

WELCOME



Welcome to our Summer 2021 newsletter.

Our main focus currently is on the transition to a new code of conduct, which the New Homes Quality Board has recently consulted on, and their preparations for the introduction of a New Homes Ombudsman as part of the new Building Safety Bill. We look forward to seeing how these plans progress, and providing input wherever possible to ensure existing protection for home buyers is enhanced across the UK.

We have recently completed our annual report (2020/21), which has been published on our website alongside the 2020 annual review of complaints handled by our Independent Dispute Resolution Scheme from the Centre for Effective Dispute Resolution. Summaries of all the cases handled by CEDR in 2020 are also available on our website.

After a challenging 18 months for everyone, I wish you all a safe return towards a degree of pre-pandemic normality over the coming weeks.

Noel Hunter, Chairman

BUILDING SAFETY BILL SETS OUT FUTURE LEGISLATION

The Building Safety Bill was introduced to Parliament on 5 July 2021, setting out the next steps in a comprehensive overhaul of building safety legislation. This wide-ranging bill tackles a number of issues relating to the design, build and occupation of homes in England, including high rise buildings in the wake of the Grenfell disaster.

There is a significant focus on safety, including establishing a Building Safety Regulator to hold to account those who break the rules, as well as giving residents more opportunities to raise concerns, and extra rights to compensation for substandard workmanship and unacceptable defects. Although much of this relates to high rises, the Government is looking to the Bill to drive culture change across the industry to help deliver high-quality, safe homes in the future.

NEW HOMES OMBUDSMAN

The Bill also includes provision for the Secretary of State to enable a New Homes Ombudsman to be established to resolve complaints from homebuyers about developers¹.

The New Homes Ombudsman scheme will ultimately replace existing Alternative Dispute Resolution schemes currently in place, including the Code's Independent Dispute Resolution Scheme, once the transition period has completed.



The Bill states that developers will be required to become and remain members of the scheme once operational. According to the Government's timeline, the Bill is not due to receive Royal Assent for at least a further 12 months and we understand that compliance with the New Homes Ombudsman - and the new Code of Conduct (see below article), will remain voluntary until the legislation is in place.

Unlike the Code's IDRS, the New Homes Ombudsman provisions are restricted to new homes built in England. The Government is in discussions with the devolved administrations about how this policy might be taken forward in Scotland, Wales and Northern Ireland.

Noel Hunter, Code Chairman, said: "The Building Safety Bill is a positive step forward in many respects, particularly in driving up quality and safety standards across the construction industry.

"We are pleased that compliance with the New Homes Ombudsman will be a legal requirement for developers but would like to see that extended to the New Homes Code of Conduct to maximise protection for consumers, as well as ensuring there is consistency in the approach across the UK."

¹ *Building Safety Bill: clauses 127 to 132 and Schedule 8*
<https://www.gov.uk/government/collections/building-safety-bill>



CCHB RESPONDS TO NEW HOMES QUALITY CODE CONSULTATION

The Consumer Code for Home Builders' (CCHB) Management Board has responded to the consultation on the New Homes Quality Code (NHQC) with suggestions on how some elements could be strengthened to further protect consumers.

The NHQC has been developed by the New Homes Quality Board (NHQB) and includes many of the existing protections offered by our Code. It also includes some additional requirements relating to quality which should help address a gap in current provision, although further detail is needed to understand how this will work in practice.

We fully support efforts to improve redress for consumers. However, in our consultation response we highlighted the need to clarify and/or strengthen some aspects of the new code, including:

- Direct registration - allowing builders to register directly with the New Homes Quality Board (NHQB) risks losing the important step of checking a developer's technical and financial capabilities which is currently handled by the warranty bodies. It is also unclear what happens if a builder opts not to register with the NHQB and how consumers would be protected in those circumstances, particularly ahead of the Building Safety Bill becoming law.
- Quality standards - we'd like to see the 'good quality standards' referred to in the new code defined more clearly and applied consistently across the industry.
- Eligibility - based on our experience, we believe the new code should be extended to cover shared ownership and single property (i.e. non-commercial) landlords.
- Driving up standards - we'd like to see a continuation of the enforcement and sanctions we currently rely on to ensure lessons are learned from complaints and standards continue to improve.
- Independent inspection - further clarification is needed regarding independent inspection prior to handover, including to what extent builders must rectify any snagging issues identified and the process for resolving any disagreements.

