

**CONSUMER
CODE FOR
HOME BUILDERS**

www.consumercode.co.uk



Protection for new-build home buyers



Annual Report **2022/23**

April 2022 to March 2023



Introduction from the Chair

The Consumer Code for Home Builders (the Code) continues to provide new-build home buyers across the UK with additional protection from the moment they reserve a property until two years after occupation. Buying a property is one of the most significant and complex purchases any of us will make, which is why transparency, clarity and consumer protection are so important. We are proud to have led the way in improving the experience for home buyers and helping the industry enhance the service they provide.

We continue to actively promote the Code and share information and tips to help consumers make the most of the additional protection we provide. Latest figures show our dispute resolution scheme received the highest number of complaints since the Code launched, with 60% of decisions finding fully or partly in favour of the home buyer.

Since the Code was first introduced over thirteen years ago, we have offered an Independent Dispute Resolution Scheme for consumers, backed up by robust sanctions. Our independently chaired Disciplinary and Sanctions Panel also makes sure that company Chief Executives of those builders found to have breached the Code are directly informed so that remedial action and lessons learned are shared at the highest level.

Marketplace changes

The introduction of a new voluntary code of conduct has led to some confusion in the market, particularly among home builders, which we have sought to clarify. As things currently stand, there is no statutory code or ombudsman which home builders must sign up to. However, those covered by our supporting warranty providers, NHBC, Premier Guarantee, LABC Warranty and Checkmate do now have a choice as to whether they continue to operate under our Code or under the New Homes Quality Code which became operational at the end of 2022. Our priority is making sure home buyers have the protection they need, that any operating code is supported with robust compliance monitoring and sanctions, and that information about new homes codes is clear and accurate for home builders and buyers alike.

Our priority is making sure home buyers
have the protection they need

Independent Review

Our Management Board has always been committed to a triennial review of the Code to ensure it remains fit for purpose. The latest review was delayed while we waited for direction from Government about the future of new homes codes and whether existing codes might be replaced with one statutory code. When it became clear that such a move was unlikely in the foreseeable future, we resolved to undertake an independent review to align our Code with other new homes codes where it would benefit the consumer and identify opportunities to strengthen our cover.

As I mentioned in last year's report, we appointed John Bridgeman CBE, former Director General of the Office of Fair Trading, to chair the review. His work has been a major focus for the Code during this financial year, including widespread consultation with industry, consumer groups and other stakeholders. His final report was shared with our Board in March 2023, incorporating several recommendations to build on and enhance the protection offered by the Code. The Management Board has since reviewed and responded to the report, and while this activity falls outside of the current Annual Report period, we have included a short summary of progress on page 29 as part of a special section on looking ahead to 2023/24.

With the cost of living crisis showing no signs of abating and interest rates on the rise, it is more important than ever that new-build home buyers fully understand the purchase they are making, including any associated expenses, and are given clear and accurate information about their purchase and rights to change their mind. We are proud to have provided consumer protection for home buyers for over a decade. We look forward to continuing to work with industry to drive up standards and support consumers throughout their new home purchase.



Noel Hunter, OBE
Chair - August 2023



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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 Checkmate¹. It consists of a set of 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 across 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 90%².

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 Code's Requirements 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

¹ Excludes those homes reserved after a builder has activated membership of the New Homes Quality Code (where applicable)

² Source: <https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/>

Governance

A Management Board is responsible for operating the Code which is chaired by Noel Hunter OBE:



**Noel Hunter OBE,
Chair**

Noel is a Fellow, Vice President and former Board Chair of the Chartered Trading Standards Institute, a Fellow of the Royal Society of Arts and Chair of the British Hallmarking Council.



