

CONSUMER CODE NEWS

SUMMER 2023

CONSUMER
CODE FOR
HOME BUILDERS

www.consumercode.co.uk



Protection for new-build home buyers



WELCOME

The last few months have been particularly busy at Code HQ, with much of our time dominated by the completion of the Independent Review into the Code and our next steps. In this newsletter we bring you up to date with the outputs from the Review and encourage you to provide your feedback on the [proposed revisions](#) to our Code before the consultation closes at the end of June.

Alongside this important activity, we've been working to address confusion in the market which has prompted some to mistakenly believe our Code and others were set to be replaced by another scheme. Although that may have been the initial expectation when the

government first mooted the option of a single statutory code and new homes ombudsman, the situation is now very different. All new homes codes remain voluntary, and in most cases, home builders are given the option to comply with either our Code or another scheme, depending on the requirements set by their warranty provider. Whichever code scheme applies, the important point is to ensure consumers are treated fairly and have access to independent redress should something go wrong.

With that in mind, we continue to share learning and guidance with home builders to help them deliver good customer service, while also offering tips for consumers to help their purchase run smoothly. Read on for more details.

As we head into a busy summer preparing for the launch of our revised Code, I would like to thank all those that took the time to contribute to the Independent Review which will help us strengthen the support we provide to new build home buyers in the years to come.

Noel Hunter, Chairman

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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

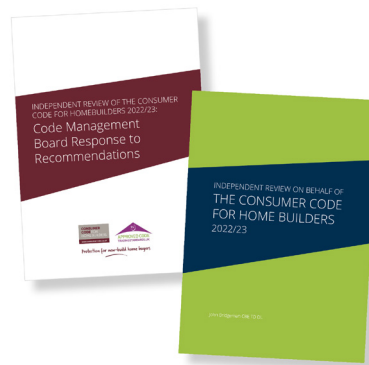
*Calls to 0345 numbers usually cost the same as standard UK landline numbers. Please check with your network provider.



John Bridgeman CBE

INDEPENDENT REVIEW SETS OUT RECOMMENDATIONS TO STRENGTHEN THE CODE

The comprehensive independent review of the Consumer Code for Home Builders is now complete, leading to a series of recommendations designed to strengthen the Code and enhance protection for consumers. The Review, led by John Bridgeman CBE, will result in some of the most significant enhancements since the Code's launch in 2010.



The report recommends several changes to improve the protection offered. These include:

- aligning different code schemes and simplifying access to complaint advice for consumers (supported by 95% of respondents to the Code Review stakeholder questionnaire).
- raising the maximum financial compensation threshold for claims brought through the Independent Dispute Resolution Scheme, as well as the individual amount that can be awarded for distress and inconvenience
- incorporating new requirements for home builders to improve how snagging issues (non-structural defects identified in the first two years post occupation) are dealt with, tackling some of the most common causes of complaint from new build home buyers
- broadening the scope of the Code to include shared ownership and strengthening requirements to support vulnerable customers
- outlawing financial incentives to complete on properties that haven't yet met warranty standards and requiring any commissions for recommending products and services to be declared.

John Bridgeman is a Vice President of the Trading Standards Institute, former Director General of the Office of Fair Trading (OFT), and an expert in regulation and consumer protection in a wide range of industries.

John has been actively involved in better regulation, competition policy and consumer affairs for over 30 years, serving two terms on the Monopolies and Mergers Commission, and launching a major national initiative on Code of Practice-based self-regulation during his time at the OFT.

John is currently Appeals Commissioner for the Direct Marketing Authority, Chairman of the Audit and Standards Committee of Warwickshire County Council and Chairman of the Operations and Audit Committee of the British Horseracing Pension Fund.

Encouragingly, the report also acknowledges that the Code is already doing a good job of protecting consumers and driving improvements in customer service standards, with highlights including:

- The Government-approved Independent Dispute Resolution Scheme which is free for consumers to access
- full accreditation through the independent Consumer Codes Approval Scheme
- the sanction regime, including the ability to exclude companies from warranty schemes for failure to comply
- our informative website and government-approved contact centre to aid consumers.

Report author, John Bridgeman CBE, said:

"Buying a new home is one of the most significant purchases we can make. Service standards and satisfaction ratings have improved in recent years but there are still too many situations where new homeowners are let down by poor quality workmanship or customer service and by inadequate information. My recommendations are designed to deliver enhanced protection, greater levels of financial recompense and a more cohesive approach to customer service and support across the industry."



