

# CONSUMER CODE NEWS

WINTER/SPRING 2023

CONSUMER  
CODE FOR  
HOME BUILDERS

[www.consumercode.co.uk](http://www.consumercode.co.uk)



Protection for new-build home buyers



## WELCOME

As we head towards spring - a traditionally busy time for buying and selling homes - there is still much uncertainty in the industry about the long term changes to improving consumer redress when it comes to new build homes.

Despite the Building Safety Act 2022 making provision for a single code and a new homes ombudsman, the clarity - and legislation - needed to bring these ideas to fruition still seems some way off, particularly in light of the recently announced review into the industry by the Competition and Markets Authority (CMA) at the government's request. The scope of that study is currently out

for consultation but it's likely that any announcements in relation to a statutory code of conduct and redress scheme will probably need to wait until the CMA's review has been completed.

In the meantime, we continue to be committed to providing support and protection for new build home buyers and working with developers to continuously improve customer experience and quality. That's why we've invested in a robust, independent review of our Code to understand where it can and should be strengthened. We're nearing completion of that work and plan to launch an updated Code in the coming months. Our existing Code already provides enhanced protection for consumers and we continue to promote the different support we provide. In this newsletter, we offer tips and guidance for home buyers and builders on aspects such as snagging, contractual rights and how to create an effective complaints policy.

Don't forget to follow us on [LinkedIn](#) and [Twitter](#) for latest Code news.

Noel Hunter, Chairman

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## JOIN OUR MAILING LIST

To receive our newsletters and other updates straight to your inbox, join our mailing list. [Click here](#) to sign up.

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](mailto:enquiries@consumercode.co.uk)

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

# CCHB APPOINTS NEW INDEPENDENT SITE AUDITORS

Following an open tender process, we have appointed the Chartered Trading Standards Institute (CTSI) as the new site auditors for the Code from April 2023.



Site audits are a crucial part of our work to strengthen Code compliance. These audits give developers an independent insight into what they are doing well and where they need to improve to comply with the Code and offer good quality customer service to home buyers.

A proportion of sites will continue to be selected for audit each year, with the sessions taking place either remotely or via face to face meetings at site sales offices. CTSI auditors will review sales materials such as websites and brochures in advance to gain a good understanding of the likely early consumer experience.

Code Chairman, Noel Hunter, said: "CTSI is an ideal partner for our site audit regime. The organisation is already responsible for approving, auditing, and monitoring 46 Alternative Dispute Resolution schemes in unregulated sectors, and handles complaints from consumers about ADR schemes and other issues, giving the team a unique insight into some of the more complex issues that can arise when consumers are not treated fairly."

Our site audits are pre-planned and designed to support compliance rather than catch people out. CTSI's extensive experience in consumer protection and dispute resolution will provide invaluable insight to help developers improve and enable the Code's Management Board to share those learnings more widely."

CTSI will work with our team to ensure the auditing and monitoring undertaken complements existing controls already in place - such as reviewing member complaints, self-assessment and monitoring undertaken by warranty providers. The new team will work alongside existing auditors, Quincetree Ltd, to ensure a smooth handover.



## INDEPENDENT REVIEW INTO THE CODE NEARS COMPLETION

**The independent review of the Code has now been completed and a report has been provided to the Code's Management Board. The report includes feedback from stakeholders on the various changes we proposed to strengthen the Code and align it more closely with other Codes to improve consistency for consumers. Report author, John Bridgeman CBE, a former Director General of the Office of Fair Trading and a principal architect of Codes of Practice, has also proposed several broader recommendations based on in-depth interviews with industry representatives and consumer organisations.**

The Board is keen to share the proposed updates to the Code as soon as possible and is aiming to publish the new draft Code in spring, with a view to formally launching it during early summer. The existing Code (Fourth Edition June 2019) will continue to apply to those homes built before the formal launch of the Fifth edition, and both versions will be available on our website until fourth edition cover expires in two years' time.

One early recommendation is to make the purpose of the Code more visible to consumers with the addition of a strapline which we have already introduced (see page 3). The Management Board is continuing to work through the remaining recommendations and we will provide further updates in future newsletters and social media.



