

**CONSUMER
CODE FOR
HOME BUILDERS**

www.consumercode.co.uk



Consumer Code Requirements and Good Practice Guidance for Home Builders

This document contains the
Non-mandatory Good
Practice Guidance for
Home Builders along with an
Introduction to The
Independent Dispute
Resolution Scheme



FOURTH EDITION / JUNE 2019

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Meaning of words

In this document, the following words have special meanings:

- **Agent** – a person, firm or company used by a Home Builder to deal with any matter on their behalf (for example, an estate agent or contractor).
- **Consumer Code Scheme or Code Scheme** – the set of Requirements adopted by Home Builders along with the Meaning of words, Introduction, Scope of the Code, and the Introduction to the Consumer Code Independent Dispute Resolution Scheme, all as set out in this document.
- **Consumer Code or Code** – a set of Requirements adopted by Home Builders.
- **Contract of Sale, Contract Exchange, Legal Completion** – the terms employed in England and Wales for the legal document used and the formal stages that occur during the sale of a property.

In Scotland these documents and stages are known respectively as **Missive** (or **Builder's Missive**), **Conclusion of Missive** and **Settlement**. In Northern Ireland they are known respectively as **Contract of Sale**, **Formation of Contract** and **Completion**. Where this document uses the terms for England and Wales, the terms for the other countries are implied.
- **Customer** – a person making enquiries about buying a Home but who has not Reserved a Home.
- **Home** – a property that a Home Builder registers with a Home Warranty Body to obtain Home Warranty cover, excluding those properties listed in the Scope on page 5.
- **Home Builder or you** – a builder or developer of a new or newly converted Home for sale to the public, and who is registered with a Home Warranty Body.
- **Home Buyer** – a Customer who goes on to Reserve or buy a Home, excluding those properties listed in the Scope on page 5. For Homes Reserved or bought jointly by two or more people, the Home Buyer's rights will be joint.
- **Home Warranty** – an insurance-backed warranty that a Home Warranty Body issues to protect Home Buyers.
- **Home Warranty Body** – any organisation that:
 - has agreed to support the Consumer Code for Home Builders Scheme;
 - maintains a register of builders and developers;
 - provides Home Warranty cover;
 - has undertaken to enforce the Code.
Details of participating Home Warranty Bodies are available from the Consumer Code web site: www.consumercode.co.uk
- **Independent Dispute Resolution Scheme** – an independent process set up to deal with disputes where a Home Buyer believes the Home Builder has failed to meet the Code's Requirements.
- **Reservation** – when a Home Buyer and a Home Builder jointly make a written statement of intent (subject to contract and whether or not a fee is paid) to buy and sell a Home. Reserved and Reserve carry the corresponding meaning.
- **Vulnerable Customer** – someone whose personal circumstances make them especially susceptible to detriment.

Introduction

- 1 The Consumer Code came into force on 1 April 2010. This edition applies to all Reservations signed on or after 1 April 2017*. It sets mandatory Requirements that all Home Builders must meet in their marketing and selling of Homes and their after-sales customer service.
- 2 Home Builders must adopt the standards of good practice, procedures and information detailed in the Guidance against each Requirement, unless they take a different approach that also satisfies the Requirements. More advice is available on the Consumer Code web site www.consumercode.co.uk

If they take a different approach to satisfying the Guidance, Home Builders must provide a similar level of information and achieve a similar outcome to what the Guidance says.
- 3 The Code's purpose is to ensure that Home Buyers:
 - are treated fairly;
 - know what service levels to expect;
 - receive reliable information on which to make their decisions; and
 - know how to access speedy, low-cost dispute-resolution arrangements if they are dissatisfied.
- 4 The Code applies to all the Home Buyers and Homes stated in the Scope on page 5.
- 5 The Home Warranty Bodies have agreed to require all their registered builders to adopt and comply with the Code as a registration condition. If a Home Builder is found to be in serious breach of the Code, Home Warranty Bodies can apply a range of sanctions. These include removal from the relevant Home Warranty Body's register and exclusion from all registers run by other Home Warranty Bodies that take part in the Code Scheme.
- 6 Home Buyers who think they have a dispute because a Home Builder has failed to meet the Code's Requirements may refer it to the Independent Dispute Resolution Scheme.
- 7 To encourage Home Builders to adopt the Code and to enable the Consumer Code's Management Board to check how well it is being applied, or whether it needs to be amended or updated, the following activities may be carried out:
 - Research.
 - Audits, which may include audits of Home Builders' systems and documents.
 - Mystery-shopping surveys.
 - Annual returns or reports from Home Builders.
 - Reviews and assessments of customer satisfaction feedback and complaints.
 - Training for Home Builders.
- 8 Nothing in the Code affects Home Buyers' existing legal rights.