The Review also makes recommendations for the wider industry and policymakers to consider, including a cash retention scheme to give consumers extra leverage, as well as an industry compensation fund to underwrite awards made to consumers.

The Code's Management Board has accepted virtually all of the recommendations within its scope and has already begun implementing many of the changes (see consultation article below). This includes developing a revised version of the Code and builder guidance which is currently out for consultation.

Code Chairman, Noel Hunter OBE, said:

"This Review reinforces the importance of robust consumer protection for the buyers of new build homes. John Bridgeman has brought into focus the areas we need to strengthen to extend the scope of our Code, some of which we have already started to implement. The Code's Management Board has accepted most of the recommendations and is now consulting on an updated Code. We will also work with policymakers and the wider industry to support the broader recommendations which sit outside our remit.

"On behalf of the Board I would like to thank John Bridgeman for running such a comprehensive and constructive review."



The Independent Review and Board Response can be read in full on the Consumer Code website:

[Independent Review on behalf of the Consumer Code for Home Builders](#)
[Code Management Board Response to Recommendations](#)

HAVE YOUR SAY: REVISED CODE CONSULTATION NOW OPEN

Our Management Board is now consulting on proposed revisions to the Code, good practice guidance for home builders and the Independent Dispute Resolution Scheme. The consultation is open until 30 June 2023.

Proposed revisions to the Code, guidance and IDRS are in line with many of the recommendations made by Review Chairman, John Bridgeman CBE (see above).

The Code Consultation gives all stakeholders another opportunity to provide input and challenge to help ensure the Fifth Edition of the Consumer Code for Home Builders provides enhanced protection for consumers.

A full copy of the consultation document is available to download here: [Consumer Code Consultation June 2023](#) together with a copy of the [proposed revised Code](#). Respondents are invited to share their views via the online survey: https://www.surveymonkey.co.uk/r/CCHB_Revised_Code

Subject to any unforeseen delays, we plan to share the final version of the revised Code in September ahead of formal implementation from 1 October 2023.

PDF answer sheets are available on request if you are unable to use the online survey. Please email secretariat@consumercode.co.uk to request a copy.

CTSI'S CONSUMER CODES APPROVAL BOARD SETS THE RECORD STRAIGHT ON NEW HOME CONSUMER CODES

Last month (May), the Chartered Trading Standards Institute's (CTSI's) Consumer Codes Approval Board (CCAB) published a statement designed to address misinformation which has been causing confusion about the status of new home codes.

The CCAB stated:

"It has come to our notice that public statements have been made suggesting that there is a statutory based scheme that all developers are required to join. This is not the case and developers remain at liberty to join any of the existing approved schemes. Any future false statements will be treated very seriously and investigated."



[Read the full CCAB statement.](#)

Although the Government has made provision in the [Building Safety Act 2022](#) for a statutory new homes ombudsman and single code to help strengthen redress for consumers buying new build homes, these both need secondary legislation. In the current political environment, it seems unlikely that this will be brought forward in the short term, so how and when these changes will be implemented remains unclear. Even if this does go ahead the government has not confirmed which code scheme - or combination of schemes - will be adopted.

Code Chairman, Noel Hunter, said: "We are very keen to see consumer protection further strengthened through a strong Code, backed by industry training, compliance and sanctions, which includes raising awareness of the protection available. It is fair to say that the current situation is relatively complex, and it is important to be clear on the facts so that developers and consumers understand their options. We therefore welcome CTSI's intervention in this matter and look forward to continuing to work constructively with our colleagues across the industry to improve the new build home buying experience for consumers."

COULD YOU REPRESENT CONSUMERS ON OUR MANAGEMENT BOARD?

We are planning to appoint a further consumer representative to our Management Board to strengthen the consumer voice in our leadership team in line with recommendations in the Independent Review by John Bridgeman CBE.

We will shortly be advertising for an experienced candidate with strong consumer advocacy credentials to bring additional skills, insight and expertise to help direct our work.

Full details of the role and application process will be published on our website and social channels in July. To register your interest in receiving a copy of the job description, once available, please email secretariat@consumercode.co.uk.



SURVEY FINDS BUSINESSES SHOULD DO MORE TO PROTECT CONSUMERS

Businesses should do more to protect consumers from unfair business practices according to research conducted on behalf of the Chartered Trading Standards Institute (CTSI) Consumer Codes Approval Scheme.

