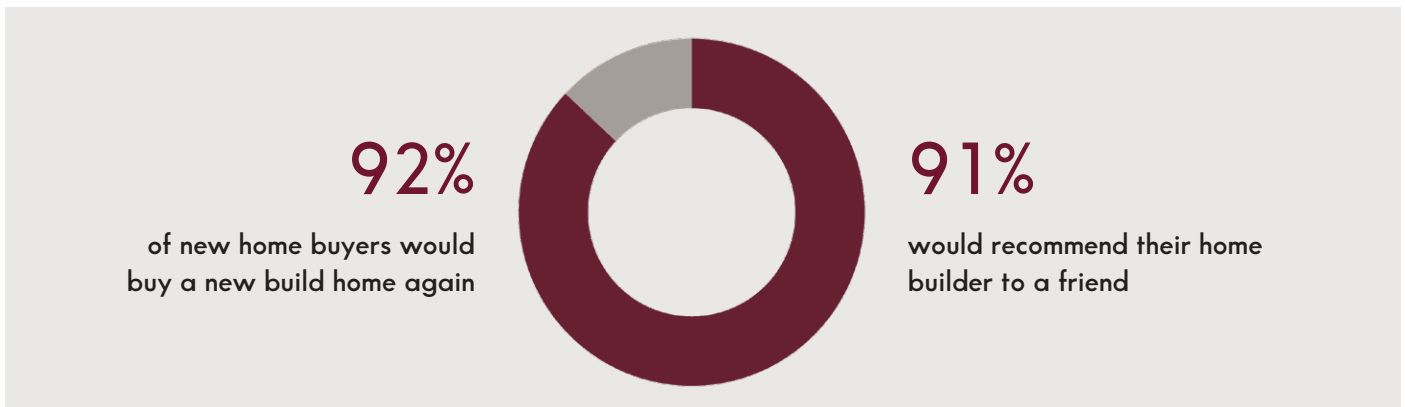
The results from the latest annual Home Builders Federation (HBF) National New Homes Customer Satisfaction Survey (published in March 2021) demonstrate that delivering high levels of customer service remains a high priority for home builders.

Findings from the 2019/20 survey show 92% of new home buyers surveyed say they would buy a new build home again; while 91% of those surveyed said they would recommend their home builder to a friend – a 2% increase on last year's results.

The HBF survey, now in its sixteenth year, is a self-completion census of new home purchasers. Over 76,000 questionnaires were sent out, and while a drop on last year, it is a reflection of the impact coronavirus had on the number of homes completed and sold. That said, 47,470 were returned – a response rate of 62% and which remains extremely high.

The results show continued high levels of home owner satisfaction with the quality of new homes and the service they receive before, during and after moving in.

The full results of the survey, which we take into consideration when monitoring the effectiveness of the Code, can be seen here: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/>





INDEPENDENT DISPUTE RESOLUTION SCHEME

A home buyer may be able to bring a complaint through the Code's Independent Dispute Resolution Scheme where they believe they have not:

- been treated fairly
- been given information on what levels of service to expect
- been fully informed about their purchase and their consumer rights before and after they move in.



If things go wrong

Home buyers are always encouraged to speak to their home warranty provider first so that they can deal with any issues that might fall under the home warranty policy and/or offer support (as outlined above) through their own dispute resolution service.

However, where a home buyer believes they have a dispute because a home builder has failed to meet the Requirements of the Code and which falls outside of the scope of their new home warranty, they may refer their dispute to the Code's Independent Dispute Resolution Scheme. This Scheme is run entirely independently of the Code by the Centre for Effective Dispute Resolution (CEDR Ltd) who are a certified Alternative Dispute Resolution (ADR) provider with the Chartered Trading Standards Institute.

Under the Code, home builders are required to have a system for dealing with complaints, and a home buyer must first give a home builder the opportunity to rectify any matters. If a home buyer is not happy with the response of their home builder, they can apply to the warranty provider to resolve the issue. On matters that are not covered by the warranty, the home buyer can apply to the Consumer Code's Independent Dispute Resolution Scheme to have the dispute considered and let the adjudicator determine if the home buyer has been disadvantaged or suffered financial loss.

Further details of the scheme and summaries of case adjudications can be found on the Code's website at: <https://consumercode.co.uk/home-buyers/how-are-complaints-dealt-with/adjudication-case-summaries/>

Adjudication facts and figures

Between 1 January 2020 and 31 December 2020 there were a total of 248 cases referred to the Independent Dispute Resolution Scheme, which represents an increase of 39% on the amount of cases referred to the scheme in 2019.

