

**CONSUMER  
CODE** FOR  
HOME BUILDERS

[www.consumercode.co.uk](http://www.consumercode.co.uk)



# ANNUAL REPORT 2019/20

APRIL 2019 TO MARCH 2020



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## INTRODUCTION FROM THE CHAIRMAN



The Code has been in existence for 10 years. It was developed with the support of the Office of Fair Trading to deal with systemic failures in the industry which had previously undermined consumer confidence. Since its inception it has provided protection for over 1.5 million home buyers and throughout that time has also provided a route to the independent resolution of complaints. Over 500 complaints have been through the Independent Dispute Resolution process and many thousands of enquiries have been handled by the Code.

When the Code was first mentioned in the Barker Review, customer satisfaction with Home Builders was recorded at 46%. Since the introduction of various initiatives by the industry including the commencement of the Consumer Code in 2010, satisfaction recorded in March 2020 stood at 89%<sup>1</sup>.

Many developments have been introduced by the Code in the intervening period including the creation of a sophisticated website which provides separate tailored information for consumers, builders, lawyers and agents. This is supported by a free direct access route through a contact centre operated on our behalf by the Chartered Trading Standards Institute. CTSI has also accredited the code to national standards set under the Fair Trading Act.

The Code has been independently reviewed and updated on a three year cycle since it was established and the most recent review was led by a former Director General of Fair Trading.

An independently led inspection regime policed by Trading Standards professionals has been introduced to oversee compliance at the point of sale and a Disciplinary and Sanctions Panel has been created to deal with non-compliance. The Panel is independent and chaired by an experienced consumer advocate who represents Citizens Advice. The disciplinary process can result in the expulsion of builders from the Scheme which also removes access to warranty cover and with it the ability to trade. Ten builders have so far been excluded from the Scheme, a number of which have ceased trading altogether.

There is a significant churn in sales staff in the industry and amongst agents and a comprehensive distance learning package has been developed which has already been accessed by over 8,000 front line staff. There is clear evidence that the Code has become embedded and compliance levels are high.

The next stage of development of the Code will see the introduction of a fully independent Board and a greater focus on quality issues affecting consumers in the first two years of ownership. We are working closely with Natalie Elphicke MP who has been appointed as Chair of an interim New Homes Quality Board to oversee the transition.

Much has been achieved in the first 10 years of the Code's existence and we foresee and look forward to a further step change in the protection of new home buyers over the next period. Buying a new home is a hugely important consumer transaction and deserves the highest level of protection.

Noel Hunter, OBE  
Chairman, Consumer Code for Home Builders

# 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 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 representatives

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 prior to the introduction of the Code was relatively low, with the Barker Review reporting only 46% of home owners were willing to recommend their home builder. That figure now stands at 89%<sup>1</sup>.

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.

<sup>1</sup> According to the latest HBF survey.



## 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 member of the Royal Society of Arts and Chairman of the British Hallmarking Council and third sector hospice.**



**Carol Brady MBE was appointed Chief Executive of the Code in April 2019.**

Carol has extensive experience in consumer and regulatory policy and had been providing Secretariat services for the Code since May 2014. Prior to working with the Code, she was previously the Chair of the Board of the Chartered Trading Standards Institute and non-executive Chair of the Board of the Claims Management Regulation Unit for the Ministry of Justice.

She previously helped set up the Office for Legal Complaints (Legal Ombudsman) under the Legal Services Act and worked as a Senior Ombudsman, overseeing decisions within the legal sector.

Her current advisory roles include sitting as an independent advisory member of the Commission for Local Administration (the Local Government and Social Care Ombudsman) and as a commissioner for the Gambling Commission.

Carol was awarded an MBE in June 2016 in recognition of her services to consumers and better regulation and is a Fellow of the Chartered Trading Standards Institute.

Noel is supported by other Board members:



Geoff Egginton,  
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



# 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 (which included the activity of estate agents selling homes on behalf of the home builder) 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 DSP recommended appropriate sanctions be put in place by the home warranty body with whom the home builder was registered. During the year, it resulted in two home builders being removed from that register for a period of no less than 12 months.

Where removal from a home warranty body's register occurred, our Scheme Rules ensures 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.

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.

In 2019, the compliance rate with an Adjudicator's decision was 98.3% which underlines the Code's effectiveness in ensuring home buyers receive the appropriate redress.



## 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

## 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<sup>2</sup> to deal with any complaints about breaches of the Code.

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, as demand for new homes to be built across the country grows, with some 173,660<sup>3</sup> being completed during 2018/19, the Code recognises there is more to be done to improve consistency and quality across the industry.

