

**CONSUMER
CODE FOR
HOME BUILDERS**

www.consumercode.co.uk



ANNUAL REPORT **2021/22**

APRIL 2021 TO MARCH 2022

INTRODUCTION FROM THE CHAIRMAN



The Consumer Code for Home Builders has recently marked 12 years of operation and continues to cover 95% of the UK new homes market. Over this period there have been notable improvements in customer care for which the Industry should be congratulated. However, findings from our Independent Dispute Resolution Scheme (IDRS) indicate that a lack of effective complaints procedure is often a factor in cases that are escalated to the Code. In my experience an effective approach to managing complaints enables poor quality to be detected early and remedied, and can reduce the need for costly intervention later on.



The Code continues to be accredited under the Consumer Codes Approval Scheme currently administered by the Chartered Trading Standards Institute (CTSI) and supported by Government. At the heart of the scheme lies consumer protection and CTSI employs a rigorous auditing process to ensure Code effectiveness and visibility of the Code with consumers. This provides consumers with the confidence that the Scheme operates well and effectively for their benefit.

From the outset, the Code has provided an IDRS which is independently overseen and operated by the internationally acclaimed Centre for Effective

Dispute Resolution (CEDR) who themselves are an approved Alternative Dispute Resolution provider under the Government's Alternative Dispute Regulations.

The Code is the only one in the sector to operate a regulatory compliance inspection scheme carried out by Trading Standards professionals. The scheme continues to receive many plaudits from Chief Executives within the Industry who value the analysis and feedback offered by the inspection team which feeds into improvements in customer service on the ground.

The number one priority for the Code is consumer protection and easy access is vital if consumers are to be effectively protected. Some years ago we appointed the Government sponsored and award winning contact centre operated

by CTSI to provide the portal to the Code and that has proved highly successful. The Code handles thousands of consumer contacts each year and we work in partnership with the UK's leading warranty providers who also play a vital role in consumer protection to resolve issues brought to our attention. While 250 unresolved complaints were referred in the last year to the IDRS for resolution, many more were successfully handled by the Code's supporting warranty providers, all of whom meet industry best practice standards, further protecting consumers.

There are but a handful of those complaints, dealt with by our IDRS, where the developer fails to swiftly comply with the Adjudicator's award. In such instances, with the cooperation of our warranty providers, swift action to bring about enforcement and apply sanctions is taken and is a real strength in preventing any further consumer detriment.

“The number one priority for the Code is consumer protection and easy access to this protection is vital.”



“We have appointed the former Director General of the Office of Fair Trading, John Bridgman CBE to lead a review of the Code to ensure it remains fit for purpose.”

In my report last year I made reference to Government's plans to introduce a statutory Code and Ombudsman Scheme and the recently enacted Building Safety Act 2022 makes provision for that through secondary legislation. Until Government confirms its position however, developers may continue to choose any existing or proposed voluntary Code scheme. It seems likely in the current political environment that a statutory scheme will not be introduced for some time and it is unclear how it will be provided. We continue to deliver our Code scheme until such time as a decision is made by Government and have written separately to developers registered with our supporting warranty providers to explain this and setting out the legal position.

Because of the previous uncertainties regarding the timetable for Government action we put on hold our triennial Review of the Code. Our Board has now resolved

that as we continue to operate, a Review is now essential and we have appointed the former Director General of the Office of Fair Trading, John Bridgman CBE to lead the Review. He is in the process of consulting key stakeholders and will report in the Autumn. His primary recommendation is that there should be an alignment of all Codes across the sector and we will consult further on that proposal.

I would like to thank members of our Management Board and our Advisory Forum, comprising external stakeholders, for their continued dedication to the Code during the last pandemic disrupted period. The Code has continued to operate without interruption thanks to their support.

A separate tribute is contained within this report for our valued colleague Mike Freshney who passed away earlier this year and who made an outstanding contribution to our work.

I would like to record our thanks to Gary Devaney, who retired from MDIS and stepped down from his role on our Board in January 2022. Gary was a pivotal founding member of the Code and strong driver in delivering change in the industry throughout his time on the Management Board. We are extremely grateful for all his support.

May I also thank Nicola Barclay for what proved to be her last full year with the Code, as she has since retired - in May 2022 - as CEO at Homes for Scotland. She brought considerable experience and insight to our deliberations. I am delighted that Jane Wood, Nicola's successor at Homes for Scotland has now joined us and Ron Gainsford OBE, the former CEO of CTSI has also joined the Board and will Chair our Advisory Forum.



Noel Hunter, OBE
Chair - July 2022

CONTENTS



2	Introduction from the Chairman
4	Who We Are and What We Do
4	Our Aims
5	Governance
6	A Tribute to Mike Freshney
6	Advisory Forum
7	Disciplinary and Sanctions Panel
8	Supporting Consumers
11	Supporting the Industry
14	Code Compliance and Monitoring
16	Adjudication Decisions
18	Sanctions
19	Customer Satisfaction
20	Independent Dispute Resolution Scheme
25	Communications and Partnerships

Visit www.consumercode.co.uk/code-news/ for the latest Code updates and to sign up to the CCHB newsletter

WHO WE ARE AND WHAT WE DO

The Consumer Code for Home Builders (“the Code”) 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 new-build 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 protection organisations.

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
- 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 in 2010 was relatively low, with only 46% of home owners willing to recommend their home builder, but that figure now stands at 91% ¹.

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.

OUR AIMS

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, the Code recognises there is more to be done to improve consistency and quality across the industry.