Further information

You can get more information, including copies of the Code documents and advice on frequently asked questions and the results of audits, surveys and adjudications from the Consumer Code web site: www.consumercode.co.uk

You can contact the Consumer Code for Home Builders secretariat by emailing:
secretariat@consumercode.co.uk

Scope of the Code

Please bear in mind the following provisions and limitations:

- 1 This edition of the Code applies to all Home Buyers who have signed a Reservation agreement for a new or newly converted Home on or after 1 April 2017* that has been built by a Home Builder registered with one of the Home Warranty Bodies.
- 2 The Consumer Code Scheme covers complaints made in writing to the Home Builder by Home Buyers who have signed a Reservation agreement and believe the Home Builder has failed to meet the Code's Requirements. The Code Scheme applies to complaints made up to two years from the date on the Home Warranty Body's insurance certificate, which defines the start of the period of cover, about defects or damage caused by a breach of its technical requirements.
- 3 Second or subsequent Home Buyers benefit from the Code Requirements but only on after-sales matters they report within two years from the date of the Home Warranty Body's insurance certificate, as in 2 above.
- 4 The Code and the Independent Dispute Resolution Scheme do not apply to:
 - second-hand properties (for example, properties taken by Home Builders in part exchange and re-sold);
 - properties acquired by registered social landlords for rent;
 - properties acquired by corporate bodies, partnerships and individuals buying more than one property on the same development for investment purposes;
 - properties built by self-builders for their own occupation;
 - properties assigned or sub-sold by an investor to a third person before Legal Completion;
 - personal injury claims;
 - loss of property value or blight;
 - claims about the land conveyed and its registered title;
 - claims that exceed the Independent Dispute Resolution Scheme's limits.
- 5 Matters better dealt with by other dispute resolution or ombudsman schemes should be referred to the relevant organisation. In such cases, these other schemes will take precedence over this Code and the Independent Dispute Resolution Scheme.

*The Fourth Edition of the Consumer Code applies to Checkmate.uk.com from 1 June 2019. 5



The Consumer Code Requirements and good practice Guidance

1 Adopting the Code

1.1 Adopting the Code

| Requirement | Guidance |
|---|--|
| Home Builders must comply with the Requirements of the Consumer Code and have regard to good practice guidance. | <p>You are expected to comply with all the Code Requirements. You could incorporate the Code Requirements into your own customer charter.</p> <p>The Guidance aims to help you understand and apply the Requirements. You do not have to follow the Guidance but if you take a different approach, you should provide a similar level of information and achieve a similar outcome to the same or better level or standard than the Guidance says.</p> |

1.2 Making the Code available

| Requirement | Guidance |
|---|---|
| <p>The Consumer Code for Home Builders' Scheme logo must be prominently displayed in Home Builders' sales offices, those of appointed selling agents, and in sales brochures.</p> <p>All Home Buyers who reserve a Home should be provided with a copy of the Code Scheme with the Reservation agreement.</p> | <p>The Consumer Code Scheme logo must precisely follow the design shown in the logo guidelines on the Code website.</p> <p>The logo should be prominently displayed at the minimum prescribed size in sales offices, including those of appointed selling agents, and printed in sales brochures.</p> <p>The logo may also be incorporated into your website and other sales literature. You may download it from the Code website along with the Code Scheme documents. You may provide copies of the Code Scheme documents to Home Buyers, where appropriate.</p> <p>You may provide the Code Scheme documents in hard copy or electronic form. You should record the Home Buyer's receipt of them in the Reservation agreement in hard copy or electronic form.</p> <p>You need not give Home Buyers the good practice Guidance. This is available on the Code website.</p> <p>At all times you must consider the evident needs of Vulnerable Customers.</p> |

1.3 Customer service: before legal completion

| Requirement | Guidance |
|--|---|
| The Home Builder must have suitable systems and procedures to ensure it can reliably and accurately meet the commitments on service, procedures and information in the Code. | <p>You should have formal processes to provide reliable and consistent service to Home Buyers and to resolve relevant issues that may arise with them before legal completion.</p> <p>For service after legal completion, see 4.1.</p> <p>At all times you must consider the evident needs of Vulnerable Customers.</p> |