# COMPETITIONS AND MARKETS AUTHORITY LAUNCHES HOUSEBUILDING MARKET STUDY

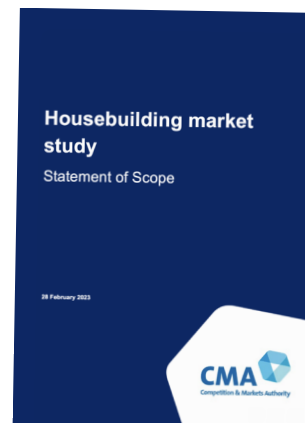
In response to a request from government, the Competition and Markets Authority (CMA) has launched a market study into housebuilding in England, Scotland and Wales.

In its launch announcement, the CMA has confirmed the study will focus on four areas:

- housing quality: looking at how builders are delivering the right sorts of homes that communities and buyers need - including the fairness of estate management fees charged for 'unadopted' roads and amenities
- land management: examining whether the practice of 'banking' land before or after receiving planning permission is anti-competitive
- local authority oversight: exploring how councils oversee the delivery of homes and how developers negotiate affordable home requirements
- innovation: considering whether factors may be holding builders back from adopting new building techniques or moving towards more sustainable, net zero homes

The CMA has begun a short consultation on its [Housebuilding Market Study Statement of Scope](#) and is inviting responses from all interested parties by 20 March to inform the scope and provide source material to support the study. Full details are available on the [Gov.uk](#) website.

The Code welcomes the study as an opportunity to identify whether and to what extent there is consumer detriment in some areas of the housing market and what additional steps may be appropriate to tackle this. We will be submitting a response to the consultation in the next few weeks. Keep an eye on our news pages and social media for updates.



## CLARITY FOR CONSUMERS WITH NEW STRAPLINE

We want consumers to be really clear that the Consumer Code for Home Builders is designed to protect home buyers which is why we've added a new strapline to our logo 'Protecting new-build home buyers'.



*Protection for new-build home buyers*

The Code's name includes 'for home builders' as it's builders that need to comply with it, but the Code's purpose is to support consumers and help make the buying process fairer and more transparent. One of the early recommendations from the independent Code Review was to make the Code's role clearer for consumers, which we were keen to action as quickly as possible.

We encourage you all to display the updated logo wherever possible to help reassure potential buyers about the added protection the Code offers. However, we are not expecting you to replace existing materials that don't include the strapline. The new logo files and updated brand guidelines can be downloaded from our [Resources Hub](#). As we adopt other recommendations from the Review, we will be updating other literature and will share this with you in the coming weeks.

## HOW DISPLAYING THE CODE LOGO HELPS YOUR BUSINESS

When it comes to marketing your homes, promoting your membership of the Code helps give buyers confidence that they will receive a good service and that help is available should they need it. By incorporating the Consumer Codes Approval Scheme logo into the Code's logo, you're also demonstrating that the Code is independently approved by a CTSI-backed scheme.

The Code requires you to clearly display the Code logo at site sales offices, including those of your appointed selling agents, and in sales brochures/websites, but there are ways you can do more to promote your Code compliance and reassure home buyers about the additional protection it offers. For ideas, take a look at our ['Using the Code in your Marketing'](#) blog on our website.





## CONSUMER FOCUS

# SNAGGING – WHAT IS IT, AND HOW DOES IT HELP YOU?

'Snagging' is the process of identifying and flagging what are generally minor imperfections in a new home, covering everything from paintwork to driveways. In other words, checking that everything functions as it should and that the finish is up to standard. Anything that is damaged, not working properly or hasn't been completed to the specification agreed, should be reported to your builder, who should be prepared to resolve any build quality issues highlighted within two years of occupation.

### How to create your snagging list

Most developers will have a snagging list template available for you to use or you can draw up your own. To get started, why not take a look at these guides from our supporting warranty bodies:



### Take your time and try to be as methodical and thorough as possible:

- Try every switch, doorknob, cupboard and window
- Turn on all the taps and showers
- Test the heating, lighting and appliances
- Inspect surfaces and cosmetic finishes
- Check any specific requirements you have agreed with your developer as part of your purchase.
- Remember to look include your outside space, such as any gardens, exterior lighting, doors, gates and garages.