Noel Hunter, CCHB Chairman, said: "We are pleased to see many of the requirements already in place in our Code being reflected in the new arrangements, and we are keen to work with the New Homes Quality Board to support the smooth transition to the new code. However, it is important to clarify how consumers who purchase homes during the transition period will be supported, particularly given builders will have 12 months to register for the new arrangements once they have been launched.

"We are working with the NHQB to ensure home buyers continue to receive the levels of protection they currently benefit from."

[Download](#) our full consultation response.

CCHB PASSES ANNUAL CTSI AUDIT WITH FLYING COLOURS

The Chartered Trading Standards Institute's Consumer Codes Approval Scheme (CCAS) has commended the Consumer Code for Home Builders' (CCHB) high standards and commitment to compliance in its latest annual audit.

The Code is subject to an annual audit as part of its membership of CCAS. The CCHB Management Board welcomes the opportunity this provides to ensure our Code is working well and is supporting new-build home buyers.

The audit - which reviewed the 2020/21 financial year - looked in detail at how the Code is applied, what actions we take to promote compliance and how our Independent Dispute Resolution Scheme helps consumers when things go wrong.

Noel Hunter, Code Chairman, said: "We are pleased to have confidently passed the audit for the second year running. Despite the many challenges faced during the pandemic, some of which have impacted home viewings and completions, we're delighted to have independent confirmation of the positive work being done to maintain and improve customer service in the home building industry."

The CTSI's Independent auditors highlighted examples of best practice during their assessment, including:

- ✓ overall commitment to the Code among our members
- ✓ the willingness of builders to make all necessary changes to comply with the Code where our independent audits have highlighted potential areas of non-compliance
- ✓ the feedback we provide to the industry to help members learn from the mistakes of others, to help improve customer service and reduce the risk of consumer detriment.

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

[Download the audit report](#) in full from our website.



2020/21 ANNUAL REPORT AVAILABLE TO DOWNLOAD

The Code's 2020/21 Annual Report is available to download from our [website](#). The report covers a time when the industry – and the population as a whole – witnessed unprecedented disruption due to the coronavirus pandemic. Despite the challenges, many homebuilders found ways to offer high quality customer service and innovative solutions to replace site visits.

It was also a period in which the New Homes Quality Board was officially launched, alongside plans to introduce a new, single code of conduct for the home building industry (see previous article) as well as a New Homes Ombudsman to handle complaints. This will result in a number of changes, including some potentially complex transition arrangements to ensure consumers are fully supported as new requirements and policies take effect.

REPORT HIGHLIGHTS

2020/21 saw a 24% increase in the percentage of enquiries handled by our call centre.

Despite the pandemic disruption, 91% of new home buyers who responded to the annual Home Builders Federation (HBF) National New Homes Customer Satisfaction Survey said they would recommend their builder to a friend – a 2% increase on the previous year.



Between 1 January 2020 and 31 December 2020, 248 cases were referred to the Independent Dispute Resolution Scheme (IDRS), an increase of 39% compared to 2019. In fact, 2020 saw the highest ever number of cases referred to the scheme. However, to set this in context, just 0.17% of new homes result in a dispute brought to the IDRS.



47%

of decisions were accepted by home buyers in 2020



£8,310.75

average sum claimed by home buyers in 2020

£105,051.46

total amount awarded to home buyers in 2020



AN INTERVIEW WITH CEDR MEDIATOR, ANDY ROGERS

It's not uncommon for both consumers and home builders to believe that the Code's Management Board can influence the way disputes are handled. In fact, the opposite is true – the Independent Dispute Resolution Scheme is exactly that – independent. It is run entirely separately from the Code by the Centre for Effective Dispute Resolution (CEDR).

We caught up with Andy Rogers, Mediator and Principal Consultant at CEDR, to find out more about dispute resolution and what the benefits are of this approach.



"In our experience, preparing cases for adjudication and exchanging information can encourage both sides to negotiate and make offers, so the IDRS does enable the home builder to make offers after they have seen the homeowner's claim against them before the adjudicator makes their decision." Andy explained. "This can result in a more amenable and time efficient resolution for all concerned." He added.

