



LEARNING FROM CODE ADJUDICATIONS: ADVICE FOR HOME BUILDERS

FACTSHEET 2: PRE-PURCHASE INFORMATION

This factsheet looks at some of the lessons we can learn from decisions made by adjudicators acting for our Independent Dispute Resolution Scheme in relation to Requirement 2.1 – that Home Buyers must be given enough pre-purchase information to help them make suitably informed purchasing decisions. This includes pre-Reservation, Reservation and pre-contract periods.

To read about the other common areas where complaints have arisen, download the remaining factsheets from our website.

SECTION 2.1: Pre-purchase information.

The Code sets out what information should be provided, including:

- 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
- 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. This must include 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.

However, adjudicators found evidence of breaches such as:

"failure to provide information until more than four months after the reservation was a failure to assist the Home Buyer to make informed decisions about the purchase"

"the Home Builder failed to state in the pre- contract information that the charges could or would be re-calculated post contract based on the area of each property"

"the planning condition information was not provided to the Home Buyer"

KEY LEARNING POINTS

- It is not enough simply to provide information. The information must be accurate and sufficiently comprehensive to enable purchasers to make a suitably informed decision.
- Take time to go through all of the relevant information required to be shared with home buyers to enable them to make a suitably informed decision.
- Use the Code's [checklist](#) to satisfy yourself that all information has been included.
- Obtain the home buyers' signature and record the date to evidence the information has been provided and that it has been understood.
- Use the Code's sample [Reservation Agreement](#), which also has a checklist attached and prompts you to provide the relevant information to the home buyer.
- If changes are made to the home and/or garden/landscaping or wider environment throughout the sales process, evidence that you have made the home buyer aware of them, preferably in writing. Where changes significantly and substantially alter the size, appearance or value of the home from what was shown to the home buyer in the Reservation agreement and sale contract, you must **obtain and record the home buyer's agreement**. Ensure the relevant revision numbers are recorded.

TOP TIP:

Where new information becomes available and/or plans/designs change which might affect the home buyer's purchasing decision, you need to notify them. You should record and evidence that you have done so and obtained the home buyer's agreement and understanding of the implications, where appropriate.



FEEDBACK

Don't forget that online training is available to you, your staff and your agents to help improve customer service and compliance with the Code.

For more information or to suggest ideas for information you would like to receive, please email: secretariat@consumercode.co.uk