1.4 Appropriately trained customer service staff

| Requirement | Guidance |
|--|--|
| The Home Builder must provide suitable training to all staff who deal with Home Buyers about their responsibilities to them and what the Code means for the company and its directors. | <p>You should train your staff to understand:</p> <ul style="list-style-type: none">• the Code's details;• the company's key legal responsibilities; and• your staff's own responsibilities to Home Buyers. <p>Not all staff are expected to have received the same level of training. Its extent will depend on their role.</p> <p>An online training package is available from the Code's website at www.consumercode.co.uk</p> <p>If you use Agents to sell your Homes, you should ensure they are trained to the same level as above. Home Builders should also ensure that Agents' responsibilities are clearly explained in their contract arrangements.</p> |

1.5 Sales and advertising

| Requirement | Guidance |
|---|---|
| Sales and advertising material and activity must be clear and truthful. | <p>Your sales and advertising material should be clear, truthful and comply with all relevant legislation.</p> <p>You should not use high-pressure selling techniques.</p> <p>At all times you should consider the evident needs of Vulnerable Customers.</p> |

2 Information – pre-contract

2.1 Pre-purchase information

| Requirement | Guidance |
|---|---|
| <p>Home Buyers must be given enough pre-purchase information to help them make suitably informed purchasing decisions.</p> <p>In all cases this information must include:</p> <ul style="list-style-type: none">• a written Reservation agreement;• an explanation of the Home Warranty cover;• a description of any management services and organisations to which the Home Buyer will be committed and an estimate of their cost;• the nature and method of assessment of any event fees such as transfer fees or similar liabilities. <p>Also, if a Home is not yet completed, the information must include:</p> <ul style="list-style-type: none">• a brochure or plan illustrating the general layout, appearance and plot position of the Home;• a list of the Home's contents;• the standards to which the Home is being built. | <p>During the pre-Reservation, Reservation and pre-contract periods, you should give Home Buyers appropriate information about the Home to help them make informed decisions about the purchase before they make a binding commitment to it.</p> <p>The information should be fair and reliable, in plain language and without jargon, and include:</p> <ul style="list-style-type: none">• a Reservation agreement in writing, setting out the key terms and price (see 2.6 for the minimum required content);• a list and, where relevant, an illustration of the contents – the nature of the fixtures and fittings that are included in the sale price (for example white goods, curtains, carpeting, wall tiling, door entry systems, power points, sanitary-ware fittings);• the standards to which the Home is being built (for example, the relevant Building Regulations, Planning conditions and Home Warranty Body's technical Requirements);• brochures or plans reliably illustrating the Home's general layout, appearance and plot position. To help avoid later disputes, you should record with the Home Buyer and get them to acknowledge the plans, list of contents and elevational drawings you showed them;• the nature of the Home Warranty cover you provide (see 2.3);• a reasonably reliable itemised breakdown of the main items and their estimated cost in the management services and fees (Scotland: 'factoring') that the Home Buyer will be committed to paying. The information should also state in what circumstances and on what terms the charges and fees may alter;• the nature and method of assessment of any event fees such as transfer fees or similar liabilities. <p>If the Home is complete and the Home Buyer has had the opportunity to view the finished property, you do not need to provide a brochure, plans or illustrations of the home, nor a list of the contents.</p> <p>When a Reservation agreement has been signed, your legal advisor should send the Home Buyer's legal representative the proposed contract, the legal title, a copy of the Code Scheme and any other relevant documents and approvals, including information about town planning and other statutory approvals and consents. This may be in hard copy or electronic format.</p> |

2.2 Contact information

| Requirement | Guidance |
|--|---|
| Home Buyers must be told how their questions will be dealt with and who to contact during the sale, purchase and completion of the Home. | <p>You should tell Home Buyers how you will deal with their questions and who to contact during the Home's sale, purchase and Legal Completion.</p> <p>After legal completion, the after-sales service Requirements are dealt with under 4.1.</p> <p>This information should show how they can contact you – for example, email, phone, letter or SMS text.</p> |