The 19 Requirements of the Code are designed to safeguard home buyers so that they are:



Treated fairly at all times



Know what levels of service to expect



Given reliable information about their purchase and consumer rights before and after they move into their new home



Know how to access an independent, speedy, dispute resolution scheme to deal with any complaints about breaches of the Code

Following a range of measures put in place by the Government to support the industry during the pandemic, the latest housebuilding figures show the number of homes being built continues to rise. There were an estimated 153,339 ² new home registrations in 2021, an increase of 25 per cent compared to 2020.

¹ According to the latest HBF survey: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/>

² Source: <https://www.nhbc.co.uk/media-centre/statistics/2022/02/10/2021-new-home-statistics-review>

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 Fellow of the Royal Society of Arts and Chairman of the British Hallmarking Council.

Noel is supported by other Board members:



*Kim Carter,
Head of Claims
Consumer Strategy,
NHBC*



*Nicola Barclay,
Chief Executive for
Homes for Scotland ⁵*



*Gary Devaney,
Group Chairman and Chief Executive
Officer of MD Insurance Services Ltd
(until January 2022)*



*Frances Harrison,
Chair of Brighton & Hove
Citizens Advice*



*Craig Ross,
Associate Director of MD Group ³*



*Paul Cooper,
Partner at Lockton
Companies LLP Strategy
/Development
(until July 2021)*



*Mike Freshney,
Chairman of the Advisory Forum
(until February 2022) ⁴*



*Janine Armstrong,
Head of Checkmate ⁶*



**Carol Brady MBE,
Chief Executive**

The Code's Management Board is supported by Carol Brady MBE in her role as Chief Executive. Carol has extensive experience in consumer and regulatory policy and has provided Secretariat services for the Code since May 2014.

³ From January 2022

⁴ Ron Gainsford OBE was appointed to the Board on 1 May 2022

⁵ Until May 2022

⁶ From July 2021



A TRIBUTE TO MIKE FRESHNEY:

In February 2022, it was with great sorrow that we learnt the terribly sad news of the untimely passing of our Board Director and Chairman of our Advisory Forum, Mike Freshney, who passed away while on holiday.

Mike was a member of the CCHB Board since its inception in 2010, and a prime mover in its creation and development. He had a passionate commitment to the quality of new homes and was a keen advocate of improving consumer protection. He led a 'sea change' in consumer policy within this important industry. His understanding and expertise within the industry was unsurpassed, matched by his ability to inspire and motivate others.

He made a major contribution to the development and success of the Consumer Code and on a personal level, we all miss his wise counsel, good humour and unfailing courtesy. His contribution lives on and benefits all who purchase a new home now and in the future.

ADVISORY FORUM

The Management Board is supported by an Advisory Forum. The Advisory Forum is an industry-wide body that represents, consults and advises on Code content and its practical application and operation, and is the body 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





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, 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 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 fails to comply with an Adjudicator's decision, the home builder is reminded of its obligations through the disciplinary process,

including that the supporting home warranty bodies could, if so requested, be required to apply appropriate sanctions.

Such sanctions can include the removal from a home warranty body's register and where this occurs, our Scheme Rules ensure 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.

As with the previous year, no registered home builder was required to be removed from the register of the supporting home warranty body. However, five home builders were contacted for failing to comply with an Adjudicator's decision and asked to take immediate steps to remedy the position (see Sanctions section). There was, however, one further home builder who failed to comply with an Adjudicator's decision in breach of the Code Rules, but unfortunately they had gone into receivership. The DSP wrote to the insolvency practitioner dealing with the administration of the company to advise them of the home builder's obligation to the home buyer but unfortunately, due to being an unsecured creditor, it is unlikely that the home buyer will receive the award determined by the Adjudicator.

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' registers; and referral to local authority Trading Standards Departments for contravention of any Consumer Protection Regulations.



SUPPORTING CONSUMERS

The coronavirus pandemic continued to impact home buying throughout much of this period and the measures that many home builders had put in place to protect both their customers and their staff, particularly around viewings and completions, were maintained throughout.

While some sites returned to pre-pandemic practices by opening up sales offices to all customers, many maintained an appointment-only process, providing home buyers with a more personalised and focussed visit.

Many home builders also removed physical hard copy sales brochures to reduce the amount of paper handled, preferring instead to publish more information online. As evidenced by our site audit visits, the Code's Management Board was therefore pleased to discover many home builders taking this opportunity to promote their commitment to the Code and the protection it affords home buyers by having links to the Code and its website prominently displayed on their websites.

TELEPHONE HELPLINE

Our telephone and email helpline continues to grow the number of contacts it receives, handling a 26% increase on the previous year and we are pleased to announce that once again our contact centre has been awarded the Customer Service Excellence Award.

Working with an established and independent contact centre, the team offers guidance to consumers and home builders, providing help with general queries about what the Code covers and how its Requirements apply in the purchasing process.

Our 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.

"this has helped me beyond all expectations - I really did not know where to turn."

"very relieved there is a route to escalate my complaint with a home builder beyond the warranty provider. I was almost going to give up because of the lack of co-operation from the builder but I'm glad to find out there is still some hope and a cost-free way to possibly hold the builder accountable".

Despite these positive comments, some home buyers reported that they felt the financial awards made by the Adjudicators under the Code's Independent Dispute Scheme didn't go far enough in terms of compensating for the inconvenience caused. Other home buyers, while understanding that sanctions may be applied to developers for non-compliance, didn't feel they go far enough to address individuals' concerns. Both of these issues, along with other matters, will be considered as part of the Code's review in 2022-23.