<sup>2</sup> This is free to consumers albeit home builders are required to pay a fee per case

<sup>3</sup> According to MHCLG figures published 3 October 2019



# STRENGTHENING CONSUMER REDRESS IN THE HOUSING MARKET

**In June, Government published its consultation 'Redress for purchasers of new build homes and the New Homes Ombudsman'. We responded to the consultation welcoming the proposals which strengthen redress for consumers and put forward recommendations for how this could be delivered.**

However, we also raised concerns about the limitations of an Ombudsman and the need to ensure the wider work to improve quality and customer service continues so that the likelihood of consumers facing problems in the first place is reduced. We set out a number of other issues which we believe need to be addressed to improve quality and service across the new homes industry.

Having worked alongside other Code schemes to assist in the development of a single Code, which all builders should comply with regardless of their warranty provider, Natalie Elphicke OBE<sup>4</sup> was appointed by the Home Builders Federation to act as a New Homes Quality Champion. She was set the task of bringing this work together and with the setting up of a new independent Ombudsman scheme for the industry, which would be ahead of any statutory requirements given that the timing for the implementation of a statutory New Homes Ombudsman is unclear.

In February 2020, Government published its response to its consultation: <https://www.gov.uk/government/consultations/redress-for-purchasers-of-new-build-homes-and-the-new-homes-ombudsman> which includes plans for a statutory requirement for developers to belong to a single New Homes Ombudsman scheme, procured by the Government for this purpose.

Government also announced that the legislation will include a power for the Secretary of State to approve an existing Code of Practice or create one. The Code of Practice will set guidance on what consumers can expect and what is expected of a developer, standardising the approach across the industry, and used by the New Homes Ombudsman to resolve disputes.

Further, Government confirmed that ahead of this they are keen to see industry change to offer more consistency around standards and the consumer experience and better redress. Our Code therefore continues to work with the New Homes Quality Board to take this work forward throughout 2020/21.

<sup>4</sup> Natalie was elected as an MP for Dover and Deal in December 2019 and appointed as parliamentary private secretary to MHCLG in February 2020. It was announced in May 2020 that Natalie has been appointed as interim Chairman of a New Homes Quality.

## ANNUAL CTSI AUDIT HIGHLIGHTS BEST PRACTICE

**During the year the Code passed its first annual inspection which is required as part of its membership of the Chartered Trading Standards Institute's Consumer Codes Approval Scheme.**

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

Annual inspections are a condition of membership to the CTSI Consumer Codes Approval Scheme and our Management Board welcomes the opportunity this provides to ensure the Code is working well and is supporting new-build home buyers.

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 auditors were particularly pleased to see the work we do to share lessons learned from complaints and self-assessments across the industry, as well as our proactive approach to reviewing Reservation Agreements. The cover our Code provides for consumers should their builder go out of business was also highlighted as an example of best practice.

The CTSI report stated: "The Consumer Code for Home Builders continues to provide comprehensive protection for consumers in relation to the purchase of a new home. In addition, they seek to continually drive up standards across the whole house building sector."



# SUPPORTING CONSUMERS

## Checkmate joins the Code

**The UK's fourth largest warranty provider, Checkmate, joined existing Code supporters, NHBC, Premier Guarantee and LABC Warranty on 1 June 2019 meaning the Code now covers up to 95% of all new homes built in the UK.**

As a result, even more home buyers stand to benefit from our robust customer service standards and protection.

In some cases, one developer may build homes under different warranty schemes but by expanding the Code's reach, home builders will be clearer about their responsibilities to consumers regardless of which major warranty scheme they operate under.

## Telephone helpline

**Following a successful pilot of a new telephone helpline, we were delighted to make our customer helpline permanent this year.**

The Code piloted a new telephone helpline to offer guidance to consumers, home builders and those involved in the selling of new homes. Working with an established and independent contact centre, the team answering the calls provide help with general queries about what the Code covers and how its requirements apply in the purchasing process.

The pilot, which concluded in May, was considered a real success. As such, a contract was awarded to continue operating the service. Our new 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 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](mailto:enquiries@consumercode.co.uk).

## Removal of fees to make a complaint

**With effect from April 2019, we removed the fee that consumers traditionally had to pay to bring a complaint through our Independent Dispute Resolution Scheme.**

This was a major step forward in giving home buyers easy access to redress should something go wrong with their purchase.

Prior to the change, the claim fee was refunded in most cases where a claim was upheld. However, cancelling the fee altogether has removed a potential barrier for home buyers, giving them even more confidence in their purchase decision.

Builders still have to pay a fee when a complaint is raised against them, partly to incentivise providing a good service and also to resolve issues quickly and thoroughly before they escalate.



## New blogs and videos

**Buying a new home is an exciting time, but it can also be a daunting process, particularly for first time buyers. We produced a series of short videos to provide help to consumers and talk them through how the Code supports them through the three stages of the buying process: pre-purchase; during purchase and after occupation: <https://consumercode.co.uk/category/video/home-buyers-video/>**

We also produced a number of blogs to help inform consumers if they were thinking of purchasing a new home including explaining how home builder codes of practice protect your rights; a specialist guide to retirement housing; home warranties explained and, should things go wrong, how to make the best out of the Code's Independent Dispute Resolution Scheme.

