

**CONSUMER
CODE FOR
HOME BUILDERS**

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**COMPLYING WITH
THE CONSUMER CODE
FOR HOME BUILDERS**

**YOUR STARTER PACK
FOR HOME BUILDERS AND AGENTS**

For homes reserved before 31 Dec 2023



WELCOME

The Consumer Code for Home Builders covers 95% of the new-build homes market. If you are building homes covered by Checkmate, LABC Warranty, Premier Guarantee or NHBC, or selling them on behalf of a home builder, you need to comply with the Code.

The Code is designed to make the process of buying a home fairer and more transparent for consumers. There are 19 Requirements you must comply with, covering the three phases of purchase - pre-contract, exchange of contract and the first two years of occupation.

The Requirements, together with additional guidance notes, can be downloaded [here](#).

In this starter pack, you will find some additional resources to help you comply, including:

- **Model terms between home builders and agencies**
- **Code checklist**
- **Sample reservation agreement**
- **Links to more resources and information on our website**

Also included is information about the Code's Independent Dispute Resolution Scheme and an introduction to our independent site audits.

This starter pack provides tips and information to aid Code compliance but is not a comprehensive guide - for more details, FAQs and resources, visit www.consumercode.co.uk

Starter pack produced
in partnership with:

propertymark

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MODEL DRAFT AGENCY TERMS

Clarifying roles and responsibilities for home builders and agents

Home builders: If you use agents to sell your homes, the responsibility for compliance with the Code still rests with you. You are fully responsible under the terms of the Code for all the actions and representations made on your behalf by your appointed Agent, so it's essential to make sure those acting on your behalf are aware of, and trained on the Code's Requirements.

Any failure to comply leaves you exposed to the risk of a potential claim through the Independent Dispute Resolution Scheme, or even a risk of falling foul of the Consumer Protection Regulations enforced by Trading Standards as part of the criminal law.

Agents: If you are selling a home on behalf of the home builder, helping developers comply with the Code - even where your involvement may only be limited - will help ensure home buyers receive the information and support they need. Not only that, by meeting the requirements and providing clear and accurate information to buyers, you will reduce your own risk of falling foul of the Consumer Protection Regulations for which agents are directly liable.

While the sales and marketing responsibilities of home builders and agents may vary from site to site, one way to ensure both parties are aware of the responsibilities under the Code is to have them clearly explained in your contract arrangements.

Below are a number of key terms which have been designed to be incorporated into any standard contract you use, and which will help with compliance. This can be supported by the use of our [compliance checklist](#) for home builders and agents.

Model terms

Suggested Mandatory:

1. [Agent] agrees to comply with the Requirements of the Consumer Code.
2. [Agent] staff will be trained on the Consumer Code Requirements by undertaking the free on-line training available from the Code [website](#).
3. [Agent] will display the Code logo in their agency offices ([free window stickers](#) available)
4. [Developer] will provide [Agent] with free copies of new build sales brochures which will contain the Code logo/[Agent] will prepare the sales particulars and brochure on behalf of [Developer] and which will contain the Code logo. (Delete as appropriate)
5. [Agent] will give home buyers who reserve a new home a copy of the Code or access to an online version.
6. [Agent] will keep a written record of statements made, and information given to, home buyers which are material to influencing their buying decisions so that these can be referred back to if there are any later claims or disputes.
7. [Agent] agrees that where they promote the sale of a new home and make representations regarding it, through printed media, websites, social media or public display, they will comply with all due regulations including those as prescribed by the Advertising Standards Authority.

Optional (dependent on service provided by Agent):

8. [Developer] will provide [Agent] with enough pre-purchase information to pass on to home buyers to enable them to make an informed decision. Pre-purchase information must include a written reservation agreement and information about the home warranty and what it covers. A sample reservation agreement can be downloaded [here](#).
9. [Developer] will provide the [Agent] with reliable information about completion dates and legal handover on which they can advise the home buyer. If these have to change, [Developer] will inform [Agent] so they can alert the home buyer as soon as possible and explain the reasons why.
10. [Developer] will provide [Agent] with enough information so that they can explain to the home buyer the after sales service, including any applicable guarantees and who to contact in relation to any queries or complaints.

The Consumer Code website provides lots of useful information about how to comply with the Code, including the full set of Requirements which can be downloaded [here](#).

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THE CODE'S COMPLAINTS PROCESS

How are complaints handled?