2020 was the year in which the highest ever amount of cases were referred to the Scheme, surpassing the previous year's high water mark. This is a trend that is evident across other industries, where consumer awareness of Alternative Dispute Resolution (ADR) has grown year on year. It is also of potential significance that the effects of the Covid-19 pandemic, notably the UK-wide lockdowns during 2020, may have led to an increase in the volumes of cases being referred to the Scheme.

In the context of the increasing case numbers, it is interesting to note that, during the 12-month period to June 2020, a total of 147,180 new homes were completed in England. This is a decrease of 15% from the previous year and no doubt as a direct result of the pandemic. Therefore, despite the fact that fewer homes have been built in the past year, many more disputes have arisen which have come to the Independent Dispute Resolution Scheme.

However, it is important to note that just 0.17% of new homes end up subject to a dispute brought to the Independent Dispute Resolution Scheme, showing that an extremely small proportion of unresolved disputes arise in the new homes sector alleging breaches of the Code.

A summary of the cases for the past five years are broken down in the table below. Where an Adjudicator found that there had been a breach of the Code, but that the home buyer had not proven all their claim, including the redress they were seeking, they determined the claim partially succeeded.

Summary of Independent Dispute Resolution Scheme Cases

	2020		2019		2018		2017		2016	
	QTY	%	QTY	%	QTY	%	QTY	%	QTY	%
Number of cases found fully in favour of the Home Buyer	81	33%	36	20%	7	6%	5	6%	7	6%
Number of cases found partly in favour of the Home Buyer i.e. where not all of the Home Buyer's claims were proved or they were awarded less than they claimed)	34	14%	45	25%	65	60%	47	52%	59	58%
Number of cases found fully in favour of the Home Builder	78	31%	62	35%	23	23%	25	28%	20	20%
Number of cases settled prior to a decision being made	30	12%	27	15%	5	5%	5	6%	8	8%
Number of cases withdrawn from the Scheme or deemed invalid	25	10%	8	5%	6	6%	7	8%	8	8%
TOTAL CASES	248		178		106		89		102	

Claims

In 2020, the home buyers who applied to the Scheme claimed a total combined sum of £1,446,070.49. This sum is an increase of 36% on the total amount claimed by home buyers in 2019, and is the highest total sum of money claimed within a calendar year since the Scheme began operating. This increase is an expected reflection of the increase of 39% in the total amount of cases dealt with by the Scheme in 2020 when compared with the previous year.



The average sum claimed by home buyers in 2020 was £8,310.75. This is an increase of 3.6% on the average of £8,020.42 claimed in 2019, indicating that although the total sum claimed has increased, this does not reflect a significant increase in the sum being claimed per case.

The total amount awarded to home buyers by Adjudicators in 2020 was £105,051.46. This increase of 31% in the total amount awarded when compared with the previous year is broadly in line with the increase of 36% in the total sum claimed by home buyers. Just 7.3% of the total sum claimed by home buyers was actually awarded by Adjudicators, which is almost identical to the 7.5% noted in 2019. This continues to indicate that home buyers may have unrealistic expectations of the financial awards that they are likely to obtain by using the Scheme.

Many home buyers claim the maximum amount of compensation available under the rules of the Scheme, on the premise that if a figure is not claimed for then it cannot be awarded. However, the Independent Adjudicator's role is to give an objective assessment of the value of a home buyer's claim based on the evidence that has been provided.

To help home buyers understand this and the whole process better, we published a blog and a video on what an independent dispute resolution process and how it helps avoid lengthy and costly legal proceedings: <https://consumercode.co.uk/what-is-an-independent-dispute-resolution-scheme-2/>



£8,310.75 average sum claimed by home buyers in 2020

£105,051.46 total amount awarded to home buyers in 2020

Acceptance or rejection of decisions

Decisions made by Adjudicators can only be accepted or rejected by the home buyer under the Scheme. Where a home buyer chooses to reject a decision, or where a home buyer fails to respond within six weeks of the decision being made, the decision has no effect whatsoever on either party. Decisions are not open for review or appeal although an Adjudicator will issue a 'Proposed Decision' to both parties, in advance of any decisions becoming final, to give them the opportunity to provide any missing evidence or clarifications.

