



Protection for new-build home buyers

Complying with  
the Consumer Code  
for Home Builders

# Your Starter Pack

for Home Builders and Agents

For homes reserved from January 2024



# Welcome

**The Code sets requirements that builders must meet in the marketing, selling and after sales service for new build homes in the UK. Sales agents have a key role to play in helping builders to comply and ensuring home buyers receive a high quality, fair and transparent service.**

The Consumer Code for Home Builders applies to all homes covered by our supporting home warranty bodies, Checkmate, LABC Warranty, Premier Guarantee and NHBC, unless the builder has opted to comply with a different code scheme.

The Code has recently been updated to strengthen consumer protection and clarify guidance for builders and agents. The requirements cover the three phases of purchase - pre-contract, exchange of contract and the first two years of occupation.

This Compliance Starter Pack has been produced in partnership with Propertymark to help sales agents understand and comply with the Code alongside your existing obligations under the Consumer Protection Regulations. It has been updated to reflect the latest version of the Code and includes links to documents and resources to support compliance.

In this starter pack, you will find some additional resources to help you comply, including:

- **Model terms between home builders and agencies**
- **Code compliance checklist**
- **Sample reservation agreement**
- **Links to more resources and information on our website**

Also included is information about the Code's Independent Dispute Resolution Scheme and an introduction to our independent site audits.

This starter pack provides tips and information to aid Code compliance but is not a comprehensive guide - for more details, FAQs and resources, visit [www.consumercode.co.uk](http://www.consumercode.co.uk)

**Starter pack produced  
in partnership with:**

**propertymark**

**We regularly post [blogs and videos](#) as well as [learning resources](#) on our website and social media. Please register to receive our quarterly newsletter [here](https://consumercode.co.uk/subscribe/): <https://consumercode.co.uk/subscribe/> and follow us on social media: [X \(formerly Twitter\)](#) and [LinkedIn](#)**



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## Model draft agency terms

### Clarifying roles and responsibilities for home builders and agents

**Home builders:** If you use agents to sell your homes, the responsibility for compliance with the Code still rests with you. You are fully responsible under the terms of the Code for all the actions and representations made on your behalf by your appointed agent, so it's essential to make sure those acting on your behalf are aware of, and trained on the Code's Requirements.

Any failure to comply leaves you exposed to the risk of a potential claim through the Independent Dispute Resolution Scheme, or even a risk of falling foul of the Consumer Protection Regulations enforced by Trading Standards as part of the criminal law.

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**Agents:** If you are selling a home on behalf of the home builder, helping builders comply with the Code – even where your involvement may only be limited – will help ensure home buyers receive the information and support they need. Not only that, by meeting the requirements and providing clear and accurate information to buyers, you will reduce your own risk of falling foul of the Consumer Protection Regulations for which agents are directly liable.

While the sales and marketing responsibilities of home builders and agents may vary from site to site, one way to ensure both parties are aware of the responsibilities under the Code is to have them clearly explained in your contract arrangements.

Below are a number of key terms which have been designed to be incorporated into any standard contract you use, and which will help with compliance. This can be supported by the use of our [compliance checklist](#) for home builders and agents.

## Model terms

### Suggested Mandatory:

1. [Agent] agrees to comply with the Requirements of the Consumer Code.
2. [Agent] staff will be trained on the Consumer Code Requirements by undertaking the free on-line training available from the Code [website](#).
3. [Agent] will display the Code logo in their agency offices ([free window stickers](#) available)
4. [Builder] will provide [Agent] with free copies of new build sales brochures which will contain the Code logo/[Agent] will prepare the sales particulars and brochure on behalf of [Builder] and which will contain the Code logo. (Delete as appropriate)
5. [Agent] will give home buyers who reserve a new home a copy of the Code or access to an online version.
6. [Agent] will keep a written record of statements made, and information given to home buyers which are material to influencing their buying decisions so that these can be referred back to if there are any later claims or disputes.
7. [Agent] agrees that where they promote the sale of a new home and make representations regarding it, through printed media, websites, social media or public display, they will comply with all due regulations including those as prescribed by the Advertising Standards Authority.

### Optional (dependent on service provided by Agent):

8. [Builder] will provide [Agent] with enough pre-purchase information to pass on to home buyers to enable them to make an informed decision. Pre-purchase information must include a written reservation agreement which includes a 14 day cooling off period, and information about the home warranty and what it covers. A sample reservation agreement can be downloaded [here](#).
9. [Builder] will provide the [Agent] with reliable information about completion dates, pre-completion inspection rights and legal handover on which they can advise the home buyer. If these have to change, [Builder] will inform [Agent] so they can alert the home buyer as soon as possible and explain the reasons why.
10. [Builder] will provide [Agent] with enough information so that they can explain to the home buyer the after sales service, including any applicable guarantees and who to contact in relation to any queries or complaints.

The Consumer Code website provides lots of useful information about how to comply with the Code, including the full set of Requirements which can be downloaded [here](#).



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# The Consumer Code Scheme

Your guide to the requirements your home builder must meet and the protection available to you throughout the process of buying a new-build home.