Until the Code was introduced, a Home Buyer who felt that they had a claim against their Home Builder, as a result of their Home Builder's action or inaction, would have to have taken a case to court if the matter was not covered by their Home Warranty scheme.

Under the Code, not only are the Home Builder's responsibilities more clearly laid out, there is also a free, speedy, Independent Dispute Resolution Scheme that will determine a Home Builder's responsibilities, without the Home Buyer having to take to legal action.

The 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, and has a maximum award of £15,000.

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 their 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.

More information about how the complaints system works can be found [here](#).

How are decisions enforced?

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.

When problems arise, complaints about breaches of the Code are handled through the Independent Dispute Resolution Scheme. All cases are summarised and published on this website, so that the home building industry can learn from experience and continuously improve the service they provide to Home Buyers.

The Code has produced a series of leaflets to help home builders learn from past complaints. You can download the overview [here](#) and the full suite [here](#).



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DISPLAYING THE CODE LOGO

A guide for developers and agents

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.

It is also good practice to display the logo on your website.

The logo combines the Consumer Code for Homebuilders and the Chartered Trading Standards Institute Consumer Codes Approval Scheme logo and is available in various formats which can be [downloaded from our website](#).



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Consumer Code Check List for Home Builders and Estate Agents

If you are the Builder of a new home covered by an NHBC, Premier Guarantee, LABC Warranty or Checkmate warranty, or an Estate Agent working for such a Builder, then the Code applies to you. The following checklist provides a guide to support your Code compliance and further detailed Guidance can be found on our website at: www.consumercode.co.uk

At all times, you must consider the evident needs of Vulnerable Customers.

Point of Sale Requirements	
Do you have a procedure/system in place to ensure that your company or an Estate Agent working for your company complies with the Code?	
Have you prominently displayed the Code Scheme Logo in your sales office and in your sales brochures and incorporated into your website and other sales literature?	
Have you trained your sales staff or those employed by Estate Agents about their responsibilities under the Code?	
Is your sales and advertising material clear and truthful and compliant with all relevant legislation?	

Pre Contract Information	
Do you have the following information available for those who wish to Reserve a Home:	
<ol style="list-style-type: none"> 1. A written Reservation agreement compliant with the Code; 2. An explanation of the Home Warranty Cover; 3. A description of any management services/charges that will apply and how they will be administered; 4. The nature and method of assessment of any event fees such as transfer fees or similar liabilities 	
If the home is not completed, have you provided all appropriate information including:	
<ol style="list-style-type: none"> 1. A brochure or plan illustrating the general layout, appearance, plot position; 2. A list of contents; 3. The standards to which the Home is being built. 	
Have you told the Buyer who to contact to deal with their questions during the sales/completion process:	
<ol style="list-style-type: none"> 1. Have you given the Home Buyer information about the Warranty cover; 	



2. Have you informed the Home Buyer of health and safety precautions on site;	
3. Have you advised the Home Buyer to appoint an Independent legal adviser once the home is reserved;	
4. Have you given the Home Buyer a reservation agreement that complies with the Code (See clause 2.6 of the Code).	

Exchange of Contract	
Are the contract of sale terms and conditions:	
1. Clear and fair;	
2. Compliant with all relevant legislation; and	
3. Inclusive of the contract termination rights.	
Are your staff aware of the need to inform Home Buyers of significant change to design, size, appearance and value of the home and to seek their agreement:	
1. Are your staff aware of the Home Buyer's cancellation rights (Clause 3 of the Code);	
2. Are your staff aware that extra work or the incorporation of extra items that the Home Buyer has agreed to pay for should be set out in writing using a separate quotation and written order together with cancellation and refund rights. Extra time for completion should be agreed by the legal adviser to both parties.	
3. Does the agreement to extra works incur additional time in the building programme and has this been agreed between legal advisors?	
Have you told the Home Buyer about their right to terminate the Contract and the circumstances under which it may be used?	
Have you made provision for protecting Home Buyers contract deposits and pre-payments and informed the Home Buyer of this?	

Construction, Completion and Handover	
Have you given the Home Buyer reliable information about the date construction will be finished, legal completion and the date of handover. (See Clause 3.2 of the Code)?	

After-Sales Services	
Have you provided the Home Buyer with an after-sales contact and explained what the service includes, who to contact and warranties and guarantees apply to the Home?	



Health and Safety	
Have you told the Home Buyer of the health and safety precautions to be taken on a development where work is continuing when visiting a site under construction?	