### What if you're not happy with the remedial work or the builder does not take any action?

If your builder has failed to rectify the faults within a reasonable time or you are dissatisfied with the remedial work, you should make a formal complaint to the builder. Under our Code, your home builder must have a system for handling and resolving complaints and ensure you are made aware of this during the purchase process. If you believe your builder has breached the Code, you can raise a complaint via our [Independent Dispute Resolution Scheme](#).

Given the complexity of building a new home and the effects of different materials and conditions, it's inevitable there will be some snags here and there. However, taking the time to check your home and providing a thorough snagging list to your builder will help them understand what the problems are, and what they need to do to put them right.

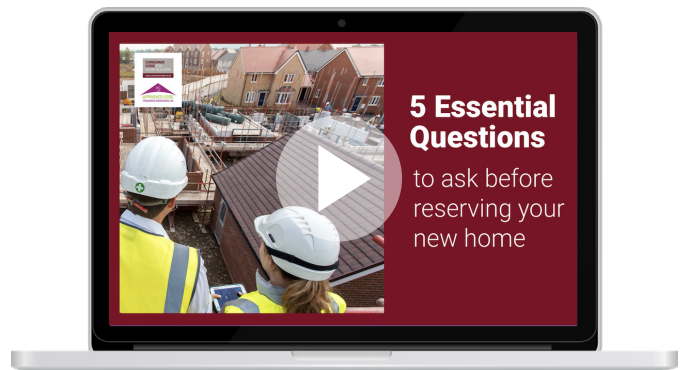




## RESERVING A PROPERTY? HERE'S FIVE IMPORTANT QUESTIONS TO ASK YOUR BUILDER FIRST

Buying a new-build home is an exciting time and there can be a lot of information to take in. But asking the right questions before you reserve a home will help ensure you have all the necessary information to make informed decisions and prevent any unwelcome surprises.

Take a look at our latest video for [five essential questions to ask your builder](#), plus top tips to help you make the most of the information you receive.



## BUYING A NEW-BUILD HOME - WHAT ARE YOUR CONTRACTUAL RIGHTS?

With most home purchases, you are committed to buying your chosen property once you have exchanged contracts, and there could be significant financial penalties if you change your mind.

But there are some exceptions when it comes to new build homes covered by our Code. In this [video](#) we cover the two main reasons why you might be able to change your mind.

Always check with your professional adviser before taking any action, in the unlikely event that either of these examples apply to you.



## INDUSTRY FOCUS

# PRE-PURCHASE INFORMATION - HOW MUCH IS ENOUGH?

**Under the terms of the Code, new home buyers must be provided with “enough information to help them make suitably informed decisions throughout the buying process”. But how much information is enough?**

In most cases, the minimum will be a written Reservation Agreement, an explanation of the Home Warranty cover, details of any associated management services and organisations together with an estimate of the costs involved, and details of any additional fees such as transfer costs.

If the home has not yet been completed, the home buyer must also be given a brochure or plan illustrating the general layout and appearance of the property and its location within the development, and the standards to which it is being built. A list of the contents, fixtures and fittings of the property should also be provided, and page eight of the [Code's Builder Guidance](#) lists clear examples of what this should cover.

### A clear Reservation Agreement

Your buyers will naturally be excited and very keen to secure their new home but does your Reservation Agreement cover everything your buyer needs to know before they sign? Is it clear and written in language that is free of jargon and easy to understand? At the very least it should include details of the Reservation fee, how and when the agreement will end, the property purchase price, how long that price remains valid, and full details and estimates of any management services, ground rent and associated organisations or utilities which your buyers will be committing to with their purchase.

We provide a [Sample Reservation Agreement](#) which covers all the requirements as set out in the Code.