2.3 Warranty cover

| Requirement | Guidance |
|---|--|
| Home Buyers must be given accurate and reliable information about the insurance-backed warranty provided on the Home. | <p>Before exchange of contracts, the Home Buyer should receive:</p> <ul style="list-style-type: none">• the name and contact details of the provider of the insurance-backed Home Warranty that is included in the transaction;• a summary of the insurance cover protection that the insurance-backed Home Warranty provides. The Home Warranty Bodies may assist by providing information for this purpose. |

2.4 Health and safety for visitors to developments under construction

| Requirement | Guidance |
|---|---|
| Home Buyers must be informed about the health-and-safety precautions they should take when visiting a development under construction. | <p>You should inform all Home Buyers who visit a working building site before buying a Home about the health-and-safety precautions you and they should take.</p> <p>Access to areas under construction may be properly barred or restricted.</p> <p>You should make clear to visitors that they are personally responsible for following health-and-safety procedures and information.</p> |

2.5 Pre-contract information

| Requirement | Guidance |
|---|---|
| Home Builders must advise Home Buyers to appoint a professional legal adviser to carry out the legal formalities of buying the Home and to represent their interests. | <p>You should advise Home Buyers to choose and appoint an independent professional legal adviser when they reserve a Home, to look after their interests in all aspects of the transaction.</p> <p>You may offer incentives and/or refer Home Buyers, for example, to a panel of solicitors. But you should not restrict the Home Buyers' choice of legal representative, financial advisor or mortgage intermediary that they may wish to use.</p> |

2.6 Reservation

| Requirement | Guidance |
|---|---|
| <p>Home Buyers must be given a Reservation agreement that sets out clearly the Reservation's terms, including, but not limited to:</p> <ul style="list-style-type: none">• the amount of the Reservation fee;• what is being sold;• the purchase price;• how and when the Reservation agreement will end;• how long the price remains valid;• the nature and estimated cost of any management services the Home Buyer must pay for;• the nature and method of assessment of any event fees such as transfer fees or similar liabilities. <p>The Reservation fee must be reimbursed if the Reservation agreement is cancelled. The Home Buyer must be told of any deductions that may be made.</p> | <p>You should provide enough information for the Home Buyer to fully and properly understand the Reservation agreement.</p> <p>Among other matters, the Reservation agreement should clearly state:</p> <ul style="list-style-type: none">• the amount of the Reservation fee;• what is being sold – for example plot number, postal address (if available), garage or parking space;• the purchase price;• the deadline date when the Reservation agreement will end if contracts are not exchanged;• the date until when the price remains valid;• a reasonably reliable itemised breakdown of the principal items and their estimated costs which are to be included in the management services and fees (Scotland: 'factoring') that the Home Buyer will be committed to paying;• that it is 'subject to contract';• any dependent or conditional matters, for example part-exchange terms;• the nature and method of any event fees such as transfer fees or similar liabilities;• that a copy of the Code Scheme has been supplied in hard or electronic form. |



While the Reservation agreement is in force, the Home Builder must not enter into a new Reservation agreement or sale agreement with another customer on the same Home.

To show that you and the Home Buyer have accepted the terms, both you and they should record and keep evidence of accepting the Reservation agreement and any appendices or schedules attached that contain information required by the Code. This is important to avoid potential future dispute.

Once the Reservation agreement is signed (which can include being accepted electronically), you should not sell or try to sell the Home to another buyer before the deadline date when the Reservation agreement will end, or before the date when the buyer cancels the Reservation agreement, whichever occurs first.

The Home Buyer has the right to cancel the Reservation agreement at any time during the Reservation period ending with the deadline stated for exchange of contracts. The Reservation deadline may be extended by agreement between you and the Home Buyer. You should confirm this agreement in writing.

You do not have the right to cancel a Reservation agreement. However, if the deadline date is not extended and the contract not exchanged, the Reservation agreement expires automatically.

If the Reservation agreement is cancelled, you must return the Reservation Fee to the Home Buyer without undue delay. You may retain an amount that represents the reasonable costs you have genuinely incurred in processing and holding the Reservation, which you may need to provide evidence for if challenged. In the Reservation agreement, you must tell the Home Buyer what the range (in monetary terms) of the possible cost retention may be. The Home Buyer may use the Code's Independent Dispute Resolution Scheme to challenge any deductions they consider excessive.