Complaints and Disputes	
Have you got a complaints procedure in place and have you let the Home Buyer know in writing about this, how it operates and about the Code's Independent Dispute Resolution Scheme?	

Co-operation with Professional Advisors	
Have your staff been made aware that they need to co-operate with professional advisers appointed by the Home Buyer to resolve disputes?	

For more information go to www.consumercode.co.uk



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CONSUMER CODE COMPLIANCE AUDITING

A guide for developers and agents

Complying with the Code's Requirements is essential to enhance the service home buyers receive when purchasing a new home.

As well as completing self-assessment questionnaires, independent auditors carry out visits to sites and agents' offices on our behalf to review Code compliance and identify opportunities for improvements.

This guide outlines what to expect if an auditor knocks on your door or contacts you to arrange an online audit.

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WHO ARE THE AUDITORS?

Audits are carried out for the Code by Chartered Trading Standards Institute. They will carry identification and are authorised to act on our behalf.

In normal circumstances, our auditors are not able to pre-book visits but if they arrive when you are particularly busy, every effort will be made to arrange a mutually convenient time for them to return.

Many of our audits now take place virtually, online. These sessions are always pre-booked and links to join the video call will be sent to you in advance.

WHAT DOES THE AUDIT INVOLVE?

The audits normally take around an hour. The auditors will want to talk to you about how you and your organisation comply with the Code. They may want to look at some paperwork such as reservation agreements, brochures and training records, but most of the assessment will be based on a conversation.

DO I NEED TO PREPARE ANYTHING?

There is no need to prepare for a visit other than doing your best to comply with the Code requirements. If some paperwork is not available for review immediately, this can be provided after the visit.

HOW WILL THE FINDINGS IMPACT MY TEAM?

The audit focuses on how your organisation is complying with the Code rather than on an individual or team. Where non-compliance is identified, the Code will encourage you to prioritise compliance which might include running additional staff training. The objective is to help you improve, so that consumers get a better service.

Findings from your site and others will only be shared with the Code's Management Board and with your head office on a quarterly basis to aid learning and development.



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WHY WE RUN AUDITS

The Code aims to make a positive difference to new home buyers.

The audits are designed to encourage home builders and their agents to adopt best practice which will help to improve consumer confidence in the industry. The audit helps you to identify any areas for improvement and can help prevent any potential breaches of the Code, which may lead to a dispute with a home buyer later down the line.

Those builders that have already received a site visit have found it of value. We are confident that if, in future, one of your sites or your sales office/agent is chosen for an audit, you will benefit from the opportunity to independently review your compliance with the Code.



HELPING YOU TO COMPLY WITH THE CODE

To help you comply, a copy of the Code Requirements, along with the good practice Guidance for home builders, can be seen here:

<https://consumercode.co.uk/resources/fourth-edition-2019/>

A free on-line training package is also available via our website:

<http://www.consumercode.co.uk/home-builders/what-training-is-available/>

and we also provide a free **Train the Trainer programme**, details of which can be obtained by emailing: secretariat@consumercode.co.uk

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Insert company
logo home

Sample Reservation Agreement

The following details and information have been provided to:

Name:	<input type="text"/>		
Development Name:	<input type="text"/>		
Plot No:	<input type="text"/>	Plot Address:	<input type="text"/>
<input type="text"/>			
<input type="text"/>	Postcode:		<input type="text"/>

at the time of entering into the Reservation agreement dated in compliance with the Consumer Code for Home Builders' Requirements.

This document is signed and the attachments initialled by the Home Buyer and Home Builder to confirm that this information clearly represents the nature and content of the Home being sold and supersedes any prior visual, written or verbal statements which may have been made or given.

The purpose is to ensure that the Home Buyer has a clear and fair understanding of what is being sold, and has written commitment to them by the Home Builder.

Any concern regarding the nature and content of the Home being Reserved should be raised in writing at the foot of the statement, and clarified by the Home Builder, and in any event, no later than when *contracts are exchanged/prior to Missives being concluded in Scotland.

*Delete as appropriate.