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

BLOGS AND VIDEOS

The Blogs and Videos section on the Code website continues to provide a growing library of information to help consumers.

During the year we provided information on a variety of topics including explaining what an Independent Dispute Resolution Scheme is; an explanation of what New Home Warranties might offer and tips for looking after your new home in winter.

We also interviewed Andy Rogers, a Mediator and Principal Consultant with the Centre for Effective Dispute Resolution (CEDR) who operate the Code's Independent Dispute Resolution Scheme (IDRS), to find out more about CEDR's experience and how the Code's IDRS works.

Included below are some summaries of the articles we have shared during the year.

Top ten questions to ask your builder

Buying a new-build home is an exciting time – and there can be a lot of information to take in.

You're bound to be bursting with questions about the more exciting aspects of your new home, but it's also important to clarify some of the 'nuts and bolts' of what to expect during and after the sales process.

We've put together top ten questions to ask your builder, covering everything from what information you should receive, costs associated with the home, your right to change your mind and the support available after you move in.

The full article can be viewed here: <https://consumercode.co.uk/top-ten-questions-to-ask-your-new-home-builder/>



Gazumping protection for consumers buying new build homes

The pandemic has prompted a spike in property sales, with demand outstripping supply in some areas. Reports during the year suggested gazumping was on the rise and the Stamp Duty holiday period ending added pressure on buyers to move quickly.

However unpleasant, gazumping is still legal in most parts of the UK, though not in Scotland where a verbal offer represents a legally binding agreement. While there are no failsafe ways to avoid gazumping south of the Scottish border, there is some protection in place for buyers, particularly those considering a new-build property.

Over 95% of new build homes are covered by the Consumer Code for Home Builders. 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 more immediate 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, which offers free, impartial, and timely redress. This can result in compensation for the buyer – 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.

The full article can be viewed here: <https://consumercode.co.uk/gazumping-and-other-house-purchasing-pitfalls-what-help-is-available/>

Know your contractual rights when buying a new-build home

With most home purchases, once a home buyer has exchanged contracts, they are committed to buying their chosen property and there are significant financial penalties for not doing so, including the loss of deposit. However, there are exceptions when it comes to new build homes covered by our Code.

If a home builder makes a substantial or significant change to the home which the home buyer has not agreed to, they may have the option to cancel their contract. Substantial changes would include those that would affect the value or useability of the property such as major changes in rooms sizes or outward appearance.

Under the Code, home buyers are entitled to cancel their contract in these circumstances and the home builder is expected to return the full deposit and reservation fee as well as seek reimbursement for out of pocket expenses. Should this not happen, a claim can be brought via the Code's Independent Dispute Resolution Scheme (IDRS).

View the full article here: <https://consumercode.co.uk/know-your-contractual-rights-when-buying-a-new-build-home/>





SUPPORTING THE INDUSTRY

Learning from Code Adjudications

Reviewing complaints is an essential component of customer service and business success.

It enables a business to gather valuable customer insight and take action to improve quality and customer satisfaction.

To help all developers improve customer service, we summarised the learning from some of the Code's adjudication decisions, including the most common areas where complaints arise, as well as a reminder of how the process works: <https://consumercode.co.uk/code-shares-more-lessons-learned-from-the-independent-dispute-resolution-scheme/>

Don't ignore the dispute resolution process

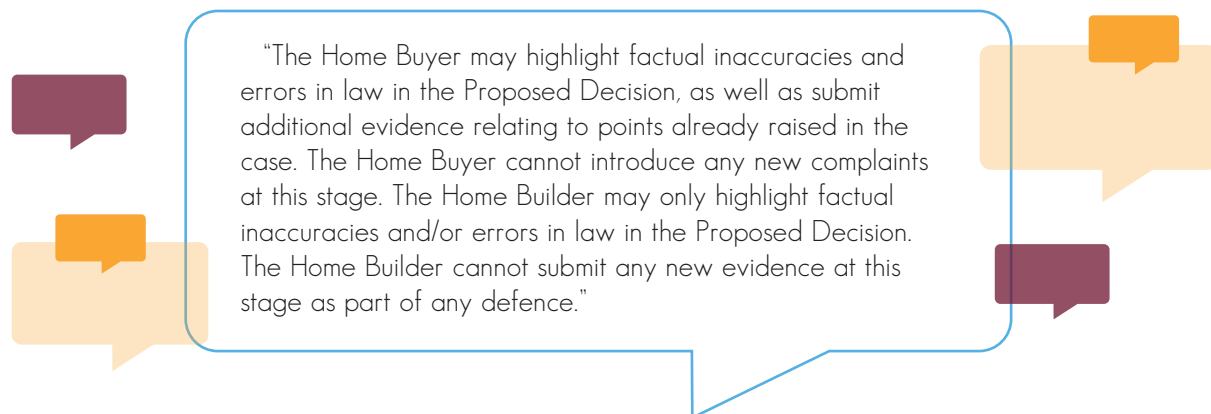
Home builders were also reminded of the importance of engaging properly with the Independent Dispute Resolution Scheme (IDRS), after it was found that 12% of claims went unanswered by home builders in 2021.

Last year saw the highest number of complaints to date coming through the Code's IDRS - but this only represents the tip of the iceberg, as many complaints are resolved by home builders themselves or by warranty providers, before reaching the Code. Only contested or vexatious cases reach the Code resolution service and these are in the minority. This underlines the importance of home builders having an effective and accessible complaints procedure and the need to engage with the IDRS when complaints are referred as they are often complex and detailed.