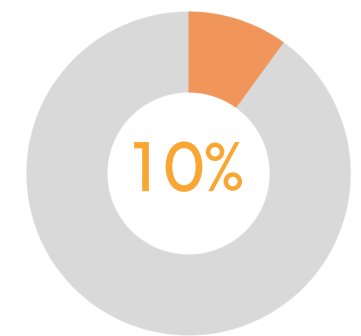
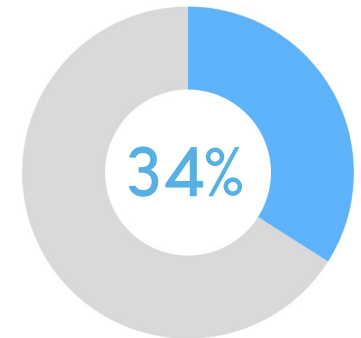
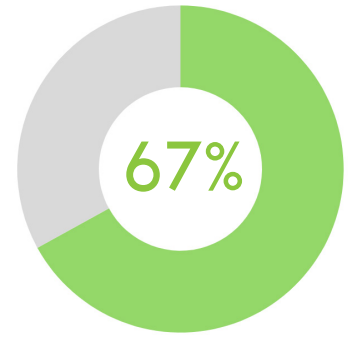
The survey looked at changes in consumer buying behaviour during the current cost of living crisis. Over 67% of survey respondents believed businesses should do more with consumer protection. Consumer codes of practice such as the Consumer Code for Home Builders are specifically designed for this purpose, both in enhancing the protection available for consumers and in helping industries provide better quality services and customer care.

The cost of living crisis is impacting how some consumers shop, with 34% of respondents agreeing they now take more time to decide before making a purchase, and 10% stating they have delayed buying a new home due to the current financial situation.

Noel Hunter, Chairman of the Consumer Code for Home Builders, said: *“These findings illustrate the need for home builders to be particularly mindful of the financial pressures their customers may be under and ensure they provide home buyers with sufficient information about the costs associated with buying a new build home to enable them to make informed decisions. This is particularly important for those whose circumstances may make them more vulnerable to detriment.”*

The Consumer Code for Home Builders sets out clear requirements that home builders must meet to make the buying and selling of homes fair and transparent. This protection is set to be strengthened following the independent review which will result in changes being introduced to strengthen the Code later this year.

The research was conducted on behalf of the CTSI's Consumer Codes Approval Scheme by Censuswide.



THE CONSUMER CODES APPROVAL SCHEME CELEBRATES ITS TENTH BIRTHDAY

The Consumer Codes Approval Scheme (CCAS) celebrates its tenth birthday this month, marking the occasion at the annual Chartered Trading Standards Institute (CTSI) conference in June.

CCAS is run by the CTSI on behalf of Government. It is responsible for independently approving and promoting codes of practice through code sponsors and protecting consumers with higher levels of customer service. The scheme represents a broad range of Codes across multiple industries, with the shared aim of providing clear standards, protection and dispute resolution support for consumers.

All CCAS-approved codes must meet strict criteria and undergo an annual audit to maintain compliance. We're proud to be a CCAS-approved Code as part of our commitment to supporting home buyers and helping home builders improve their customer service.





SPOTLIGHT: CONSUMERS

TOP TIPS FOR KEEPING YOUR NEW BUILD ON TRACK

Buying a new build property is a complex process, so we have put together some tips to help you keep track of progress and ensure your purchase is as smooth as possible.

Have a mortgage agreed in principle

A mortgage in principle is a written estimate from your lender indicating the amount they are prepared to lend you. Although it doesn't guarantee you a mortgage, it shows your sales agent that you are a serious buyer.

Before you formally reserve your plot, consider all information provided

Take your time and don't be afraid to ask questions so that you are clear on the layout, appearance and plot position as well as expected contents and fixtures and fittings.

Find out which code of practice your builder operates under

Most home builders are covered by the Consumer Code for Home Builders which includes requirements about keeping you informed throughout your purchase. Find out more about our [Code Requirements](#).

Understand the builder's schedule

You should be given reliable and realistic information about when construction of your home may be finished, the date of Legal Completion, and the date for handover of the home. If the work goes beyond the date given in your Contract of Sale, you may be entitled to compensation from your builder and they must keep you informed of any changes throughout the process.