It may be that the terms of a Reservation agreement relating to incentives (for example, discounts, part exchange or similar) have to be altered due to a change in mortgage scheme proposals (for example, from a straight mortgage to 'New Buy'). If so, the Home Builder and Home Buyer should cancel the existing Reservation agreement and enter into a new agreement without any deduction from the Reservation fee.

Clause 3.4 gives further guidance on handling and protecting deposits, refunds and pre-payments.

Arrangements with Customers that provide a right of first refusal on a Home (for example, early-bird or pre-reservation waiting lists) are not recognised as Reservation agreements and are not covered by the Code.



3 Information – exchange of contracts

3.1 The contract

Requirement

Contract of sale terms and conditions must:

- be clear and fair;
- comply with all relevant legislation;
- clearly state the contract termination rights.

Guidance

You should ensure that the contract terms are clear and fair and comply with all relevant legislation. In particular:

a) Spoken and written statements

To avoid disputes over spoken statements, you should ensure that, immediately before Contract Exchange, the Home Buyer through their legal representative states in writing what spoken statements they are relying on when entering into the contract.

You should then confirm these spoken statements in writing, or resolve any problems as appropriate, before Contract Exchange.

b) Changes you make to the Home's design or construction

After Contract Exchange, a change may occur to the design, construction or materials to be used in the Home that significantly and substantially alters the size, appearance or value of the Home from what was shown to the Home Buyer in the Reservation agreement and sale contract. If so, you should formally consult the Home Buyer and get their agreement.

Before Legal Completion, the Home Buyer has the right to end the contract and get their deposit and Reservation fee back without deductions if these significant and substantial changes are unacceptable to the Home Buyer, acting reasonably. You should tell them of this right and the specific circumstances when they could exercise it (see 3.3).

Minor changes to the Home's appearance that do not significantly and substantially alter the size, appearance or value from that shown to the Home Buyer, in the Reservation agreement and sale contract, should be notified to the Home Buyer. However, they do not give the Home Buyer the right to cancel the contract and the Home Buyer's agreement to them is not required.

You do not need to notify the Home Buyer of changes of construction materials that do not affect the Home's size, appearance or value.

Important note on extra work and extra items

If you agree to do extra work or incorporate extra items that the Home Buyer will pay for, and these are not specifically included in the Reservation agreement or sale contract, they should be set out and agreed in writing using a separate quotation and written order signed by the parties.

| | |
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| | <p>You should make clear the terms of this agreement, including cancellation and refund rights.</p> <p>If, as a result of this extra work, you need more time to complete the Home beyond that originally stated in the Contract of Sale, this should be agreed and recorded by the legal advisers acting for the parties. (See also 3.2.)</p> <p>The Code does not cover agreements for extra work or agreements between the Home Buyer and other contractors.</p> |
|--|---|

3.2 Timing of construction, completion and handover

| Requirement | Guidance |
|---|---|
| The Home Buyer must be given reliable and realistic information about when construction of the Home may be finished, the date of Legal Completion, and the date for handover of the Home. | <p>a) Information given to the Home Buyer before Contract Exchange</p> <p>You should warn Home Buyers that weather and other matters beyond your reasonable control make the time needed to construct a Home unpredictable. You should give reliable and realistic information about when construction of the Home may finish, but make clear that you cannot be precise.</p> <p>It is unreasonable to give or expect to be given a definite date months in advance; however, certainty should increase as the Home nears completion.</p> <p>What you tell the Home Buyer about when the Home is likely to be ready will depend on what stage it is at when you provide the information. You may follow your own process and methods. However, you may wish to use the following approach:</p> <ul style="list-style-type: none">• Before completing the foundations and ground floor – give the calendar quarter when the Home is likely to be ready.• When the roof is completed and the building weatherproof – give the month when the Home is likely to be ready.• When the Home is decorated and main services are connected – say what week the Home is likely to be ready. <p>The construction stages and time periods will vary according to the type of development; for example, whether you are building flats or houses.</p> <p>b) Information given to the Home Buyer at Contract Exchange</p> <p>It is important that you consider carefully the expected date given in the Contract of Sale and that it is consistent with the information you give the Home Buyer before Contract Exchange. The Home Buyer has the right to withdraw from the contract if there has been unreasonable delay beyond the date given in the Contract of Sale. (See 3.3.)</p> |