## Sorting the fact from fiction

**Out of the hundreds of thousands of new homes built each year, we recognise that sometimes things go wrong, and it can be incredibly challenging for home buyers in that situation. Support does exist, in the form of the Code, warranty protection and, if necessary, legal action, but it isn't always immediately clear who does what.**

We therefore looked to support home buyers sort the fact from the fiction in our article which built on the myth busting from the previous year: <https://consumercode.co.uk/sorting-the-fact-from-the-fiction/>

In addition, and as a direct response to queries raised through our social media, we continually revised and published our Frequently Asked Questions (FAQs) on our website: <http://www.consumercode.co.uk/home-buyers/faqs/> addressing queries raised in relation to the development and application of the Code.

## Coronavirus pandemic

**The home building industry, like every other across the UK, was hit by the coronavirus pandemic at the start of March 2020.**

House sales and purchases were affected as building sites and sales offices closed as a result of the Government's announced lockdown, leaving home buyers unsure as to how to proceed.

Updates on Government's latest advice in relation to home buying were provided via our news pages and on social media, to keep home buyers informed, and to explain the impact the lockdown may have on Code compliance.





## SUPPORTING THE INDUSTRY

### Learning from Code Compliance Monitoring

**Independent 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://consumercode.co.uk/applying-the-learning-from-our-audits/>

### 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.

However, there's a difference between complying with the Code requirements and actively embracing excellent customer service. Our blog looked at what else builders could do to maximise the impact of the Code: <https://consumercode.co.uk/using-the-code-in-your-marketing/>

### 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.

To date, it is anticipated that some 8,000 people who are involved with the selling of a new home have been through the 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](mailto: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 [www.consumercode.co.uk](http://www.consumercode.co.uk).

Such material includes:

- 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.

Approximately 8,000 builders and agents have completed our online training course



# 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.

To strengthen compliance, in recent years the Management Board has implemented a more targeted auditing regime which 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 selection of home builders from a cross section, 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:

"Filling it in has been a very useful process, and there are a few things I have picked up on which we will taking steps to improve on"

"I'd like to reassure you we take our responsibilities under the code extremely seriously; all our staff, the agents we use and any temporary member of agency staff is required by us to do the training and the exam. I even did mine again recently! We do this not just for compliance purposes but because we appreciate it is the right thing to do for purchasers".

"It has been a bit of an eye opener for us given that the majority of what we complete is for housing providers with only a few units a year being develop for sale by ourselves. None the less we had a great initial meeting with our agent who confirmed that they ensure compliance with the code and we have organised a meeting to audit this".

"Having reviewed our developments, which as you indicate in your letter was a useful exercise...."

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.



## Site Audits

**Independent 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 to date identified a number of positive examples, including developers who were going 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 have been able to take action once the gaps were highlighted.

The principle behind the audits is not about catching people out but to promote proactive best practice. With that in mind, we summarised the main findings from the audits to benefit all builders and provided some useful pointers to help compliance with the Code.



### **The auditors identified evidence of good practice in many areas, including:**

- Visibility of the Code logo on sales brochures and in site offices
- Utilisation of Code online training
- Good working knowledge of the principles regarding responsibilities of the builder and the home warranty company
- Regular staff meetings to ensure staff are aware of any issues/changes
- Sites complying with the Code's health and safety requirements
- Familiarisation meetings with home buyers before completion to identify and resolve snagging issues.

### **The auditors also saw evidence of developers going beyond Code requirements to support home buyers in their purchase and promote consumer protection by:**

- Actively using the Code as a marketing tool to say they support it and that home buyers are afforded its protection
- Promoting the Code on their website and having it visible on home pages as well as on contact pages
- Having the Code available for potential customers to read and/or take away with them as well as providing electronic copies
- Embedding the Code as part of any personal development plan and requiring staff to undertake and evidence they have passed the on-line training annually
- Displaying certificates of successful Code training
- Using the Code's model Reservation Agreement for all new sales, not just those covered by this Code.

**However, there were also a number of areas the auditors found required improvement at some sites and these included:**

- Code visibility – the logo was not so well displayed in most estate agents
- Regional variations – some developers used the Code logo in their sales brochure while at other sites, for the same developer, they failed to do so
- Code logo – the correct Code logo was not always used in brochures or on display
- Training – there were extremely variable levels of knowledge on the Code, particularly among estate agents, many of whom were unaware of the free online Code training
- Management fees – information was not always provided on the indication of the management fee, including stating in what circumstances and on what terms the charges and fees may alter
- Off-plan – many agents incorrectly believed the Code was only relevant to homes being sold off-plan
- Training records – not all staff were required to keep a record of what training they had undertaken on the Code.