**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.

Noel is supported by other Board members:



*Kim Carter,
Head of Claims Consumer Strategy
NHBC*



*Frances Harrison,
Vice-Chair of Brighton & Hove Citizens
Advice and Chair of the Disciplinary
and Sanctions Panel*



*Ron Gainsford OBE,
Vice President of Chartered Trading
Standards Institute and Chair of the
Advisory Forum*



*Craig Ross,
Marketing Director
MD Insurance Services Ltd*



*Janine Armstrong,
Head of Checkmate*

Advisory Forum

The Management Board is supported by an Advisory Forum, chaired by Ron Gainsford OBE. 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 twice during 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 that 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, four 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).

four home builders were contacted for failing to comply with an Adjudicator's decision

There was, however, one further home builder who failed to comply with an Adjudicator's decision in breach of the Code Rules. While they were brought to the home warranty body's attention for potential sanctions, unfortunately they had gone into administration. In such circumstances, as the home buyer is probably an unsecured creditor, it is unlikely they will receive the award determined by the Adjudicator.

The DSP also considered those home builders who failed to pay the fees due to the administrators of the Independent Dispute Resolution Scheme in a timely manner, of which there were 14 instances. In line with the Code's Rules, the DSP can recommend that the supporting home warranty provider, with whom the home builder is registered, pays the fee and then claims reimbursement from the home builder with interest which is calculated at 5% above the Bank of England base rate.

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 from the home warranty bodies' registers; and referral to local authority Trading Standards Departments for contravention of any Consumer Protection Regulations.

The DSP can recommend sanctions such as further staff training, withholding certificates of insurance, suspension from the home warranty bodies' registers for a limited time, or referral to Trading Standards





Supporting Consumers

Blogs and Videos

We have continued to expand our library of blogs and videos providing information and support for consumers.

Throughout the year we published periodic news updates and blogs on the status of changes in the new homes codes marketplace to reassure consumers and the industry and try to clear up the misunderstandings that have arisen.

New homes codes

Our blog 'New Home Codes - where are we now?' explained that there is no statutory New Homes Ombudsman and that all existing Codes remain voluntary so developers are free to choose which Code to comply with (see Supporting the Industry section below). Key points were summarised in our [new homes codes video](#) to give home buyers a quick overview of new homes codes and how their purchase is protected.

Understanding the snagging process

'Snagging' is the process of identifying and flagging to builders what are generally minor imperfections in a new home, 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 the builder as soon as possible, ideally before completion, and definitely within two years after legal completion.

We shared an overview of what snagging is and how to make the process work in our article, '[what is snagging and how does it help you](#)'. Snagging is one of the areas that is being strengthened following the review of the Code which will allow home buyers to bring in a professional to inspect their property before completion and help identify snagging issues.

Helping homes ahead of winter

All homes benefit from a bit of preparation as we head into the colder months, and with higher energy prices and cost of living concerns we wrote an article giving [six suggestions to give new build homes a helping hand through the winter](#). For example, managing the room temperature correctly will avoid plaster cracks as the home completes its natural drying process and tips to prevent heat loss by closing curtains or blinds at night and repositioning furniture to avoid blocking radiators. Even new homes will need gutters cleared from fallen leaves and debris and if the home is left unoccupied during the colder months, consider leaving the heating on a low setting to prevent frozen pipes in the event of a cold snap.

Three stress-busting tips when buying a new home

It's no secret that buying and moving into a new home can be highly stressful and while there's no 'quick fix' to avoid this, we highlighted [three ways the Code can help make moving to a new-build home more straightforward](#). Home builders are required to provide certain information even before exchange of contracts so that home buyers know what their home will look like, the expected timescales for completion and details of costs and fees. And after completion, home buyers have ongoing support from the home builder via their after sales service.

Check out the resources

Moving into a new build home is of course an exciting time but there's a lot going on and it's common for home buyers to have lots of questions. There's a wealth of information available via the Code's website such as our guide on '[what to expect from your new home](#)' and our supporting home warranty bodies provide details of the protection they provide. Our article '[got a question about a new build home?](#)' signposts the various resources available to help home buyers find the information they need.