| | |
|--|--|
| | <p>In the Contract of Sale, you should give the expected date by which notice of Legal Completion should be served. This date should be based on the guidance in a) above or follow similar guidelines.</p> <p>The Contract of Sale should clearly define the notice period within which Legal Completion will occur, for example:</p> <p><i>'14 days from the serving of notice to complete'.</i></p> <p>If a Home is complete, the contract may state a fixed date for Legal Completion.</p> <p>c) Handover and occupation</p> <p>You should arrange to hand over the Home to the Home Buyer and to show its facilities and how they work.</p> <p>You may ask the Home Buyer to sign a document to confirm they have had a demonstration and have received keys and other items.</p> <p>d) Completeness of the Home and building work</p> <p>You should explain to the Home Buyer that minor items may not be finished at the point of legal completion regarding the Home and within its curtilage. You should also explain your arrangements for completing them.</p> <p>e) Completeness of works serving but not part of the Home</p> <p>You should explain to the Home Buyer which works may not be finished at the time of legal completion and which are not a part of the Home, but which serve it and directly affect it. This particularly relates to works (such as roads, footpaths, common areas and landscaping) on the phase of the development in which the Home is situated.</p> <p>You may want to explain that security for completing such works is normally contained in legal agreements between the Home Builder and Public Authority.</p> <p>f) Timing varied by additional works</p> <p>If you have agreed to do additional works for the Home Buyer beyond those in the Reservation agreement and Contract of Sale, which will change the timescale for completing the Home, your and the Home Buyer's legal advisers should record such a timing change. The extension of time may require the long-stop date to be amended (see 3.1 and 3.3).</p> |
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3.3 Contract termination rights

| Requirement | Guidance |
|--|---|
| The Home Buyer must be told about their right to terminate the contract. | <p>You should tell the Home Buyer about when they have the right to end the contract.</p> <p>The Home Buyer may serve notice to end the contract if there is:</p> <ul style="list-style-type: none">• a substantial and significant change to the Home that the Home Buyer has not agreed to (see 3.1);• unreasonable delay in finishing the construction of the Home and serving the notice to complete. <p>Unreasonable delay may be defined by including a long-stop date in the Contract of Sale, for example by using the following clause:</p> <p><i>'The Home Buyer may terminate the contract if the Home Builder fails to serve notice on the Home Buyer to complete the sale within [x] months from the anticipated date stated in the Contract of Sale.'</i></p> <p>The period '[x] months' should be no more than 6 months for houses or 12 months for apartments if the Contract of Sale is exchanged before the roof is completed and the building weatherproof. This period should be no more than 2 months for houses or 4 months for apartments if the Contract of Sale is exchanged at an advanced stage of construction.</p> <p>The aim of the long-stop date is to take into account possible delays in things like third parties providing services or facilities to the development that are essential to occupation (for example, electricity substations or sewerage plant and other matters outside your reasonable control).</p> <p>If you fail to serve notice on the Home Buyer to complete the sale before the long-stop date, the Home Buyer may have the right to cancel the contract as well as being able to seek out-of-pocket expenses through the Independent Dispute Resolution Scheme.</p> |



3.4 Contract deposits and pre-payments

| Requirement | Guidance |
|---|--|
| The Home Builder must clearly explain how Home Buyers' contract deposits are protected and how any other pre-payments are dealt with. | <p>You should have arrangements to protect contract deposits paid by Home Buyers. The Home Warranty Body's insurance cover may include this protection.</p> <p>If a Reservation is cancelled, you should repay the Reservation fee to the Home Buyer, less any reasonable administrative or other costs you have genuinely incurred in processing and holding the Reservation.</p> <p>If the Home Buyer ends the contract because of substantial and significant change in design, or for unreasonable delay as defined in the Contract of Sale (see 3.3), then you should repay the contract deposit and Reservation fee in full without deductions.</p> <p>You should repay Home Buyers as quickly as possible, preferably within 14 days of the cancellation.</p> |

Introduction to the Consumer Code Independent Dispute Resolution Scheme

A dispute may arise where a Home Buyer believes the Home Builder has failed to meet the Code's Requirements but it falls outside the Home Warranty Body's resolution scheme for defects or damage. If so, the dispute may be resolved by the Home Buyer applying to the Consumer Code's Independent Dispute Resolution Scheme. This means a trained Adjudicator will review written submissions from both parties and issue a decision based on his or her conclusions. The Adjudicator will decide whether or not a Home Buyer has a legitimate dispute and has suffered financial loss because their Home Builder has breached the Consumer Code's Requirements.