Although not a current specific Requirement of the Code, the auditors advised that the details of the Code and the protection it affords home buyers should be displayed on home builders' websites. Consumers often look at these websites for details of new developments, providing an ideal opportunity to raise awareness of the Code and ensure potential home buyers know what to expect from the sales process. This is a revision to the Code which is being contemplated as mentioned above.

Where developers use agents to sell their homes, they should ensure the agents are trained on the Code's details and also ensure that agents' responsibilities are clearly explained in their contract arrangements.

Our auditing shows that when agents are used to sell properties, there is a weakness in the standard of service provided to home buyers in respect of their knowledge and understanding of the Code. This is a matter we are discussing with Propertymark, the UK's leading professional body for estate agents, to see what further support we can give to further improve compliance.





## 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 on 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.

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



"After receiving the adjudication decision in respect of the above case, as a result, we have reviewed our internal processes and have made the following changes to ensure compliance so that breaches do not recur.... Additionally, thank you for sharing the link to the on-line learning materials. We have ensured all members of the division whose roles are appropriate, undertake this training".

"Disappointing to see the judgement against us but I will ensure we take the lessons on board".

"We are fully aware of the matter and have to declare that the failure on our part was a rare oversight, and one that has been rectified going forward. At this stage we can confirm that all relevant staff have undertaken more training on our systems to ensure something like this does not happen again".

"We are aware of the failings in the handover of [name] new home and we have since taken steps at the divisional office to prevent a repeat.....we regret any customer dissatisfaction which causes our customers to seek independent resolution and as a responsible builder we acknowledge where we have failed a customer, taking steps to learn from such mistakes, along with attempting to reach an amicable and satisfactory resolution with our customer".

In some cases, home builders have argued that a complaint is vexatious, or not within the scope of the Independent Dispute Resolution Scheme, or the financial claim is disproportionate. The adjudication process however is fully independent and therefore seeks to apply proportionate redress, taking both the home buyer's and home builder's experience into consideration.

## 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.

During the year<sup>5</sup>, there were four occasions whereby the home builder failed to comply with the Adjudicator's decision. In two of those cases, the home builder complied and provided the remedy directed upon the intervention of either the Code and/or the Home Warranty Body.

However, in two cases, the home builder failed to comply despite further interventions and both were sanctioned for the most serious breaches (see below).

## Toughening up on compliance

**During the year, the Code's Management Board adopted a tougher stance to adjudication compliance in response to feedback from consumers and in line with many Ombudsman schemes.**

Any builder that has been removed from one of the Code's supporting home warranty body's register for not complying with an adjudicator's decision following a complaint made via the Code's Independent Dispute Resolution Scheme is now named on our website and in our annual report.

In 2019, this happened on two occasions:

Home builder	Registered Office Company Number	Sanction Applied	Effective from
Aronex Developments Ltd	08379723	12 month removal from home warranty bodies registers	July 2019
Structured Acquisitions Ltd	08612377	12 month removal from home warranty bodies registers	June 2019

<sup>5</sup> April 2019 - March 2020



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 and the Code's Disciplinary and Sanctions Panel to do so.

This failure impacts on confidence in the Independent Dispute Resolution Scheme and could lead to home buyers concluding that it's not worth pursuing a complaint.

Consumer feedback - including complaints - is an essential part of helping the industry continue to improve. By adding this extra sanction, we hope to see 100% compliance with adjudications from now on.

Builders will still be issued with reminders from the Independent Dispute Resolution Scheme and the Disciplinary and Sanctions Panel before any disciplinary action is taken and before the final decision to publicise for non-compliance is made.

## Customer Satisfaction

**According to latest research (see below) customer satisfaction scores are heading in the right direction, albeit there is still work to do.**

The results from the latest annual Home Builders Federation (HBF) National New Homes Customer Satisfaction Survey (published in March 2020) demonstrate that delivering high levels of customer service remains a high priority for home builders.

Findings from the 2018/19 survey show 91% of new homebuyers surveyed say they would buy a new build home again; while 89% 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 fifteenth year, is a self-completion census of new home purchasers and with over 99,000 questionnaires being sent out, just under 64,000 are returned - a response rate of 63% which is 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.