Of the cases independently reviewed in 2021 by the Centre for Effective Dispute Resolution (CEDR) on behalf of the Code, developers failed to respond in 28 separate instances. In those instances, CEDR was only able to consider evidence provided by the home buyer, and has not been able to take account of any steps home builders may have taken or any processes that may have been in place to support home buyers. Without the home builder's perspective, lessons learned are less likely to identify and resolve the root cause of issues which would help home builders improve their service in future.

Moreover, failing to engage with the IDRS, is discourteous to the home buyer and could be interpreted as a lack of commitment to customer service in general.

Home builders were advised to engage early. There were also cases where home builders mistakenly believed they didn't need to respond until they received the Proposed Decision from the Adjudicator. However, all evidence needs to be submitted prior to the Proposed Decision being reached to enable both parties to have a fair opportunity to have their say. Scheme Rules for the IDRS clearly state that both parties can only highlight factual inaccuracies thereafter:



Home builders were encouraged to demonstrate their commitment to customer service by engaging fully with this process so that lessons can be learned, where appropriate, and that decisions and associated actions accurately reflect the situation that has occurred.

A first step to customer care

There are clear benefits to businesses in joining a code of practice – it's a great way to signal to customers that a business is committed to providing a quality service. This is particularly true for developers that are part of the Consumer Code for Home Builders, as membership of our Code brings the additional endorsement of the Chartered Trading Standards Institute through the Consumer Codes Approval Scheme (CCAS).

However, being part of a Code of Conduct is merely a first step in the process. The real impact lies in whether the business adheres to that Code, and how much effort they put into fully embracing the principles of good service – something which our Chairman, Noel Hunter, raised in an article for the Journal of Trading Standards.

Home builders covered by the Code are required, by its supporting warranty providers, to comply with the Code as a condition of their cover. As a result, 95% of new-build homes in the UK are covered by our Code. But that also means we need to work hard to ensure builders are fully aware of the commitments they have signed up to, and are encouraged to make best use of the Code to enhance the service they provide.

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.

Many home builders have incorporated the training into their own Learning Management Systems. For a free copy of these files, please email secretariat@consumercode.co.uk

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.

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: <https://consumercode.co.uk/resources/home-builders>

Such material includes:

- A Code Compliance Starter Pack
- 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, for which we provide free Code window stickers/clings.



CODE COMPLIANCE AND 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.

Our targeted auditing regime 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 cross section of home builders, 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:

"... the attached will be very useful. The survey did highlight areas to me that we could improve. One being the full understanding by our selling agents, as ultimately we don't communicate direct with the buyers until handover/completion, all communication is through the selling agents and solicitors. I will put some time into this shortly".

"Thanks ever so much for your email ... I just wanted to say as [name] is a relatively new housebuilder (currently selling our first 2 neighbourhoods) we're still in the process of setting up and refining our processes. Whilst we do all we can to provide our customers with the relevant information needed for their buying journey I'm sure there are lessons we can learn and improvements that can be made. Therefore, if there is anything you pick up that we could do better, please don't hesitate to let me know so this can be implemented".

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 Visits

Independent site audits are an important part of our compliance work and 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.

Given the impact of the Covid pandemic was still being felt throughout the year, our site visits remained virtual, via video conference, to minimise the risk to sales staff and the auditors themselves.

Our independent auditors conducted a series of compliance checks throughout the year to give home builders an independent view of current strengths and identify any gaps that needed to be addressed which could lead to non-compliance.

The auditors found evidence of good compliance at many sites, including well trained staff, clear use of the Consumer Code and Consumer Codes Approved Scheme joint logo, and COVID-19-safe site visits for home buyers.

However, some concerns were raised by the auditors whereby some home builders had introduced a multi-stage reservation process and appeared to be taking Reservation fees prior to all the pre-purchase information, required under the Code, being given to home buyers. As a result of the audits and the feedback to the individual home builders concerned, compliance with the Code was improved with home builders clarifying their approach when taking Reservation Agreements and ensuring no Reservation fees were being taken until after such information was given.

The principle behind the audits is not about catching people out but to promote proactive best practice. Home builders continually tell us how useful they find the audits and the feedback received:

"This was a very useful process and our staff certainly benefited from taking part... I felt I should write to you to confirm the action which has been taken ... 1. The code logo is now included on our online brochures and will be included on brochures produced for new sites and on re-prints of existing site brochures.
2. Copies of the Warranty and Insurance details are now provided in every reservation pack provided to our customers at point of reservation.
3. Our sales manager and all sales advisors have all taken or will shortly be taking the online training program as referred to in the letter".

"I am pleased to hear that the auditors found our sites well run and our sales advisors professional and experienced. The specific comments regarding areas for improvement are welcome. We are constantly seeking to improve our processes and we will take these on board".

".... we would like to advise you that we are asking all members of the Sales Team to read the 'how does the Independent Dispute Resolution scheme work?' and the 'Don't ignore the dispute resolution process, home builders warned' articles on your website. Those who are newer to the business have been asked to complete your On-line Learning Course if necessary. Our Graphics Department will also be updating our sales brochures, specifically those online to include the Consumer Code Logo as per your recommendations".



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 in this report).

The Chairman of the Board writes to the Chief Executive or Managing Director 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.

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

"It is always disappointing to receive an adjudication detailing a failure to comply with the code., lessons have been learned from this and we have reiterated to our divisional teams the importance of providing full and factual accounts, with supporting evidence".