The following is a summary of this process. More detailed information will be given with each application for adjudication.

Complaint and response

- 1 A Home Buyer must first complain to their Home Builder and give the Home Builder the opportunity to investigate and put things right.
- 2 If the Home Buyer is not satisfied with the Home Builder's response, the Home Buyer should contact the Home Warranty Body that issued the warranty on their Home.

Action by Home Warranty Body

- 3 The Home Warranty Body will, if appropriate:
 - 3.1 deal with the complaint under its Home Warranty policy; or
 - 3.2 if the complaint falls outside its own dispute resolution scheme for defects or damage, offer the Home Buyer the opportunity to refer the complaint to the Independent Dispute Resolution Scheme. The Home Buyer can refer their complaint to the Independent Dispute Resolution Scheme only after 56 calendar days have passed since first raising it with the Home Builder and no later than 12 months after the Home Builder's final response.

The Independent Dispute Resolution Scheme Adjudication process

- 4 If a Home Buyer decides to refer a complaint to the Independent Dispute Resolution Scheme, the following adjudication process happens:
 - 4.1 The Home Buyer must complete an application form and send it to the Independent Dispute Resolution Scheme with their statement of evidence. The Home Buyer's statement must contain all the information relevant to the complaint and identify the Consumer Code Requirement(s) they allege has/have been breached. The Home Buyer must also provide copies of receipts or other evidence of expenditure if making a financial claim.
 - 4.2 The Independent Dispute Resolution Scheme will ask the Home Builder to respond to the Home Buyer's statement. At this stage the Home Builder may resolve the complaint without a formal adjudication – this is called 'early settlement' and costs the Home Builder a reduced case fee of £100 plus VAT⁽¹⁾.

(1) Case fees are subject to annual review.

- 4.3 If early settlement does not happen, the Home Builder must submit their response to the Home Buyer's statement along with a payment of £400 plus VAT⁽¹⁾. The Home Buyer will be given a copy of the Home Builder's response and asked to respond if they wish. At this stage, the Home Buyer may not make any further new complaints about this adjudication.
- 4.4 The Adjudicator will consider both submissions and decide whether or not the Home Buyer has suffered financial loss as a result of the Home Builder's alleged failure to comply with the Consumer Code. Both parties will be expected to have acted reasonably and to have controlled their costs.
- 4.5 The Adjudicator will make a decision and send it to both parties. The decision may be a performance award (where the Home Builder has to do something) or a financial award (where the Home Builder has to pay the Home Buyer money) or a combination of the two. The maximum value of the combined award available under this adjudication scheme is £15,000 including VAT.
- 4.6 The Adjudicator may make a discretionary award for inconvenience, up to a maximum of £500. They will do so if, in their sole consideration and opinion, the Home Buyer has been caused more than minor inconvenience as a result of the complaint and/or how the Home Builder handled it. The Home Buyer may not receive an award for inconvenience alone if the Adjudicator does not find a breach of the Code. The Home Buyer may not receive an award for emotional upset and stress as awards will be judged as a matter of fact and on the resulting financial loss. The £15,000 maximum award includes any award for inconvenience.
- 4.7 The Adjudicator's decision cannot be appealed; it can only be accepted or rejected by the Home Buyer.

Awards: acceptance, refusal and liability

- 5 Under the rules of registration, the Home Warranty Bodies require each registered builder to honour any award made against them under the Independent Dispute Resolution Scheme. If the Home Buyer accepts the award, the courts will usually recognise this as evidence that the Home Buyer's claim was valid.
- 6 If the Adjudicator makes a financial award and the Home Buyer unconditionally accepts it in writing, the Adjudicator must give the Home Builder written notification of this. The Home Builder must pay the award to the Home Buyer within 20 working days of the date of the Adjudicator's written notification.
- 7 If a Home Buyer refuses to accept the award, any subsequent legal action is likely to take account of the adjudication decision.
- 8 A Home Builder remains liable for an award, even if they are removed from a Home Warranty Body's register.
- 9 The Consumer Code's Independent Dispute Resolution Scheme is independent of the Home Warranty Bodies. Adjudication decisions made under the Consumer Code's Independent Dispute Resolution Scheme are not insured under the Home Warranty Bodies' Home Warranty schemes.

(1) Case fees are subject to annual review.

CONSUMER CODE FOR HOME BUILDERS

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