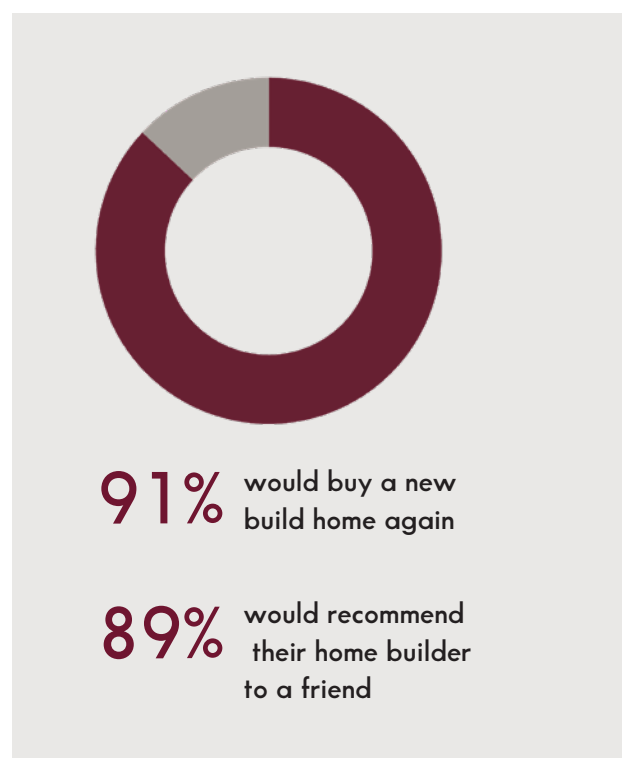
Satisfaction levels amongst new home buyers have now improved for a third successive year, up 2% on last year and 5% in the past three - a period over which housing supply has continued to increase significantly. Eighty-four per cent of home owners were very or fairly satisfied with the service they received during the home buying process, while 86% of home owners said they were happy with the quality of their new home.

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/documents/9690/R173-HBF2020Brochure-v7.pdf>

In addition to the HBF Customer Satisfaction Survey, the New Homes Review (NHR) (which was launched in November 2016), published its third annual report for the period conducted between 1 November 2018 and 31 October 2019 with 1,057 home owners participating in it.

The survey asked new homeowners if the property was as they had expected when they moved in and 60% said that it was, an improvement on 2018's 56%. Around two-thirds (66%) of respondents were satisfied with the overall condition of the property and the quality of the build, comparable to 2018 (65%). A total of 60% (59% in 2018) were satisfied with the standard of finish.

The full results of the survey along with more details on the rating system can be found on the website <http://www.newhomesreview.com/media/1137/nhr-annual-report-2019.pdf>





## WHAT TO EXPECT FROM YOUR NEW HOME

**Unlike purchasing a second-hand home, most newly built homes come with warranty and insurance protection which usually lasts for ten years.**

Buying a new home is a significant investment and it's understandable that buyers want their home to be perfect. However, new homes are susceptible to imperfections as the ground settles and homes dry out and in rare cases, more significant problems may occur which need to be sorted out by the builder or warranty provider.

To help buyers understand what to look for and who to contact should they have a concern, we put together a blog to explain some of the common issues they might find with their home and to explain their home warranties and what their warranty would commonly cover: <https://consumercode.co.uk/home-warranties-explained-what-does-your-warranty-cover/>

### 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 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.

During 2019, the Code's supporting home warranty bodies dealt with over 10,400 cases for home buyers through their own dispute resolution service.

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.



## Complaints about breaches of the Code

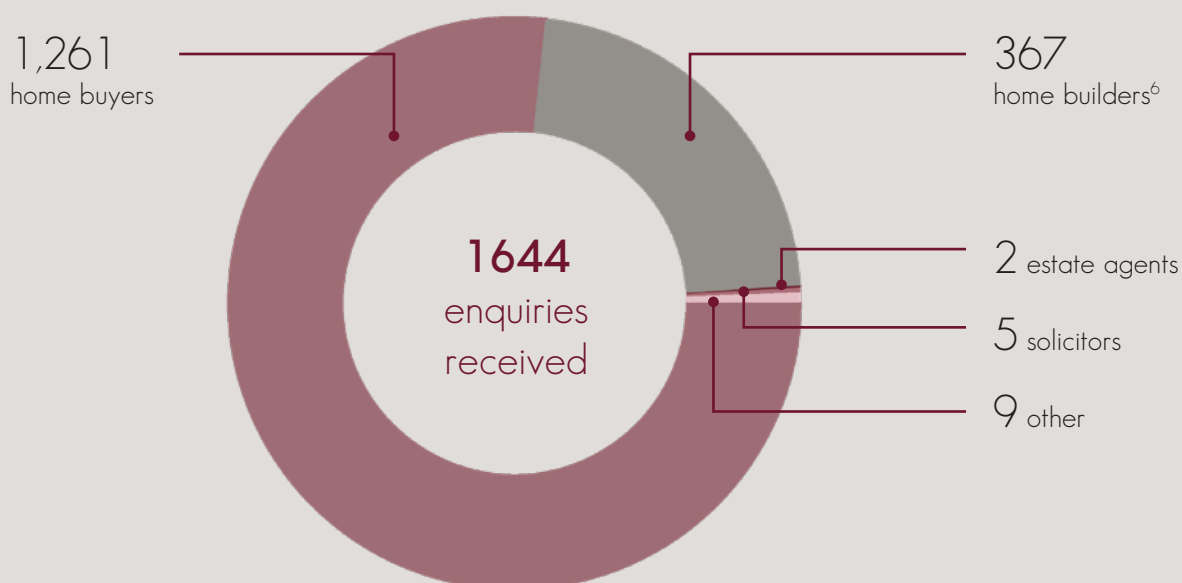
In addition to the above complaints process, a home buyer may be able to bring a complaint through the Code's Independent Dispute Resolution Scheme where they believe they have not:

- 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.