In 2020, 47% of decisions were accepted by home buyers, which is a slight increase from the 45% of decisions accepted in 2019. This is most likely due to the increase in decisions found in home buyers' favour from 57% to 60% between 2019 and 2020. As is the case every year, the majority of home buyers whose claims are successful accept the Adjudicator's decision, while those who are unsuccessful either reject the decision or provide no response to it.

Twenty four cases were dealt with in 2020 where the Adjudicator found the home buyer's claim to be successful, but the home buyer did not accept the decision and therefore lost out on the redress awarded by the Adjudicator. As noted in previous years, this most often occurs where the redress awarded by the Adjudicator has been a very small fraction of that sought by the home buyer. As illustration, in 15 of these cases the home buyers chose not to accept a decision in which they were awarded £500 or less while they had claimed over £10,000.

There was one instance in 2020 in which a home buyer rejected a decision in which they were awarded compensation of more than £1,000. This decision awarded the Home Buyer £1,070.96, although the home buyer had claimed the maximum amount of £15,000 which may explain why the decision was not accepted.

There were two decisions in 2020 which were accepted by the home buyer where the Adjudicator had found their claims to be entirely unsuccessful. This happened in four cases in 2019 and one case in 2018.



47%

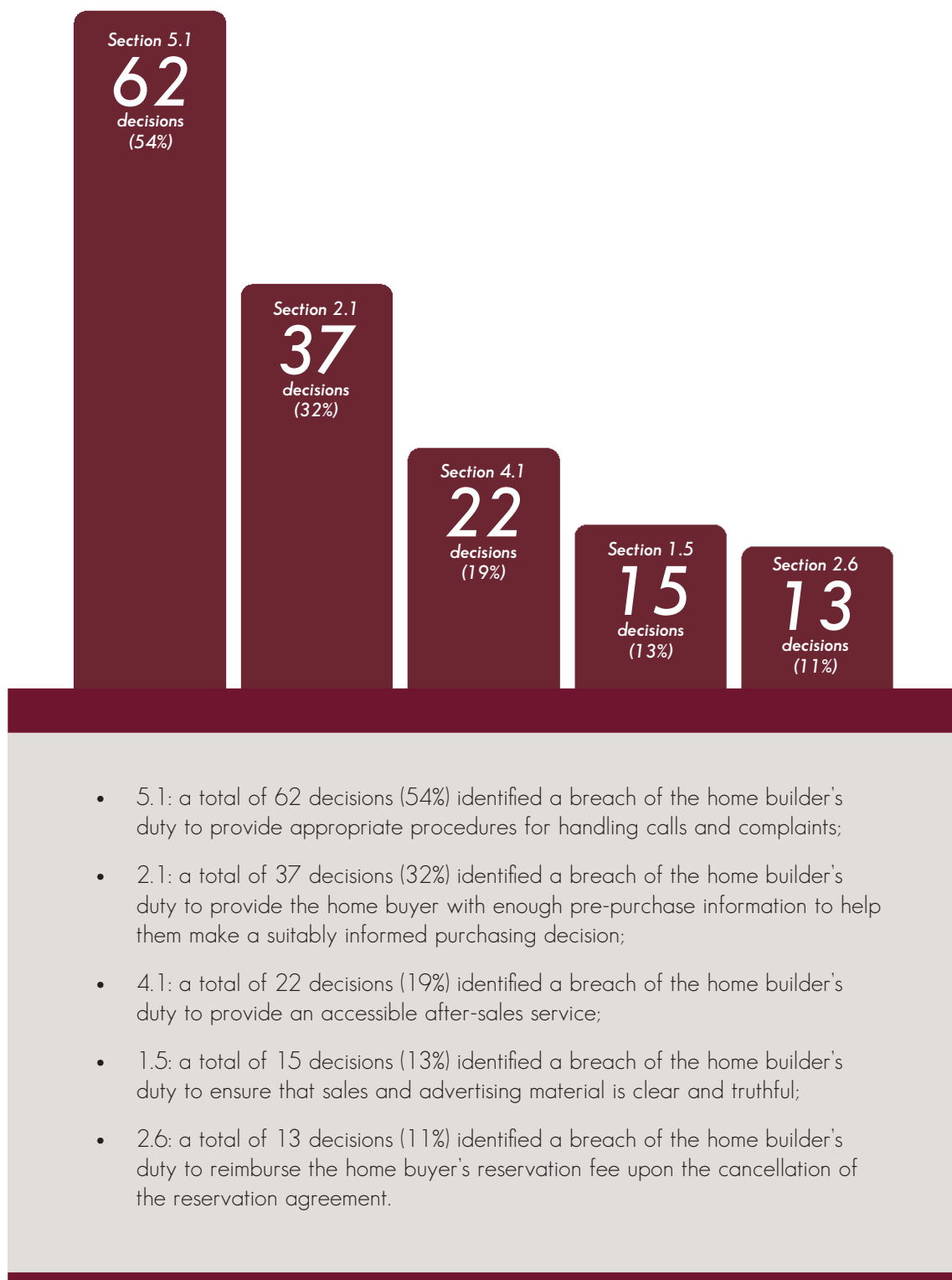
of decisions were
accepted by home
buyers in 2020