But what about those occasions when agreements can't be reached? "Even in cases where that negotiation doesn't happen, the IDRS is free for consumers and far more straightforward than going to court, which means having a lawyer involved – with the cost that entails – is not necessary (although the homeowner is free to have a lawyer if they want)," Andy explained.

CEDR is a not-for-profit organisation that has been operating for over 30 years. To find out more about the organisation and how they work with the Code, [read the full interview](#) online.



GAZUMPING – A HEADACHE FOR HOME BUYERS AND BUILDERS ALIKE

The pandemic has prompted a spike in property sales, with demand outstripping supply in some areas. Reports suggest gazumping is on the rise and the temporary Stamp Duty changes has increased pressure on all sides to complete quickly.

Although gazumping is still legal in most parts of the UK, (except Scotland) there is some protection in place for buyers of new-build properties under the Code – which is important for both consumers and builders to be aware of.

Our Code Requirements include that builders must not engage in aggressive sales tactics or offer a property to another buyer once the reservation fee is paid and during the reservation period – this gives consumers some protection prior to exchange of contracts.

In the unlikely event that a home buyer is gazumped after paying a reservation fee, they can bring a complaint via the Code's Independent Dispute Resolution Scheme. This could result in compensation from the home builder – including recompense for associated costs such as legal fees. In some cases, a repeatedly non-compliant builder could be removed from a warranty provider's register, affecting their ability to trade.

Protection against purchasing pitfalls

The Code also provides protection to help ensure buyers of new build homes make informed decisions, as well as the flexibility to change their mind with minimal penalty, even after paying a reservation fee.

Home builders are required to refund reservation fees if the buyer changes their mind prior to exchange, minus any admin costs incurred by the builder (which should be outlined upfront). Under our Code, home buyers even have the right to cancel a contract and reclaim both the reservation fee and contract deposit if the builder makes a substantial and significant change to the property without the buyer's approval, or there is an unreasonable delay in completion.

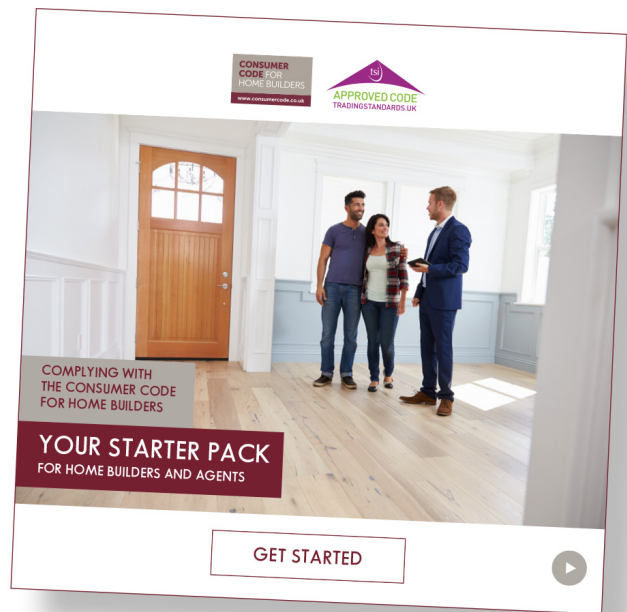
Home builders operating under the Code should make sure they are complying with these requirements to avoid unnecessary and potentially costly disputes with home buyers. For more details on purchase protection, including legal rights, read our [full article](#).

HAVE YOU **DOWNLOADED** OUR LATEST **RESOURCES** FOR AGENTS AND BUILDERS?

Whether you're a home builder or estate agent selling new build homes, our free Compliance Pack will help you comply with the Code.

The pack, which can be [downloaded from our website](#), includes model terms between builders and agents, a sample reservation agreement, code compliance checklist and a summary of the Code's complaints process.

You can find lots of additional resources to help comply with the Code in our [Resources Hub](#) - simply select your organisation type to see the relevant downloads.



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For general enquiries relating to the Code, please call us Monday to Friday between 10am to 4pm on 0345 608 9797* or email our enquiries team at: enquiries@consumercode.co.uk

*Calls to 0345 numbers usually cost the same as standard UK landline numbers. Please check with your network provider.

SUPPORTERS OF THE CODE