### What else do buyers need to know?

- The Warranty cover details must be clear and accurate with reliable information on who is responsible for putting things right once they have completed their purchase.
- Who should your buyers contact in the event they have a query? Does this point of contact change during the buying process? Give your customers plenty of opportunity to ask questions if they need more information and be particularly aware of clients who may be considered vulnerable requiring extra support throughout the process.
- You can suggest a preferred legal provider in the interests of speed and convenience but it must also be made clear to the buyer that they are free to select their own legal adviser if they wish and that whoever they choose will be required to act in their best interests.



Our [Code Compliance Starter Pack](#) includes a handy compliance checklist to help you cover off your requirements at each stage of the process.

Buying a new home is likely to be the largest purchase your buyers will make and supporting them with as much information as they need throughout the process is not just complying with the Code requirements, it's also fundamental to providing great customer service.

You can read the full article and related information on our [website](#).



# SIX TOP TIPS FOR CREATING A CLEAR COMPLAINTS PROCESS

Some of the most common Code breaches in recent years have related to builders not having or applying suitable procedures for receiving, handling and resolving home buyers' service calls and complaints, or providing home buyers with an accessible after-sales service. Both rely heavily on good communication, transparency, and clarity. But creating an effective complaints process isn't simply about adhering to the Code – well-designed after sales and complaints processes can turn a negative customer experience into a positive one and show that your business values and cares about its customers.



Our [latest blog](#) covers six top tips on what makes a good complaints process so that homebuyers are well informed and satisfied with the service they receive which are summarised below.

## 1. Be transparent about consumer rights

Be open with your customers about their right to make a complaint, how you will respond and what options are available to them.

## 2. Have a clear policy

Make sure your complaints policy is clear, easy to follow and written in plain English. Include guidance on how to make a complaint, where to send it, what information to include, and how quickly customers can expect a response

## 3. Respond quickly

Always respond promptly and within the deadlines set in your own policy. If needed, give a holding reply to let customers know that you're working on their complaint and when they can expect to hear more.

## 4. Resolve the complaint

It may sound obvious but the most important aspect of a successful complaints policy is resolving the issue raised. Keep your customer informed throughout and follow-up once the issue has been resolved to check they are happy with the outcome.

## 5. Maintain regular training

All those involved in working directly with home buyers, including your agents, should be aware of your after sales and complaints processes and trained in how to handle feedback. Don't forget the Code's free [online training](#) is available to help your teams keep up to date with Code Requirements.

## 6. Learn from mistakes

All feedback, including complaints, provides opportunities to improve. Track the complaints you receive and share any lessons learned with your wider team to help continuously improve your service.

Keep your customer informed of progress throughout the process

By providing a clear, accessible process, responding promptly, and keeping the customer informed as you resolve issues, you will build more positive customer relationships and strengthen your compliance with the Code.



# STEPS SOLICITORS CAN TAKE TO SUPPORT NEW BUILD HOME BUYERS



In December, the Property Update from the [Law Society](#) featured an article from our Chairman, Noel Hunter, updating solicitors and conveyancers about how consumers are protected by codes of practice. Within the article, Noel shares five actions property practitioners should complete, whether acting for consumers or developers in the sale and purchase of new homes.

The actions include:

- Always check which code and which warranty applies in each case and familiarise yourself with the requirements of the relevant code.
- Complete all [training](#) offered so you know what the individual requirements are and how to help your developer clients comply, and your consumer clients benefit from the protection offered.
- Pay particular attention to the requirements relating to reservation agreements and contracts and take advantage of the [sample reservation agreement](#) provided which complies with our Code.
- Watch out for misinformation and be prepared to challenge. For various reasons, some law firms have been under the impression that there is now a statutory code and ombudsman. This is not the case and developers remain free to continue with their existing code of conduct.
- Recognise your role in achieving better outcomes for consumers. By helping your developer clients comply with the Code, you're improving the quality of service home buyers receive, while making your home buyer clients aware of the additional protection will give reassurance that they are well-supported, and that redress is available should anything go wrong.

## Did you know

we provide free online training to help solicitors understand Code Requirements and the protection the Code offers consumers?



Read the full article on the Law Society website: [Buying New Builds - 5 steps to support clients.](#)

## SUPPORTERS OF THE CODE