Fifth edition, January 2024



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# What's new in the Fifth Edition of the Code?



The Consumer Code for Home Builders was revised in 2023. New and updated requirements now apply to new build homes reserved from 1 January 2024. Listed below is a brief summary of some of the main changes that have been made to the Code requirements and the Independent Dispute Resolution Scheme. This is not an exhaustive list, however, and we recommend reading the Code Scheme with Builder Guidance for full details of the requirements.

## Meaning of words

New and updated definitions of some terms which have special meaning within the Code have been updated to align with other codes and be more accessible for consumers.

## Customer vulnerability

There is a renewed focus on customers who may be vulnerable. Builders and sales agents must take all reasonable steps to identify where a vulnerability may exist and act accordingly. The guidance document and updated training provides additional information and support to help you meet this requirement, alongside our Right First Time factsheet.

## Training

All builders covered by our Code must provide training on the Code requirements for all staff (including those employed by any agents used) who deal with customers which must be refreshed annually. The Code's online learning tool is a great way to do this and has been updated to reflect the Code's Fifth Edition.

## Incentives and commissions

Builders and agents must not offer financial incentives to encourage customers to complete on a home which has not yet met warranty quality standards.

Any commission received as a result of recommending suppliers (including financial and legal advisers) must be declared.

## Pre-contract information

The information that must be provided pre-contract has been clarified and expanded to include, for example, the detailed Planning Consent reference number under which the Home is being built and details of any future build phases, as well as the home's expected energy performance standards.

Buyers' questions should now be acknowledged within five calendar days and responded to within a reasonable period.



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Part-exchange schemes

We have introduced a new requirement in relation to any part-exchange scheme offered to ensure it is fair, transparent, and not used to pressure a sale. You should be particularly mindful of the needs of consumers who may be vulnerable.

Reservation Agreements

Reservations now include a 14-calendar day cooling off period. Reservation agreements must now include more detail about certain costs and should be accompanied by a more comprehensive suite of information. The Code’s sample reservation agreement has been updated to reflect this.

Legal Completion

Home buyers now have the right to undertake a pre-completion inspection and identify any snags which should be resolved prior to legal completion. Within the Guidance, we have qualified that the inspection should be non-disruptive and non-invasive and should assess fixtures, fittings and services by way of checks comparable with normal daily use.

After-sales Service and Defects Resolution

You must allow home buyers to employ a professional adviser to complete the inspection should they choose to, and if so, you and your agents should cooperate with the appointed adviser to allow the inspection to be completed and appropriate action taken to address defects.

Complaints and Disputes

New requirements detailed in section 5.2 of the Code clearly set out what should be included in the builder’s complaints procedure. These include set timescales by when customers can expect to receive a response to their complaint and examples of the type of content the response should contain.

Independent Dispute Resolution Scheme (IDRS)

The maximum amount that can be claimed through the IDRS has risen to £50,000 for homes reserved after 1 January 2024. An adjudicator may make a discretionary award for inconvenience up to a maximum of £2,000. The £50,000 maximum award includes any award for inconvenience.

More details about the IDRS are available on the [Code website](#).



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www.consumercode.co.uk



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## The Code's Independent Dispute Resolution Scheme

### How are complaints handled?

Until the Code was introduced, a home buyer who felt that they had a claim against their home builder, as a result of their home builder's action or inaction, would have to have taken a case to court if the matter was not covered by their home warranty scheme.

Under the Code, not only are the home builder's responsibilities more clearly laid out, there is also a free, speedy, Independent Dispute Resolution Scheme that will determine a home builder's responsibilities, without the home buyer having to take to legal action.

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The scheme applies to complaints made up to two years from the date of legal completion and has a maximum award of £50,000 (for homes reserved on or after 1 January 2024)..

A dispute may arise where a home buyer believes the home builder has failed to meet the Code's requirements but it falls outside the home warranty body's resolution scheme for defects or damage. If so, the dispute may be resolved by the home buyer applying to the Consumer Code's Independent Dispute Resolution Scheme.

This means a trained adjudicator will review written submissions from both parties and issue a decision based on their conclusions. The adjudicator will decide whether or not a home buyer has a legitimate dispute and has suffered financial loss because their home builder has breached the Code's requirements.

More information about how the complaints system works can be found [here](#).

## How are decisions enforced?

**If a home builder is found to be in serious breach of the Code, home warranty bodies may apply a range of sanctions which can, dependent on the relevant home warranty body's rules of registration, include requiring the home builder's staff who have contact with home buyers to be trained on their obligations under the Code; withholding the issuing of certificates of insurance; suspension or removal from the home warranty body's register. These are of course the most serious of sanctions that may be applied (which can affect a home builder's ability to trade) and are not taken lightly.**

When problems arise, complaints about breaches of the Code are handled through the Independent Dispute Resolution Scheme. All cases are summarised and published on the Code's website, so that the home building industry can learn from experience and continuously improve the service they provide to home buyers.

The Code has produced a series of leaflets to help home builders learn from past complaints and get things right first time. You can download our Right First Time factsheets [here](#) and read past adjudication case histories [here](#).