Videos

Our videos are a useful supplement to our blogs, providing information in shorter, visual soundbites. We highlighted the five essential questions to ask builders before reserving your new home which can be viewed here <https://consumercode.co.uk/five-essential-questions-to-ask-before-reserving-your-new-home/> and we set out five of the ways the Code protects consumers which can be viewed here <https://consumercode.co.uk/five-ways-the-code-protects-consumers/>

Enquiries Helpline

Our telephone and email helpline continues to receive a growing number of contacts, handling a 3.5% increase on the previous year. We are pleased to announce that once again our contact centre has been awarded the Customer Service Excellence Award. This award is a trademark of the Cabinet Office and is awarded to organisations that show a genuine commitment to customer service, including continuous learning and improvement.

The Customer Service Excellence (CSE) Award focuses on the areas that research shows consumers value the most, including delivery, timeliness, information, professionalism and staff attitude. There is also emphasis placed on developing customer insight, understanding the user's experience and robust measurement of service satisfaction.

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.

During the year, there were 2,676 general enquiries made to the Code which represents a 3.5% increase on the previous year. Most of these contacts were from home buyers enquiring about the Code Requirements and how to take a complaint through the Independent Dispute Resolution Scheme.

"The advice you have given is invaluable and particularly the detail you have provided of the various sections of the code of conduct. Thank you also for the link to the dispute resolution service".

Home buyer, October 2022

Improving our service

Our contact centre also picks up concerns and suggestions from consumers such as:

"He does not feel there is much being done in terms of swift enforcement by CCHB themselves to deter the builders from refusing to comply so blatantly".

The Code does a lot of work behind the scenes to seek compliance which we share periodically. We will do more to demonstrate this activity through case studies from next year.

"Why do we publish a "write to us" address if we don't have a manned office?"

While we only receive a handful of letters each year, following this feedback, we now publish an address where the correspondence can be sent and responded to by our enquiries team.

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.

Our supporting home warranty bodies also provided information on the Code to over 1,433 policyholders which is a 39% increase on the previous year. In those instances where application forms are sent out for a home buyer to make a complaint to the Code's Independent Dispute Resolution Scheme, the home warranty body also writes to the home builder advising them of the home buyer's contact and encouraging them to resolve the matter with the home buyer without the need for an Adjudicator to decide the case.





Supporting the industry

Part of the Code's role is to help the industry provide better standards of service through Code compliance, training and learning from complaints. Throughout the year, we shared useful tips and guidance to help home builders meet Code Requirements through blogs, news articles and videos on our website, as well as through our newsletter and social media channels.

Pre-purchase information

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".

In most cases the minimum will be a written Reservation agreement, an explanation of the Home Warranty cover and details of costs and fees. But if the home is not complete, additional information will include details of the general layout and appearance of the property, its location and any fixtures and fittings.

The Code provides guidance on what to include and to help home builders comply. To draw attention to this, we summarised some of the key requirements in our blog: [Pre-purchase information - how much is enough?](#)

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 a business values and cares about its customers.

We shared '[Six top tips for creating a clear complaints process](#)' to help tackle this issue which covers:

- Being transparent about consumer rights
- Having a clear complaints policy
- Responding quickly
- Resolving the complaint
- Regular training
- Learning from mistakes.

Setting the record straight on New Homes Codes

Having been made aware of misleading information being shared across the industry about changes in the new homes codes marketplace, we have worked hard to set the record straight and reassure home builders about the options available to them. As well as writing individually to organisations and media outlets to correct errors implying that a new mandatory Code had been introduced, we shared a transparent and factual update for home builders who had been concerned they may be forced to move to a new code provider.

In our article '[New Homes Codes - where are we now](#)' we set out the position regarding the Building Safety Act and confirmed that all new homes codes are voluntary, with home builders free to choose which one they comply with subject to any restrictions imposed by their warranty provider.

In addition, our Chair wrote two articles to help clear up misunderstandings for property conveyancers.

'[New build homes - 5 steps for solicitors to take to support clients](#)' published by The Law Society provided an update on how consumers are protected by codes of practice and shares five actions property practitioners should complete, whether acting for consumers or developers in the sale and purchase of new homes.