"We take the care of our customers very seriously and would not knowingly act in a way that breached the Consumer Code for Home Builders.....Thanks again for your useful email, which will help ensure correct performance under The Code".

"I note the findings of the Final Decision and in particular the comments made with regard to the breaches of 3.2 and 4.1 of the code. I am working internally with each customer service team to look at how processes can be improved to ensure compliance by [name] with the code".



Learning the lessons from complaints

Reviewing complaints is an essential component of customer service and business success. It enables a business to gather valuable customer insight and take action to improve quality and customer satisfaction.

To help all home builders improve customer service and raise standards, we shared some of the key learnings from the Adjudicators' findings from the Independent Dispute Resolution Scheme, including the most common areas where complaints arise, as well as a reminder of how the process works: [Learning Lessons.pdf](#).

The most common lessons to learn:

- **Keep home buyers informed:** If the home builder makes changes to a home or garden, which differ from the information shown to the home buyer at pre-contract stage, they should make sure they bring these to the home buyer's attention and document that they did so. Even if changes relate to landscaping where designs may only have been indicative, it is good practice to ensure any material changes are shared in writing with potential buyers.
- **Provide the right information at the right time:** The Code provides a checklist which helps home builders provide the information home buyers need to make suitably informed decisions and helps home builders comply with the Code.
- **Keep an audit trail:** Keep a record of conversations with home buyers, including details of any concerns raised and how they were resolved. Follow up discussions in writing to reduce the risk of misunderstandings, particularly following phone calls or web chats.
- **Making the after sales service accessible:** Home builders should make sure their after sales service is accessible and timely. They should attempt to set timescales by when any issues will be remedied and then comply with them. Where an issue takes longer to fix, the home builder should keep the home buyer apprised of the situation and where appropriate, consider whether there is a suitable alternative remedy.

The adjudication process remains fully independent and seeks to apply proportionate redress, taking both the home buyer's and home builder's experience, into consideration. Further information can be found here: [How the IDRS works](#).



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.

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 from the Independent Dispute Resolution Scheme administrators.

During the year, there were five occasions whereby the home builder failed to comply with the Adjudicator's decision. In one of those cases the company had gone into administration and albeit the appointed receiver was contacted, the home buyer nonetheless was deemed an unsecured creditor. In the second case, the matter related to a technical issue and is being looked at, as part of a wider issue on a development, through their claims department.

In all other cases, upon the intervention of either the Code and/or the home warranty body, the home builder complied and provided the remedy directed. Given failures to comply with an Adjudicator's decision can impact on the confidence in the Independent Dispute Resolution Scheme, any non-compliance is taken very seriously by both the Code's DSP and supporting home warranty bodies and appropriate sanctions are applied as necessary.





CUSTOMER SATISFACTION

According to latest research (see below) customer satisfaction scores continue to head in the right direction, albeit there is no room for complacency.

The results from the latest annual Home Builders Federation (HBF) National New Homes Customer Satisfaction Survey (published in March 2022) demonstrate that delivering high levels of customer service remains a high priority for home builders.

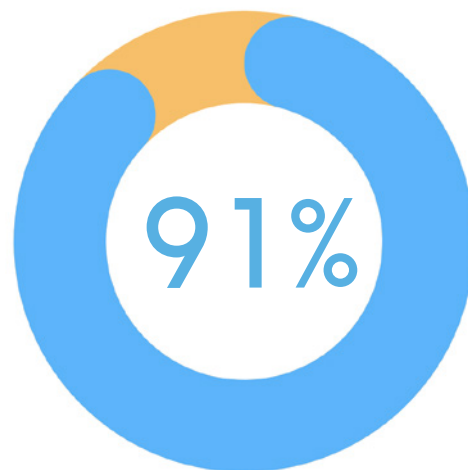
Findings from the 2020/21 survey show 91% of new home buyers surveyed say they would buy a new build home again; while 91% of those surveyed said they would recommend their home builder to a friend which is consistent with last year's results.

The HBF survey, now in its seventeenth year, is a self-completion census of new home purchasers. In total, 99,119 questionnaires were sent out which is a significant increase on last year and reflects the return to a more normal conduct of business and a greater increase in the number of homes completed and sold. Over 60% (62,168) of the forms were returned, an extremely strong response rate for a mixed methodology survey.

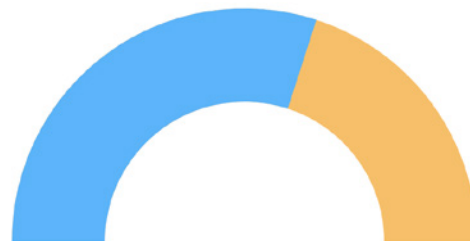
The results show continued high levels of home owner satisfaction with the quality of new homes and the service they receive before, during and after moving in. The full results of the survey, which we take into consideration when monitoring the effectiveness of the Code, can be seen here: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/>

“Delivering high levels of customer service remains a high priority for home builders.”

91% say they would buy a new build home again



91% would recommend their home builder to a friend



Over 60% of HBF survey forms were returned

INDEPENDENT DISPUTE RESOLUTION SCHEME

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.

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 from 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/>

CODE ENQUIRIES

During the year, there were 2,587 general enquiries made to the Code which represents a 26% increase on the previous year. Most of these contacts are from home buyers (87%).

Our supporting home warranty bodies also provided information on the Code to over 1,032⁷ 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.

⁷ Calculated on figures for calendar year 2021

Adjudication facts and figures

Between 1 January 2020 and 31 December 2020 there were a total of 307 cases referred to the Independent Dispute Resolution Scheme (IDRS), which represents an increase of 24% on the amount of cases referred to the scheme in 2020.