During 2019, there were 1,644 general enquiries received about the Code, broken down as follows:

- 1,261 from home buyers
- 367 from home builders<sup>6</sup>
- 2 from estate agents
- 5 from solicitors, and a further
- 9 recorded under "other" and included media enquiries.

Our supporting home warranty bodies also provided information on the Code to over 1,093 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.



<sup>6</sup> This figure includes complaints recorded from other categories albeit not captured specifically

# INDEPENDENT DISPUTE RESOLUTION SCHEME

## 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 2019 and 31 December 2019 there were a total of 178 cases referred to the Independent Dispute Resolution Scheme, which represents an increase of 68% on the amount of cases referred to the scheme in 2018.**

2019 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 trend of increasing case numbers is reflected in other industries which use Alternative Dispute Resolution (ADR), where the amount of cases is increasing year on year as consumer awareness of ADR grows.

During the period covered by the Independent Dispute Resolution Scheme, a total of 173,660 new homes were completed in the UK (10% lower than new homes completed in 2018). Therefore, despite the fact that fewer homes have been built in the UK in the past year, many more disputes have arisen which have come to the Independent Dispute Resolution Scheme. In part we believe that this may be due to the fact that we have continued to raise the profile of the Code throughout the year (and particularly on social media) while also removing the fee to make a claim.

Despite the increase in the number of complaints, it is also important to note that just 0.1% of new homes built in the UK end up subject to a dispute brought to the Code's Independent Dispute Resolution Scheme showing that an extremely small proportion of 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 Complaints

	2019		2018		2017		2016		2015	
	QTY	%	QTY	%	QTY	%	QTY	%	QTY	%
Number of cases found fully or partially in favour of the Home Buyer	81	45%	73	66%	52	58%	66	64%	46	70%
Number of cases found fully in favour of the Home Builder	62	35%	23	23%	25	28%	20	20%	5	7%
Number of cases settled	27	15%	5	5%	5	6%	8	8%	6	9%
Number of cases withdrawn from the Scheme or deemed invalid	8	5%	6	6%	7	8%	8	8%	9	14%
<b>TOTAL CASES</b>	<b>178</b>		<b>106</b>		<b>89</b>		<b>102</b>		<b>66</b>	



## Claims

**In 2019, the home buyers who applied to the Scheme claimed a total combined sum of £1,066,715.23. This is an increase of 54% on the total amount claimed by home buyers in 2018, and is by far the highest total sum of money claimed within a calendar year since the Scheme began operating. However, this can be explained by the 68% increase in case volumes in 2019 when compared to the previous year.**

The average sum claimed by home buyers in 2019 was £8,020.42 which is an increase of 8% on the average sum claimed in 2018, indicating that although the total sum claimed has increased, this does not reflect a significant increase in the sum being claimed per case.

Although the total sum claimed by home buyers increased by 54% in 2019, the total sum awarded to home buyers by the independent adjudicators of £79,963.37 only increased by 23%.

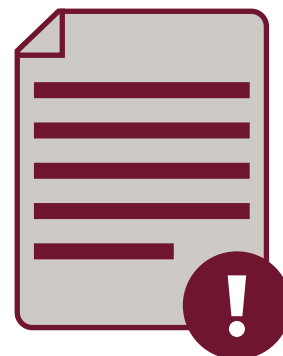
Of the 15 higher-value awards in 2019, one was for the maximum financial limit under the Scheme of £15,000 and one was for £14,500. In 2018, no home buyers were awarded sums this high.

At the other end of the scale, there were 17 decisions whereby the adjudicator awarded the home buyer £250 or less. 2019 therefore appears to have followed the trend noted in 2018 of home buyers receiving a higher number of low-value financial awards through the Scheme in 2019 than in previous years.

While home buyers are claiming increasing amounts, levels of compensation can only be awarded based on evidence of loss. The discrepancy between amount claimed and amount awarded suggests some home buyers are failing to evidence their losses and/or may have unrealistic expectations of the financial awards that they may obtain by using the Scheme without proving loss.