Appoint a professional legal adviser

Your builder may have a preferred provider who is already familiar with the development but you are also free to choose and appoint your own legal adviser. Whoever you appoint will be legally bound to act in your best interests.

Read the contract thoroughly

Once you exchange contracts you are legally committed to buying your chosen property so take your time to understand the details. Ask your legal adviser if any points are unclear.

Understand the warranty provision

Most new homes have a 10 year new home warranty which provides comprehensive cover against major structural defects. Your home warranty is not the same as home insurance which you will need to arrange separately. Take a look at our blog [Home Warranties Explained](#), for more information.

Make a snagging list

Be ready to identify and flag up any defects that occur after you move in as your builder is required to resolve these within the first two years. Read our blog ['Snagging - what is it and how does it help you'](#) which explains more about the snagging process and how to create your list.

If you encounter any problems

Your builder will have an after sales service to deal with queries after you have moved in and is required to provide you with full details of this during the sales process.

[Read our tips in full on our website.](#)



SPOTLIGHT: INDUSTRY

HELPING YOU GET IT RIGHT FIRST TIME

We have added a new section within our dedicated Resources Hub to help Home Builders comply with the requirements of the Code.

Our 'Right First Time' factsheets provide tips and advice on how to 'get it right first time' based on key learnings arising from our IDRS adjudications and can be found in our new 'Right First Time' section: https://consumercode.co.uk/resources/right_first_time/

Current factsheets cover:



Although the lessons learnt are in response to complaints related to the current (fourth) edition of the Code, the learning will continue to be relevant as the Code is updated and enhanced later this year.

We will be adding to this section periodically so check back regularly or keep an eye on our social media feeds.

RECOGNISING AND SUPPORTING CONSUMER VULNERABILITY WHEN SELLING HOMES

Our Code requires home builders to treat all home buyers fairly and keep them well informed throughout their purchase. However, it is particularly important that you are aware of your responsibilities towards vulnerable buyers. Frances Harrison, Chair of our Disciplinary and Sanctions Panel and Citizens Advice representative, shared her insights and recommendations in a recent [blog on our website](#) which we've summarised below.

Understanding vulnerability

A vulnerable buyer is someone whose personal circumstances makes them especially susceptible to detriment. Vulnerability can include circumstances which affect a person's ability to absorb and comprehend information, understand their rights and make decisions in their own best interest due to cognitive impairment or other temporary factors such as bereavement or divorce.

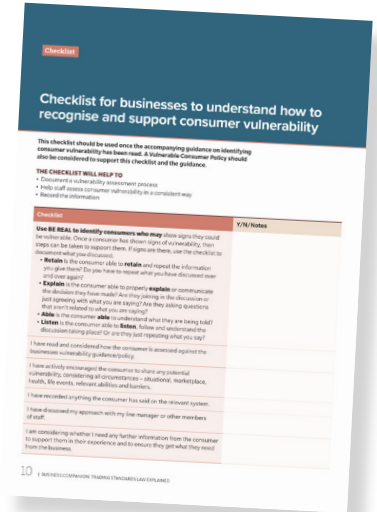
Vulnerability can also be caused by market conditions. Many people will have limited experience of the home buying process and first time buyers may be particularly vulnerable to detriment having not been through the process before. Remember that consumers can move in and out of periods of vulnerability due to changes in personal circumstances so it's important to keep this in mind throughout the sales process.

SPOTLIGHT: INDUSTRY CONT...

Practical steps

The first step is understanding the nature of vulnerability and providing your staff with processes and training that enable them to support those buyers appropriately. The Chartered Trading Standards Institute (CTSI) and government-backed Business Companion website produces a [handy checklist](#) to help identify vulnerability and consider ways to help these buyers have a fair and positive experience.

- Take the time to go through documents such as the Reservation Agreement and sales contract with your buyer and consider reasonable adjustments.
- Asking your buyer to repeat their understanding of what they have been told can identify areas that need further clarification.
- Use plain English in your sales materials, avoiding jargon, acronyms and industry terminology where possible, and provide clear definitions where needed.
- Provide different methods appropriate to a buyer's specific needs (electronic, face to face, telephone etc). Where there is a language barrier, recommend your buyer brings along a representative to translate information on their behalf.
- Aim to provide one or two points of contact in your team for continuity and keep detailed written records of all the conversations and decisions agreed.



Ensuring all your customers have a fair and positive experience is key to providing great customer service overall.

SUPPORTERS OF THE CODE