Since the Scheme began in 2010, case numbers have steadily increased year on year, with a slight reduction noted in 2017. The Scheme has seen another substantial increase in case numbers in 2021, which has been the year in which the highest ever amount of cases were referred to the Scheme, surpassing 300 cases for the first time. This is a trend that is evident across other industries, where consumer awareness of Alternative Dispute Resolution (ADR) has grown year on year. It is also of potential significance that the effects of the Covid-19 pandemic, notably the UK-wide lockdowns during both 2020 and 2021, may have led to an increase in the volumes of cases being referred to the Scheme.

In the context of the increasing numbers of disputes brought to the Scheme, 153,339 new homes were registered in 2021, which was a 25% increase on 2020. This increase almost exactly mirrors the increase in the number of cases dealt with by the IDRS. It is important to note that just 0.2% of new homes are subject to a dispute brought to the Independent Dispute Resolution Scheme, showing that an extremely small proportion of unresolved disputes arise in the new homes sector alleging breaches of the Code.

A summary of the cases for the past five years is 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.

“Just 0.2% of new homes are subject to a dispute brought to the Independent Dispute Resolution Scheme.”

	2021	2020	2019	2018	2017
Number of cases found fully in favour of the Home Buyer	82 (27%)	81 (33%)	36 (20%)	7 (6%)	5 (6%)
Number of cases found partly in favour of the Home Buyer (ie. where not all of the Home Buyer's claims were proven or they were awarded less than they claimed)	58 (19%)	34 (14%)	45 (25%)	65 (60%)	47 (52%)
Number of cases found fully in favour of the Home Builder	98 (32%)	78 (31%)	62 (35%)	23 (23%)	25 (28%)
Number of cases settled	39 (13%)	30 (12%)	27 (15%)	5 (5%)	5 (6%)
Number of cases withdrawn from the Scheme or deemed invalid	30 (9%)	25 (10%)	8 (5%)	6 (6%)	7 (8%)
TOTAL CASES	307	248	178	106	89

Claims

In 2021, the home buyers who applied to the Scheme claimed a total combined sum of £1,804,332.32. This sum is an increase of 25% on the total amount claimed by home buyers in 2020, and is the highest total sum of money claimed within a calendar year since the Scheme began operating. This increase is an expected reflection of the very similar increase of 24% in the total amount of cases dealt with by the Scheme in 2021 when compared with the previous year.

The average sum claimed by home buyers in 2021 was £6,158.13. This is a decrease of 26% on the average of £8,310.75 claimed in 2020, indicating that although the total sum claimed has increased, the sum claimed per case has become more modest.

The total amount awarded to home buyers by Adjudicators in 2021 was £144,614.42. This increase of 37% in the total amount awarded when compared with the previous year can be attributed to the increase of 25% in the total sum claimed by Home Buyers. Just 8% of the total sum claimed by home buyers was actually awarded by Adjudicators, which is only a small increase on the 7.3% noted in 2020. This continues to show that Home Buyers are claiming financial sums far in excess of what they are likely to obtain by using the Scheme.

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 the whole process better and how The Centre for Effective Dispute Resolution (CEDR) operates the IDRS, we caught up with Andy Rogers, Mediator and Principal Consultant at CEDR, to find out more about CEDR's experience and how the Code's IDRS operates. The blog can be seen here: <https://consumercode.co.uk/resolving-your-complaints-an-interview-with-cedr-mediator-andy-rogers/>



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 although an Adjudicator will issue a 'Proposed Decision' to both parties, in advance of any decisions becoming final, to give them the opportunity to provide any missing evidence or clarifications.

In 2021, 43% of decisions were accepted by home buyers, which is a slight decrease from the 48% of decisions accepted in 2020, but is comparable to the 45% of decisions accepted in 2019. The decrease in the proportion of accepted decisions may be due to the increased proportion of low-value awards in 2021. 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.

Forty-two decisions were made in 2021 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. In 22 of these cases the home buyers chose not to accept a decision in which they were awarded £500 or less while they had claimed over £10,000.

There were no instances in 2021 in which a home buyer rejected a decision in which they were awarded compensation of more than £1,000, in contrast to 2020 where this happened once. The highest value award that a Home Buyer rejected in 2021 was for £680.

There were five decisions in 2021 which were accepted by the home buyer where the Adjudicator had found their claims to be entirely unsuccessful. This happened in two cases in 2020, four cases in 2019 and one case in 2018.

“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”