Main issues of dispute

Given the volume of new home sales within the UK, the number of home buyers that use the Code's Independent Dispute Resolution Scheme is low by comparison. It is difficult, therefore, to undertake any meaningful analysis and draw trends and themes given the lack of statistical significance.

However, of the 115 decisions in which an Adjudicator found the Home Builder to have breached the Code during 2020, the most common sections of the Code found to have been breached were:



COMMUNICATIONS AND PARTNERSHIPS

Effective and regular communication with the industry, consumers and stakeholders remains essential in raising awareness and enhancing the impact of the Code. This is becoming even more important as we transition towards new arrangements, so that home builders and consumers are fully aware of how the changes will impact them and where to seek support.

Code Website

The Code's website: <http://www.consumercode.co.uk/> continues to be the main source of information relating to the Code. The site provides information for home buyers on what the Code is and what they can expect from their home builders, as well as information for home builders, estate agents and advisers to aid compliance. The site is regularly updated with key information, including summaries of all adjudications from our Independent Dispute Resolution Scheme and lessons learned from audits.

During 2020/21, the Code had on average 5,300 users visit the website per month, with over 16,000 monthly page views. Use of the website has been particularly high in 2021, with over 7,000 visitors per month from January - March 2021.

The information we provide on the site is kept under regular review and we use our Frequently Asked Questions (FAQs) page: <http://www.consumercode.co.uk/home-buyers/faqs/> to help inform home buyers and address any gaps in knowledge and/or inaccuracies we see when engaging across our social media platforms.

Visitors are also able to sign up to receive copies of our regular newsletter, directly via email, to keep abreast of latest Code news. We have seen a 40% increase in our subscriber list over the past year.

Recent enhancements to the website include a new resources hub: <https://consumercode.co.uk/resources/> where different audience groups can easily access and download useful information.

Our Blogs and Videos pages: <https://consumercode.co.uk/videos-blogs/> continue to share tips and information about the Code and other initiatives designed to improve customer service in the home building industry.

- ✓ 5,300 average users per month
- ✓ 16,000 monthly page views
- ✓ 7,000 monthly visitors January - March 2021
- ✓ 40% increase in subscribers



Social media



Social media is now a staple platform in most people's daily lives as a means of giving and receiving information. The Code has been using Twitter since 2018 to regularly share news and information to home buyers and the industry. Since March 2020, we have seen a 20% increase in followers. The Code can be followed at: [@TheCode_CCHB](https://twitter.com/TheCode_CCHB).

The Code joined [LinkedIn](https://www.linkedin.com/company/the-code-cchb/) in August 2020 and now shares updates with over 60 followers.

We make full use of a range of communication channels to inform, assist and exchange views with a wide variety of organisations with an interest in the Code. Effective and regular communication with the industry, consumers and stakeholders remains an important element of articulating our aims, role and achievements.

Working with other organisations

We continue to build upon the strong relationships the Code has with a range of our stakeholders including industry bodies; Government departments, UK Law Societies, consumer groups and other interested organisations.

We work in partnership with Propertymark to promote greater understanding of the Code among Estate Agents. During 2020/21 we wrote articles for both the Propertymark and Code websites focusing on key aspects of the Code relating to the marketing and sales process and produced a 'top tips' video to help agents comply.

Lawyers and licensed conveyancers also remain important players in the home buying process whether representing the home builder or the home buyer. We continue to work closely with the three United Kingdom Law Societies. We were pleased to work with the Law Society's Property in Practice magazine to raise awareness of aspects of the Code that conveyancers and solicitors need to be aware of, particularly in light of pressures to complete during the Stamp Duty holiday window.

Consumers are also a key target audience in relation to raising awareness of the Code and we remain engaged with the Chartered Trading Standards Institute through their Consumer Codes Approval Scheme, as well as Citizens Advice, which is represented on our Management Board through the appointment of Frances Harrison.





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WHO SUPPORTS THE CODE