In a further article published in the Law Society for Scotland's Journal '[Setting the record straight on New Homes Codes: What solicitors and conveyancers need to know](#)', our Chair explained that as things currently stand, there is no statutory code or statutory ombudsman and outlined the implications for conveyancers in supporting their clients.



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 whether 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 is 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 received 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 they needed to do to comply.

Comments received from builders included:

"we have tried implementing items we didn't have in place and will continue to monitor and progress over the next few months".

"This has certainly been a very useful health check for [name], and whilst as the letter says, has provided significant reassurance, it has also highlighted areas where we can improve our compliance, so thank you. With new developments in preparation for launch, the timing couldn't have been better".

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.

Taking learnings from the previous years' Covid pandemic, the auditors continued to carry out some of the site visits virtually, via video conference, but this year also returned to face to face visits.

Visits took place in the following regions:



Complaint handling is the most breached Code Requirement according to our Independent Dispute Resolution Scheme Adjudicators. Therefore, a particular focus during the year has related to the complaints procedure available for buyers.

The Code requires that home builders must have a system and procedures for receiving, handling, and resolving customers' service calls and complaints. Furthermore, the home builder must let the buyer know of this, and of the dispute resolution arrangements operated as part of this Code, in writing.

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, in relation to complaint handling, that many of the home builders visited publish their complaints procedure via their website and inform buyers at reservation or on completion that it is available should it be needed. It is understandable that developers may not highlight the procedure during the buying process as this could be seen as a negative, although some sales advisors saw it as a positive inclusion provided they worded the explanation in an appropriate manner.

However some concerns were raised by the auditors whereby some sales advisors were not aware of their company's procedure and/or it is not shown on the website. This is something which has been addressed as part of the review of the Code and which will be strengthened going forward.



During the Covid pandemic, the auditors noticed that customers were gathering their pre-purchase information, reserving a property and paying the reservation fee with only minimal face to face interaction with sales staff. This process has now somewhat changed, and many sales staff say that in the main reservations are now made face to face. Those that are not face to face tend to be for either foreign buyers, buyers who live some distance from the site or those buying to let.

In addition, it appears that many developers are still requiring appointments to be made rather than allowing clients to browse, despite relaxation of Covid rules. This means that sites are emailing e-copies of brochures and other information in advance of the first browsing appointment by the buyers or asking them to download information from their website before they come to site.

It is clear that the majority of customers now find much more information online than through the traditional approach of visiting sales offices and many home builders are still seeking to reduce the amount of paper handled by their staff and customers. As a result, sales brochures are much less common and customers will be pointed towards downloading information from their website instead.



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Clearer signposting

While the majority of websites appear to reference the Code somewhere – some on the front-page, others in drop down menus, the auditors found that it is not always easy to find and recommended some form of standardised approach to the logo and Code access online. While this has been addressed through the review of the Code, the Management Board is also aware that some home builders have now activated their membership with another code body, while still having on-going liabilities to some of their buyers under this Code. To avoid confusion and ensure there are no gaps in protection for home buyers, it is imperative that home builders continue to promote access to our Code as well as meeting any requirements placed upon them by the alternative protection measures. We will continue to monitor, and respond to this situation, throughout the coming year.

Enabling continuous improvement

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 as they give them an independent view of current strengths and identify any gaps they need to address and which could lead to non-compliance.

The feedback received includes:

"Thank you very much for your email, which on the whole is positive. We do make every effort to ensure we meet the required standard and value the Code. I have passed this on to my sales and marketing director to resolve the complaints procedure matter.Thanks again for your work in checking compliance. We try very hard to satisfy our customers and from our perspective at least, feel the sector suffers unfair criticism at times".

"Your communications are always useful and we appreciate the feedback following your audits on our compliance with the Code".

"Many thanks for sharing this site audit follow up, it is very helpful. [Names] have reviewed the contents and proposed actions back to [CEO] to help further ensure our complete compliance with the code. For your information a summary of our actions is detailed below...."