In 2021,
were accepted by
home buyers

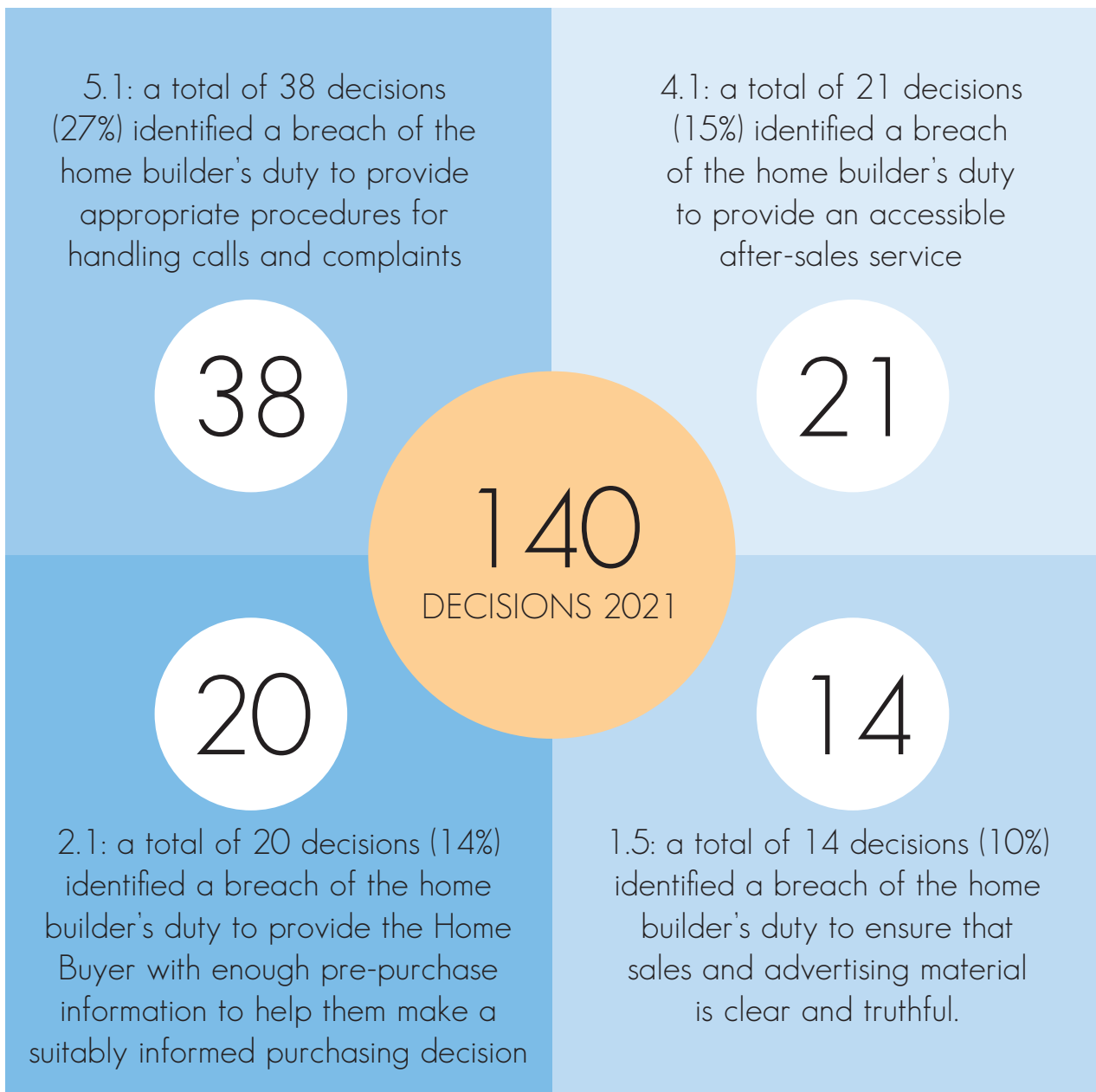
43% of decisions



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 140 decisions in which an Adjudicator found the home builder to have breached the Code during 2021, the most common sections of the Code found to have been breached were:



COMMUNICATIONS AND PARTNERSHIPS

Effective and regular communication with the industry, consumers and stakeholders remains essential in raising awareness and enhancing the impact of the Code. This is particularly important given the number of Codes operating in the new build market and the potential for confusion as new arrangements for a New Homes Ombudsman and Code develop alongside the existing regimes.



Code Website

The Code's website: <http://www.consumercode.co.uk/> continues to be the main source of information relating to the Code. The site provides information for home buyers on what the Code is and what they can expect from their home builders, as well as information for home builders, estate agents and advisers to aid compliance. The site is regularly updated with key information, including summaries of all adjudications from our Independent Dispute Resolution Scheme and lessons learned from audits.

During 2021/22, we made several changes to the website to improve the visual appeal, signposting within the site and prompts to information categorised by audience. The Resources section has been developed to showcase different information depending on the audience need.

The Code had on average 6,600 users visit the website per month, with just under 20,000 monthly page views, an increase of 24% over the previous 12 months.

Our News, Blogs and Videos pages are regularly updated with useful information, advice and downloads, tailored for our key audiences. Blogs provide indepth guidance on topics such as gazumping, consumer protection regulations and home warranty cover, supplemented with at-a-glance videos to share important information in an efficient and user friendly manner: <https://consumercode.co.uk/videos-blogs/>

The information we provide on the site is kept under regular review, enabling us to respond in a timely manner to topical issues such as the rise in gazumping during the Stamp Duty Land Tax discount period and the impact of extreme weather.

Our Frequently Asked Questions page: <http://www.consumercode.co.uk/home-buyers/faqs/> is used to help inform home buyers and address any gaps in knowledge and/or inaccuracies we see when engaging across our social media platforms.





Code Newsletter and wider promotion

Three electronic newsletters were sent during 2021 to our growing audience database, as well as to member businesses via the Warranty Providers. Website visitors are able to sign up to receive copies of our regular newsletter, directly, and we have seen a 21% increase in our subscriber list over the annual report period, with open and click rates consistently higher than the industry average.