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Sample Reservation Agreement

Insert company logo here

*Subject to contract/
Missives being concluded

All outlined fields are mandatory

Vendor's details

Organisation name: Telephone:
Address: Fax:
 Email address:
 Web site:

Plot and reservation details

Development Name: Dwelling type:
with garage/parking space:
Plot number: Plot address:
Price:
Price remains valid until date: Reservation date: Anticipated build completion timing:
*Contract to be exchanged by:/ Missive to be concluded by: Reservation expiry date: Reservation fee:
Stage of construction at reservation date: If the reservation is cancelled, the possible cost retention will be between £ and £

Tenure (n.b.not applicable in Scotland)

Freehold / Leasehold

Lease terms: years Commencing on: Initial ground rent: £ per year

Buyer 1 details

Name:
Address:

Town: Postcode:
Telephone:
Email address:

Buyer 2 details

Name:
Address:

Town: Postcode:
Telephone:
Email address:

Buyer's solicitor details

Name of firm:
Address:

Town: Postcode:
Telephone:
Email address:

Vendor's solicitor details

Name of firm:
Address:

Town: Postcode:
Telephone:
Email address:

Mortgage provider details

Name of firm:
Address:
Town: Postcode:
Telephone: Email address:

Warranty provider details

Name of provider: Web site:

*Delete as appropriate.

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Where applicable an estimate of management fees

Insurance:	<input type="text"/>	Other:	<input type="text"/>	<input type="text"/>
Lease/ground rent:	<input type="text"/>	Other:	<input type="text"/>	<input type="text"/>
Management services:	<input type="text"/>	Other:	<input type="text"/>	<input type="text"/>
Window cleaning:	<input type="text"/>	Other:	<input type="text"/>	<input type="text"/>
Garden services:	<input type="text"/>			

Total estimate:

Are there any transfer fees or similar liabilities on re-sale? YES NO

Conditions relating to this Reservation: SUBJECT TO CONTRACT

1. In return for the buyer paying the reservation fee, the vendor agrees to reserve the property at the purchase price until the reservation expiry date.
2. The buyer has the right to cancel the reservation at anytime.
3. If the buyer cancels the reservation, the vendor agrees to pay back the reservation fee less any reasonable administrative and other costs incurred in processing and holding the reservation.
The range of such deductions will be between £ and £ .
4. The reservation deposit will be deducted as part payment of the deposit due on *Exchange of Contracts/when concluding Missives. In Scotland, any deposit or Reservation fee will be deducted from the Statement of Settlement.
5. The buyer agrees to notify their legal advisor and the vendor, in writing, prior to *Exchange of Contracts/conclusion of Missives what spoken statements, if any, they are placing material reliance upon.
6. The buyer is responsible for all costs and expenses incurred by them in the purchase of the property, unless otherwise set out in the Reservation Agreement.
7. The buyer consents to the Reservation Agreement information to be used by the vendor to progress the purchase, and for use in customer surveys under the Consumer Code for Home Builders, all such information to be applied in accordance with the Data Protection Act 1998.

We have read, understood and accept the conditions detailed on this Reservation Agreement.

We have received/read the information and details listed in the Summary Checklist attached at Appendix 1.

We confirm that we have received a copy of the Consumer Code Scheme, in hard or electronic form.

Buyer 1

Signed:

Date:

Buyer 2

Signed:

Date:

Authorised vendor's representative

Signed:

Position:

Date:

General Data Protection Regulation (GDPR)

insert here how you process personal data

This is a legal agreement; if in any doubt as to its meaning or effect, the buyer should seek legal advice before signing it.

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Appendix 1

Insert company
logo home

INFORMATION PACK SUMMARY CHECKLIST

Sample Reservation Agreement

Development Name:

Plot No: Home buyer:

Dated: / /

Documentation	Code Requirement	Supplied (initials)
A list and, where relevant, an illustration of the contents – the nature of the fixtures and fittings that are included in the sale price	Section 2.1	
A statement of the standards to which the Home is being built (for example, the relevant Building Regulations, Planning conditions and Home Warranty Body's technical Requirements)	Section 2.1	
Brochures and/or plans reliably illustrating the Home's general layout, appearance and plot position including any elevational drawings, and external construction material finishes	Section 2.1	
An explanation of the nature of the Home Warranty cover provided including the name and contact details of the home warranty provider and a summary of the insurance cover protection that the insurance-backed Home Warranty provides	Section 2.1, 2.3 and 4.1	
A statement of the Health and Safety precautions when visiting a working site	Section 2.4 and 4.2	
Details of how questions will be dealt with and who to contact during the sale, purchase and Legal Completion of the Home	Section 2.2	
Advice to appoint a professional legal adviser to carry out the legal formalities and to represent the Home Buyers' interests	Section 2.5	
An explanation of the system and procedures for receiving, handling and resolving Home Buyers' service calls and complaints	Section 5.1	
Other - please list below:		

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