"The results of your site audits are helpful in enhancing our Code compliance and customer service. We note the points relating to [named] sites. We have discussed these with the Division and are taking appropriate action".

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 Chair 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:

"Thank you for the letter...I have forwarded the respective elements to our Group Sales and Marketing Director regarding the identified breaches of sections 1.5 and 2.1, and we have already addressed the previously notified breach of section 4.1 with the responsible team. We continue to strive for 100% compliance with all elements of the Code through continual training and appreciate the comprehensive feedback".

"Thank you for your letter... [name] is committed to achieving a high standard of new home quality and service. However, we note Decision [number] and are taking action to remind teams of our processes in place to ensure a similar situation does not reoccur".

"Thank you for your e-mail... We are aware of the decision and disappointed on our failings in this particular case. We are working hard to make sure we put procedures in place to make sure this does not happen again".

"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".



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, in relevant blogs about complaints handling and pre-purchase information.

We also began work on updating our suite of lessons learned factsheets ahead of publication in early summer 2023.

The most common lessons to learn include:



Having an accessible after-sales service. One that is clearly explained, easy to contact, and responsive. It's essential for home builders to follow-up on enquiries and complaints and stick to any commitments they make to the home buyer.



Providing clear and truthful sales and advertising material. Being transparent at the outset about what is and isn't included in a home is important and home builders should make potential buyers aware of anything that could affect their decision to purchase, including location information or ongoing costs associated with the development. Providing misleading sales information or omitting information that may affect a buyer's decision is also covered by the Consumer Protection Regulations to help protect home buyers from unfair practices.



Providing enough pre-purchase information. Home buyers must be provided with enough information to help them make suitably informed decisions throughout the buying process. This includes 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, location within the development, and the standards to which it is being built. This is an on-going obligation and to help avoid later disputes, home builders should keep a record of conversations with home buyers, including details of any concerns raised and how they were resolved.



Supporting vulnerable consumers. All new home buyers must be treated fairly. It is particularly important that home builders are aware of their responsibilities towards buyers who may be vulnerable due to their circumstances. Training their staff and establishing a policy detailing how they recognise consumer vulnerability and the steps they take to accommodate the needs and safeguard the interests of those affected is so important.

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 Disciplinary and Sanctions Panel 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 Chair 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 can apply a range of sanctions which, 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.

The most serious of sanctions can affect a home builder's ability to trade and are therefore 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, home builders have failed to comply despite repeated follow up from the Independent Dispute Resolution Scheme administrators.

During the year, there were four occasions where the home builder failed to comply with the Adjudicator's decision. There was one further instance where a home builder had failed to comply but unfortunately they had gone into administration and the home buyer was deemed an unsecured creditor.

In all other cases, upon the intervention of either the Code and/or the home warranty body, the home builders 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.

In the majority of cases, builders do comply with the decisions from the Independent Dispute Resolution Scheme and take the required action



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.

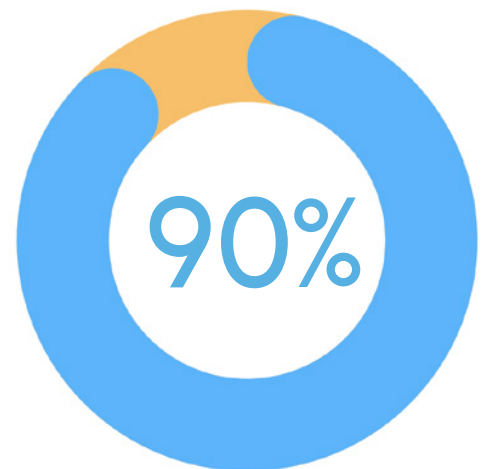
The results from the latest annual Home Builders Federation (HBF) National New Homes Customer Satisfaction Survey (published in March 2023) demonstrate that delivering high levels of customer service remains a high priority for home builders.

Findings from the 2021/22 survey show 90% of new home buyers surveyed say they would buy a new build home again; while 90% of those surveyed said they would recommend their home builder to a friend. This is the third year in a row that this score has been 90% or above.