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: <https://consumercode.co.uk/making-the-most-of-our-independent-dispute-resolution-scheme/> giving tips and information prior to making a claim. The article explains the type of things the adjudicator will take into account when assessing any financial remedy and the evidence a home buyer may need to provide.



## 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.**

In 2019, 45% of decisions were accepted by home buyers, which is a reduction from the 64% of decisions accepted in 2018. This is most likely due to the decrease in decisions found in home buyers' favour from 76% to 57% between 2018 and 2019.

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.

Nineteen cases were dealt with in 2019 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. By way of example, in ten of these cases the home buyers chose not to accept a decision in which they were awarded £500 or less while they had claimed more than £10,000.

There were no instances this year of home buyers rejecting decisions where they were awarded significant sums of compensation. All of the decisions in which adjudicators awarded at least £1,000 were accepted by home buyers.

In addition, there were four decisions in 2019 which were accepted by the home buyer where the adjudicator found the claim to be entirely unsuccessful.





## 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 81 decisions in which an adjudicator found the home builder to have breached the Code during 2019, the most common sections of the Code found to have been breached were:

- 2.1: a total of 49 decisions (60%) identified a breach of the Home Builder's duty to provide the Home Buyer with enough pre-purchase information to help them make a suitably informed purchasing decision;
- 5.1: a total of 38 decisions (47%) identified a breach of the Home Builder's duty to provide appropriate procedures for handling calls and complaints;
- 4.1: a total of 23 decisions (28%) identified a breach of the Home Builder's duty to provide an accessible after-sales service;
- 1.5: a total of 20 decisions (25%) identified a breach of the Home Builder's duty to ensure that sales and advertising material is clear and truthful;
- 2.6: a total of 13 decisions (16%) identified a breach of the Home Builder's duty to reimburse the Home Buyer's reservation fee upon the cancellation of the reservation agreement.

This is common with breaches identified in the previous year and so we put together a series of factsheets to help developers learn from past complaints and enhance their customer service to reduce the risk of similar breaches in the future.

The Code's series of factsheets are available for [download from our website](#)





## Improvements to the Scheme

In line with many existing Alternative Dispute Resolution Schemes, in April 2019 the Code's Management Board removed the fee which consumers traditionally had to pay to bring a complaint.

Although in the majority of cases the fee was refunded where a home buyer's claim was upheld, cancelling the fee altogether has removed a potential barrier for home buyers and made it easier to seek redress.

### Case Study 1 - a successful claim

On reserving the home, the home buyer 'A' was informed they would qualify for a double sink (or two single sinks) which was confirmed in the Reservation Agreement and in the home plans and by way of the home illustration. However, what was fitted to the home was a sink of one and a half bowls and 'A' argued this breached the Code.

The Adjudicator agreed and determined that the home builder undertake work within the kitchen to replace worktops and fit a double sink. They also awarded £350 in compensation for the inconvenience.

### Case Study 2 - disproportionate claim

Home buyer 'B' decided to cancel their reservation upon learning the home was built within the proximity of an old mine. As well as an apology, they claimed £15,000 in compensation which included a claim for an increased price of an alternative house.

The Adjudicator agreed the refund of the reservation fee of £500 should be paid but that there was no evidence of the loss claimed by 'B' and further, the request did not fall within the scope of the Scheme rules.

The Adjudicator did however find that 'B' had been put to significant inconvenience in pursuing a transaction for nearly five months that ultimately they wished to cancel and so awarded £500 in compensation for this.

### Case Study 3 - the importance of evidence

Home buyer 'C' complained that the home builder had concealed planning permission had been granted for construction of a building a short distance from their fence which would interfere with the enjoyment of their home.

'C' was able to provide evidence (dating back over several years) which persuaded the Adjudicator the home builder was infact aware and further that it was a matter that would reasonably have been expected to influence a buyer's purchasing decisions and should have been disclosed.

The Adjudicator awarded costs which enabled 'C' to screen the construction and a further £500 for inconvenience.

### Case Study 4 - lack of evidence

Home buyer 'D' claimed the home builder had failed to provide accurate information relating to the home prior to the purchase and in particular with respect to the fact the garden would not be on one level.

However, the Adjudicator found that the emails provided by 'D' related to a period of time after completion of the property and failed to provide insight into the period of time prior to purchase. The Adjudicator found the evidence provided was insufficient for 'D' to prove their claim and instead determined they found no instances of the home builder not following the Code.

'D' also complained that the Contract of Sale was not clear and fair regarding his garden levels but the Adjudicator determined that 'D' had the opportunity to review the terms and conditions of the Contract, alongside legal representation, to highlight any terms and conditions that were deemed to not be clear or fair and found no breach of the Code by the home builder.

The Adjudicator determined that as no sections of the Code had been breached, 'D' was not entitled to any form of remedy.