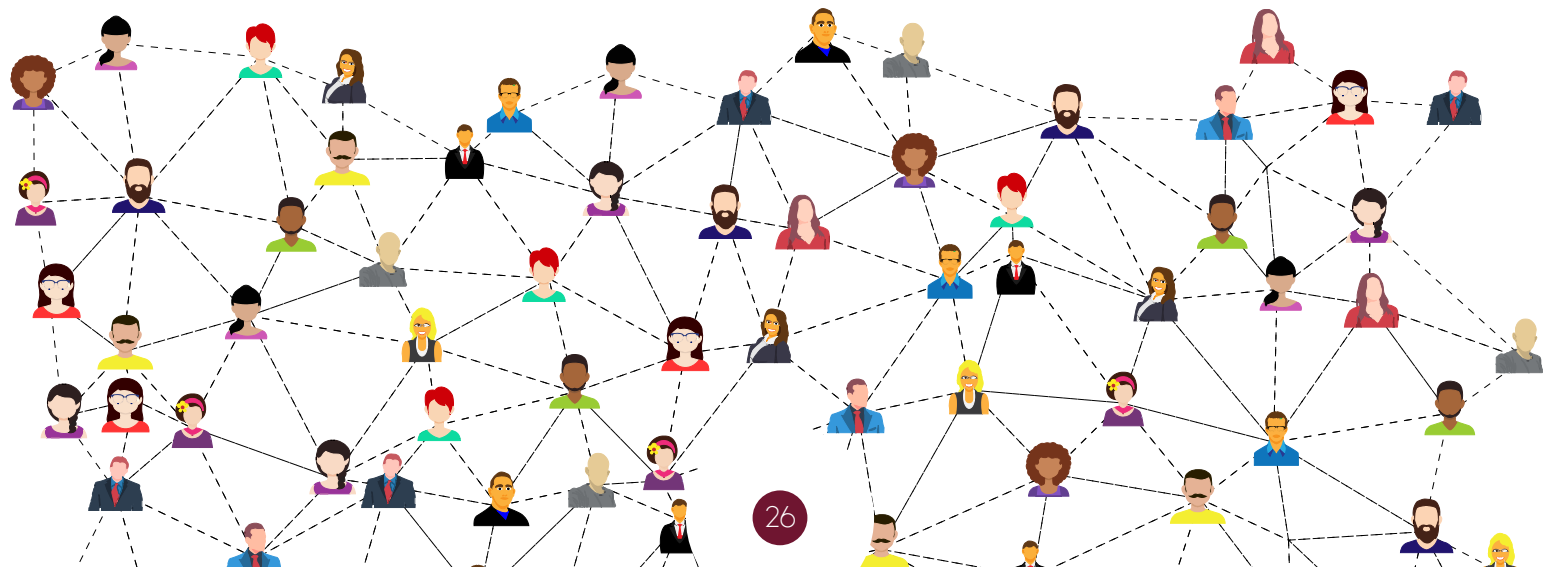
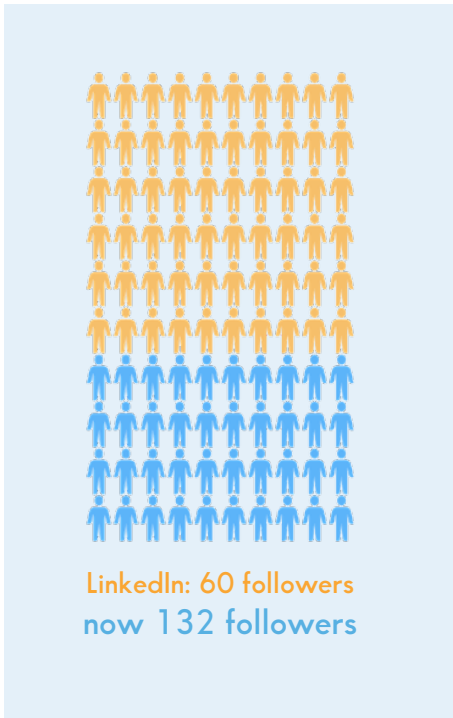
We have also worked closely with the Chartered Trading Standards Institute and Centre for Effective Dispute Resolution to invite expert commentary on topics relevant to our Code and to contribute to the Journal of Trading Standards on topics relating to consumer protection.

Social media

Since March 2021 we have seen an increase in followers of just over 10%. There has been a drop in negative comments/interaction, and we consistently see an increase in activity and interaction following posts tagging third parties such as the interviews with Adapt Law, participating in the CCAS campaigns and specific themes such as New Homes Week. The Code can be followed at: [@TheCode_CCHB](https://www.linkedin.com/company/the-code-cchb).

The Code joined LinkedIn in August 2020. In the past 12 months (April 21-March 22) our number of followers has grown from 60 to 132, an increase of 120%.

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.

Estate agents: In April 2021, we launched a Compliance Starter Pack for home builders and estate agents. This provides a one stop shop for core compliance documents, guidance and sample terms to make it easier for agents to support developers in complying with the Code.

We started tracking downloads of the Starter Pack from our website in November 2021 and up to 31 March the pack had been downloaded 112 times.

Lawyers and licensed conveyancers: We continue to work closely with the three United Kingdom Law Societies to raise awareness of the Code and what developers must do to comply. Our Chairman was pleased to be interviewed on two occasions by Conveyancing Matters, providing an important opportunity to give conveyancers an insight into the Code and the potential impact of the New Homes Ombudsman.

Consumers: Home buyers are a key target audience in relation to raising awareness of the Code. We remain actively involved in working 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. We prepare numerous articles to help build awareness of the benefits of Code support as well as what to look out for when buying a new build home and look to work with other organisations and initiatives within the new homes sector to raise awareness of the protection available.

“Home buyers are a key target audience in relation to raising awareness of the Code. We remain actively involved in working with the Chartered Trading Standards Institute and Citizens Advice.”





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WHO SUPPORTS THE CODE