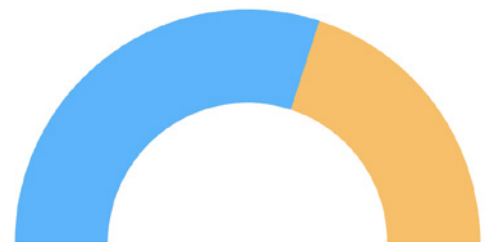
The HBF survey, now in its eighteenth year, is a self-completion census of new home purchasers. In total, 99,726 questionnaires were sent out between October 2021 and September 2022. Over 60% (60,655) of the forms were returned, an extremely strong response rate for a mixed methodology survey.

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: [National new homes customer satisfaction survey](#).

90% say they would buy a new build home again



90% would recommend their home builder to a friend



Over 60% (60,655) 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

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 contact their new home warranty provider to help resolve the issue.

The home warranty provider will deal with any issues that might fall under the home warranty policy and/or offer support through their own dispute resolution service.

For matters the home warranty provider cannot help with, they can provide the application forms for 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). CEDR Ltd is approved by the Chartered Trading Standards Institute as the 'competent authority' acting on behalf of the Secretary of State for dealing with Disputes that are raised with the home builder from the Reservation date until two years after the date of Legal Completion.

The dispute will be considered by an Adjudicator who will determine if the home buyer has been disadvantaged or suffered financial loss because the builder failed to comply with the Code.

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/>



Adjudication facts and figures

Between 1 January 2022 and 31 December 2022 there were a total of 324 cases referred to the Independent Dispute Resolution Scheme (IDRS), which represents an increase of 5.5% on the number of cases referred to the scheme in 2021.

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 increase in case numbers in 2022, and represents the highest ever number of cases referred to the Scheme in a year.

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 the home buyer had not proven all their claim, including the redress they were seeking, the Adjudicator determined the claim partially succeeded.

However, in the context of the increasing numbers of disputes brought to the Scheme, it is important to note that just 0.16%³ of new homes have been 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.

a total of 324 cases referred to the Independent Dispute Resolution Scheme (IDRS), which represents an increase of 5.5% on the number of cases referred to the scheme in 2021

	2022	2021	2020	2019	2018
Number of cases found fully in favour of the Home Buyer	60 (19%)	82 (27%)	81 (33%)	36 (20%)	7 (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)	92 (28%)	58 (19%)	34 (14%)	45 (25%)	65 (60%)
Number of cases found fully in favour of the Home Builder	95 (29%)	98 (32%)	78 (31%)	62 (35%)	23 (23%)
Number of cases settled	44 (14%)	39 (13%)	30 (12%)	27 (15%)	5 (5%)
Number of cases withdrawn from the Scheme or deemed invalid	33 (10%)	30 (9%)	25 (10%)	8 (5%)	6 (6%)
TOTAL CASES	324	307	248	178	106

³ 204,530 dwellings completed in the UK in the financial year ending March 2022 Source: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/ukhousebuildingdata/financialyearendingmarch2022>

Financial sums claimed

In 2022, home buyers who applied to the Scheme claimed a total combined sum of £1,695,579.40. This sum is a decrease of 6% compared to the total amount claimed by home buyers in 2021.

Similarly, the average sum claimed by home buyers in 2022 was £5,233.27, a decrease of 15% on the average of £6,158.13 claimed in 2021. These statistics are perhaps surprising given the 5.5% increase in overall case volumes received in 2022, but CEDR believes it indicates that home buyers may have more realistic expectations about how much they are entitled to and are likely to obtain by using the Scheme.

The total amount awarded to home buyers by Adjudicators in 2022 was £95,271, a considerable decrease of 34% when compared with 2021 and brings the total sum awarded closer to the 2020 level. It is also important to highlight that only 6% of the total sum claimed by home buyers was actually awarded by Adjudicators in 2022, which is comparable to the 8% of the total sum claimed and awarded in 2021 and the 7% in 2020. This continues to show that home buyers are claiming financial sums that exceed what they are likely to obtain by using the Scheme.