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# Training overview

**We provide free online Code compliance training for builders and their sales agents who are covered by our Code.**

The training has been updated to reflect the fifth edition of the Code. This includes a more detailed explanation of the consumer protection regulations and how to stay compliant with consumer laws.

The course takes no longer than an hour to complete and is a process of individual learning and self-accreditation, leading to a certificate of achievement if successfully completed. No advance preparation is necessary as the training provides all the tools/resources needed and allows users to go at their own pace.

The training should be completed by all customer-facing staff dealing with new build property sales and should be refreshed annually.

A unique feature of the training is the combination of training about the Code requirements alongside training about Consumer Protection Regulations which apply to property transactions and which have a clear synergy with the Code.

We encourage you to display the completion certificate in your sales offices to help demonstrate your commitment to customer service and compliance with the Code.

A Train the Trainer package designed to enable you to run your own training in-house is available on request from [secretariat@consumercode.co.uk](mailto:secretariat@consumercode.co.uk).



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# Appendix:

## Useful resources



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# Displaying the Code logo

## A guide for builders and agents

**The Consumer Code for Home Builders' Scheme logo must be prominently displayed in home builders' sales offices, those of appointed selling agents, and on their websites and sales brochures.**

The logo combines the Consumer Code for Home Builders and the Chartered Trading Standards Institute Consumer Codes Approval Scheme logo and is available in various formats which can be [downloaded from our website](#). [Window clings](#) are available free of charge from our warranty bodies.



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# Consumer Code Checklist

## for Home Builders and Selling Agents

The Consumer Code for Home Builders (the Code) applies if you are a builder or sales agent of a new home covered by an NHBC, Premier Guarantee, LABC Warranty or Checkmate warranty, unless you have activated membership with another code approved by your home warranty body.

The following checklist is designed to help you comply with the Code. Full Requirements and detailed guidance can be found on our website at: <https://consumercode.co.uk/resources/#home-builders>

At all times, you must consider the needs of customers who may be vulnerable.

Point of Sale Requirements	✓
Do you have a procedure/system in place to ensure that your company or a selling Agent working for your company complies with the Code?	<input type="checkbox"/>
Is the Code readily accessible to Customers from your website and on any software applications you use? Have you considered the customer's vulnerability where appropriate?	<input type="checkbox"/>
Have you prominently displayed the Code Scheme Logo in your sales office and in your sales brochures and incorporated into your website and other sales literature?	<input type="checkbox"/>
Have you trained your sales staff or those employed by selling Agents about their responsibilities under the Code?	<input type="checkbox"/>
Is your sales and advertising material clear and truthful and compliant with all relevant legislation?	<input type="checkbox"/>
Have you declared any commission received for recommending certain products or services where appropriate?	<input type="checkbox"/>

Pre-contract Information	✓
Do you have the following information available for those who wish to Reserve a Home?	
1. A written Reservation Agreement compliant with the Code	<input type="checkbox"/>
2. An explanation of the cover provided by the Home Warranty and contact details of the Home Warranty body providing it	<input type="checkbox"/>
3. A description of any management services/charges that will apply, an estimate of the costs and how they will be administered	<input type="checkbox"/>
4. The nature and method of assessment of any event fees such as transfer fees or similar liabilities	<input type="checkbox"/>





*Photo courtesy of NHBC*

# Consumer Code Compliance Auditing

## A guide for builders and agents

**Complying with the Code's requirements is essential to enhance the service home buyers receive when purchasing a new home.**

To encourage home builders and their agents to comply with the Code, and to enable the Consumer Code's Board to check how well it is being applied, we carry out several activities to aid compliance including:

- research
- independent site audits
- self-assessment questionnaires completed by home builders
- reviewing customer satisfaction feedback and complaints
- providing free training, guidance and learning.

This guide outlines what to expect if you receive a self-assessment questionnaire or an auditor contacts you to arrange either a site visit or virtual audit.



Effective January 2024



*This sample reservation agreement covers the types of information that must be included to comply with the Code as well as an example layout.*

## Sample Reservation Agreement

The following details and information have been provided to:

Name:	<input type="text"/>		
Development Name:	<input type="text"/>		
Plot No:	<input type="text"/>	Plot Address:	<input type="text"/>
<input type="text"/>			
<input type="text"/>	Postcode: <input type="text"/>		

at the time of entering into the Reservation agreement dated  in compliance with the Consumer Code for Home Builders’ Requirements.

This document is signed and the attachments initialled by the Home Buyer and Home Builder to confirm that this information clearly represents the nature and content of the Home being sold and supersedes any prior visual, written or verbal statements which may have been made or given.

The purpose is to ensure that the Home Buyer has a clear and fair understanding of what is being sold, and has written commitment to any statements made by the Home Builder.

Any concern regarding the nature and content of the Home being Reserved should be raised in writing at the foot of the statement, and clarified by the Home Builder, and in any event, no later than when \*contracts are exchanged/prior to Missives being concluded in Scotland.



\*Delete as appropriate.



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