# COMMUNICATIONS AND PARTNERSHIPS

Effective and regular communication with the industry, consumers and stakeholders remains an important element of articulating the aims, role and achievements of the Code.

## Code Website

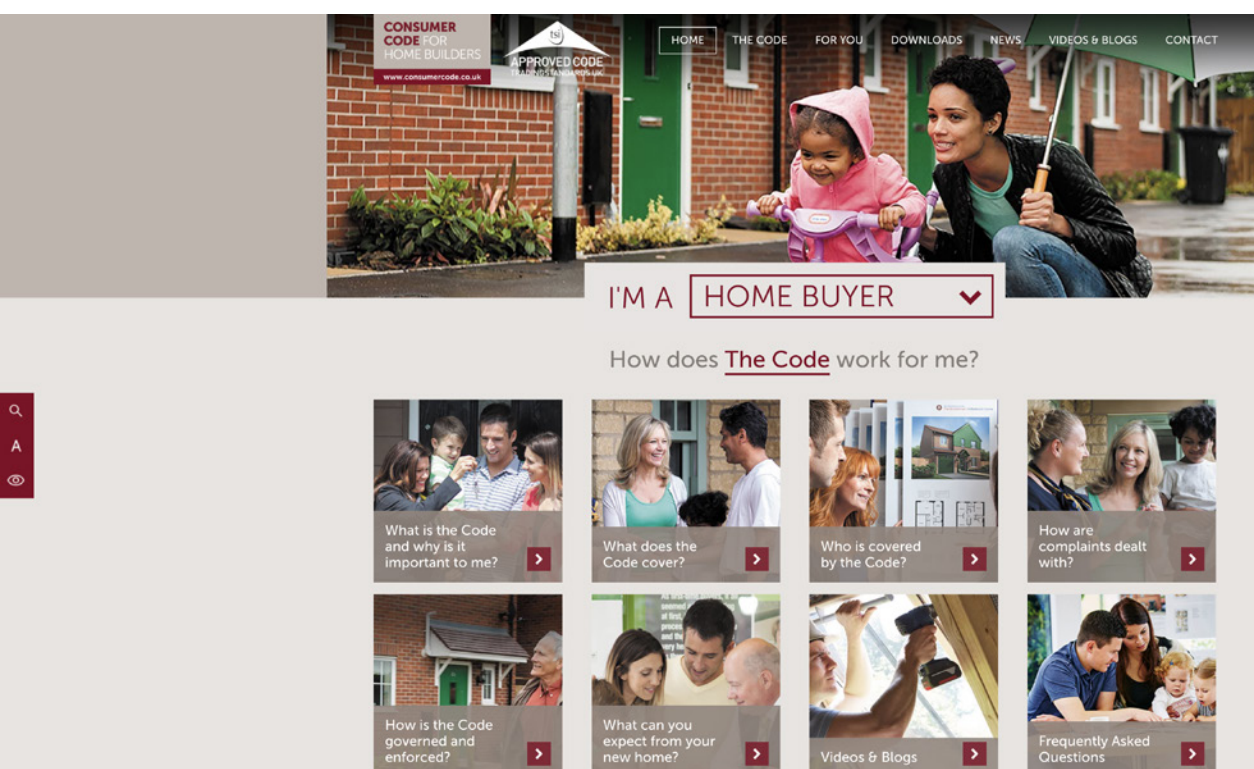
The Code's website continues to be the main source of information relating to the Code: <http://www.consumercode.co.uk/> and is regularly updated with key information, including summaries of all adjudications from our Independent Dispute Resolution Scheme.

During 2019, on average the Code had 4,500 users visit the website with some 10,000 page views per month. The information provided on it therefore is key to providing information both to home buyers on what the Code is and what they can expect from their home builders, but also to home builders and others associated with selling a home in terms of compliance.

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 platform.

Visitors are also able to sign up to receive copies of our regular newsletter, directly via email, to keep abreast of latest Code news.

Further enhancements include our new Blogs and Videos pages: <https://consumercode.co.uk/videos-blogs/> which provides information not only about the Code, but also our stakeholders and our initiatives designed to improve customer service in the home building industry.





## Social media

**Social media is now a stable platform in most people's daily lives as a means of giving and receiving information. The Code uses Twitter to regularly share news and tips on the protection it affords home buyers when buying a new home and in sharing news across the industry. Since March 2019, we have seen a 75% increase in followers. The Code can be followed at: [@TheCode\\_CCHB](https://twitter.com/TheCode_CCHB).**

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. A key focus on the discussions for this year has been around Government's plans for the development of a new homes ombudsman and how the Code supports such plans.**

Estate agents play a pivotal role in the selling of new homes and we continue to work in partnership with Propertymark and join them on their Land and New Homes Committee.

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 and are always pleased to accept the invitation to speak at the Law Society's National Property Conference when held.

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