Many home buyers seek to claim the maximum amount of compensation available under the Scheme Rules, 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. It is inevitable that every year the amount awarded by Adjudicators is significantly lower than the amount claimed by home buyers.



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the average sum claimed by home buyers in 2022 was £5,233.27

The total amount awarded to home buyers by Adjudicators in 2022 was £95,271





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 2022, 53% of decisions were accepted by home buyers, which is a notable increase from the 43% of decisions accepted in 2021. This means that, for the first time since 2018, the majority of decisions were accepted by home buyers. This may be due to the increased rate of success for home buyers, but it confirms that, despite the amounts of compensation awarded by Adjudicators going down in 2022, this has not resulted in fewer decisions being accepted. 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.

53% of decisions
were accepted
by home buyers

Twenty-eight decisions were made in 2022 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 26 of the 28 cases, the home buyers chose not to accept a decision where they were awarded £500 or less.

There were two instances in 2022 where home buyers rejected decisions in which they were awarded compensation of more than £1,000. This is in contrast to 2021 where this did not happen at all. One home buyer rejected an award for £1,500, while another rejected an award for £2,105. In both cases the home buyers had asked for compensation and actions far in excess of those awarded by the Adjudicators.

There were eight decisions in 2022 which were accepted by the home buyer where the Adjudicator had found their claims to be entirely unsuccessful. This happened in five cases in 2021, two cases in 2020 and four cases in 2019.

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 152 decisions in which an Adjudicator found the home builder to have breached the Code during 2022, the most common sections of the Code found to have been breached were:

41

Section 5.1: a total of 41 decisions (27%) identified a breach of the Home Builder's duty to provide appropriate procedures for handling calls and complaints;

25

Section 4.1: a total of 25 decisions (16%) identified a breach of the Home Builder's duty to provide an accessible after-sales service;

19

Section 2.1: a total of 19 decisions (13%) identified a breach of the Home Builder's duty to provide the Home Buyer with enough pre-purchase information to help them make a suitably informed purchasing decision;

15

Section 1.5: a total of 15 decisions (10%) identified a breach of the Home Builder's duty to ensure that sales and advertising material is clear and truthful.



Performance statistics

At a time when it is reported that a hearing within a small claims court can take a year or more to be heard, the importance of having a Scheme that provides a speedy response to a dispute is increasingly important.

Of the 247 cases from 2022 that went to adjudication, 181 of them (representing a total of 73%) were completed within eight weeks of the date on which the home buyer's application was received. This is a decrease from 90% in 2021, but the same rate as reported for 2020.

It is important to note that, of the 66 cases from 2022 which took more than eight weeks to complete, 50 were finalised within one further week after the expiry of the eight-week timescale. All but one of the remaining 16 cases were resolved within an additional week thereafter, due to the Adjudicator granting one or both of the parties more time to make submissions or provide evidence.

The decision on the one remaining case was issued three weeks after the eight-week timescale. This was due to protracted IT problems associated with the transmission of a high amount of documentation to a home builder, which necessitated all case documentation being sent by post.

It must also be highlighted that none of the 247 cases dealt with during 2022 exceeded the statutory timeframe of 90 calendar days mandated by the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 for all consumer dispute resolution schemes in the UK.

73% of claims
were completed
within 8 weeks

none of the cases
dealt with during
2022 exceeded the
statutory timeframe
of 90 calendar
days mandated
by the Alternative
Dispute Resolution for
Consumer Disputes



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 has become even more important in recent months to help all our stakeholders understand the changes in the marketplace with the introduction of a new code and voluntary new homes ombudsman. Our focus continues to be on supporting consumers first and foremost, which includes:

- Maintaining robust compliance and sanctions regimes so that home buyers receive good quality service and mistakes are learnt from
- Being open and transparent about the role of the Code compared with other new homes codes
- Maintaining our own high standards by providing a government-approved Independent Dispute Resolution Scheme and customer contact centre, as well as meeting the stringent requirements of the Chartered Trading Standards Institute Consumer Codes Approval Scheme.

Clarifying our purpose

One of the early recommendations emerging from the independent review of the Code was a need to further clarify the role of the Consumer Code in protecting consumers. Working with our communications and design team, we developed a new strapline to articulate our purpose, 'Protection for new-build home buyers'. The new strapline has been incorporated into our logo and revised brand guidelines and logo files have been provided to our partners and builders operating under our Code.



Protection for new-build home buyers



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, as well as proactive guidance for home buyers, home builders and other stakeholders to improve the new-build home buying experience.

During the year, the Code's website had on average 6,358 visitors per month, representing a slight decrease of 3.5% compared with the previous year. The site registered on average 19,166 monthly page views, again a small decrease of just over 4% compared with the previous year. Due to a combination of increased usage of online tracking blockers and some home builders registering with a new code, we are pleased to have retained such strong website usage this year but anticipate we will see a more marked reduction in 2023/24.

Our News, Blogs and Videos pages are regularly updated with useful information, advice and downloads, tailored for our key audiences. Blogs provide in depth guidance on common issues for all stakeholders, such as contractual rights, complaints handling, construction timelines and snagging, 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, with new information added in response to topical issues where appropriate.

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. These have been updated during the year to address new areas of confusion about the support available to consumers.

average
19,166
monthly
page views

average
6,358 users
visit the website
per month



Code Newsletter and wider promotion

Three electronic newsletters were sent during 2022/23 to our growing audience database, as well as to member businesses via the Home Warranty Bodies. We also issued a dedicated announcement to promote the Independent Review of the Code to encourage stakeholders to get involved and have their say on proposals to strengthen the Code.

Website visitors can sign up to receive copies of our online newsletter, directly, and we have seen a 18.5% increase in our subscriber list over the annual report period.

Press releases and targeted media engagement have been used to raise awareness of the Code Review, resulting in coverage in key trade titles.



Social media

Since March 2022 we have seen a 5% increase in followers on Twitter. Interaction following posts tagging third parties such as the Chartered Trading Standards Institute's Consumer Codes Approval Scheme and our supporting warranty bodies, or supporting campaigns such as New Homes Week tend to encourage better engagement. Some consumers also use Twitter to alert the Code to potential breaches, allowing us to signpost them to the contact centre for more information. The Code can be followed at: @TheCode_CCHB.



Our presence on LinkedIn has strengthened and generates good engagement with industry stakeholders. During the annual report period, our followers have grown by over a third.

Effective and regular communication with the industry, consumers and stakeholders remains an important element of articulating our aims, role and achievements, as well as building a better understanding of the wider marketplace and support options available.

Consumer Codes Approval Scheme

We continue to work closely with the Chartered Trading Standards Institute 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.

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. Our Chair and Chief Executive meet regularly with civil servants in the government and devolved administrations to keep abreast of legislative changes and demonstrate progress in improving customer service in the new build homes market.

In addition, we provide dedicated content and guidance on our website to support estate agents, solicitors and conveyancers, home builders and consumers, together with resources to aid Code understanding and compliance (see earlier sections for more detail).



Looking ahead - revising the Code

2024 will see the introduction of the Fifth edition of the Consumer Code for Home Builders. The revised Code incorporates the majority of recommendations arising from the independent review of the Code which took place in 2022/23.

The Code Review was published in May 2023 alongside the Management Board's response. The review concluded that the Code is 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
- its informative website and government-approved contact centre to aid consumers.

The report also recommended several enhancements to improve the protection offered, including:

- aligning different code schemes and simplifying access to complaint advice for consumers
- raising the maximum financial compensation threshold, 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.

The revised Code builds on and strengthens the existing requirements in the Code. The draft Fifth Edition was consulted on in early summer 2023 and is due to be published by 1 October 2023, alongside supporting information and training materials. The revised Code will be implemented from 1 January 2024 to give home builders and the wider industry time to prepare for the changes.





Protection for new-build
home buyers

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Who supports the code

