



Protection for new-build home buyers



## 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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# Buying a new-build home

**If you are planning to buy a new home, the Consumer Code for Home Builders is here to support you.**

Buying a new-build home is an exciting time. But as it is one of the largest investments you're likely to make, it's important that you understand the process, what you're buying and what help is available if problems arise.

The Code is designed to help you understand what levels of service to expect from your builder, feel fully informed about your purchase and understand the protection available before and after you move in. In the unlikely event that problems arise, a free and fast Independent Dispute Resolution Scheme is available to deal with disputes if you think your builder has breached the Code Requirements.

Here are some examples of the protection offered by the Code:

- **Your reservation fee.** Your builder must return your reservation fee in full if you change your mind within the cooling-off period. Your reservation fee will still be refunded if you change your mind outside of the cooling-off period, minus any reasonable costs, which your builder must outline in advance.

- **Your deposit.** Your builder must have in place arrangements for protecting your deposit so that they can refund it in the unlikely event they go out of business before completing your home. Your home warranty body also provides cover, which may result in completion of your home.
- **High-pressure sales tactics.** Builders are likely to be found in breach of the Code if they put you under undue pressure to make a sale.
- **Your right to cancel your contract.** If your builder significantly changes the specification of your home and did not get your agreement, or if there is an unreasonable delay in finishing the construction, you may be able to pull out of the purchase, even after exchange of contracts, and receive a full refund.
- **After-sales service.** Home builders are required to provide an after-sales service and an accessible complaints service to support you for up to two years after legal completion.

Since it was launched in 2010, the Code has been regularly updated. This version offers you a broader level of protection and gives you the opportunity to identify defects and get them resolved before you move in (see section 4.1.1).

If you have any questions about the Code's protection, or want to find out more about what to expect from your new home, visit the [blogs and resources for home buyers](#) on our website or contact our enquiries team on 0345 608 9797 or [enquiries@consumercode.co.uk](mailto:enquiries@consumercode.co.uk).

## **Guide to the document**

This document provides you with:

- the Code Requirements that builders must comply with
- an introduction to how the Independent Dispute Resolution Scheme works, and
- a 'meaning of words' section that explains the specific terms we use and what they mean in the context of the Code. These begin with a capital letter to signify they have a special meaning.



# Introduction

The Consumer Code came into force on 1 April 2010 and covers Homes built in the UK<sup>1</sup>. This fifth edition applies to:

- all Reservations signed on or after the implementation date of 1 January 2024,<sup>2</sup> and
- all the Buyers and Homes stated in the Scope on pages 23-26.

The Code sets Requirements that all Builders must meet in their marketing and selling of Homes and their After-sales Service.

In addition to the specific Requirements, we provide Builders with Guidance to help demonstrate ways to support consumers. This information can also help you understand what to expect from your builder and can be found in the [home builders resources](#) section of our website.

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<sup>1</sup> Homes in the Isle of Man may also be covered but Buyers should ask their Builder or check the information provided when they reserve their plot.

<sup>2</sup> For customers who enter into an Early Bird arrangement but who don't go on to reserve a home, only sections 2.2.5 and 5.2 apply.

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Builders must adopt the standards of good practice, procedures and information in the Guidance to meet each Requirement, unless they take a different approach to satisfying the Requirements.

If they take such a different approach, they must provide a similar level of information and achieve a similar outcome to what the Guidance says.

The Code and Guidance should be read alongside the section about the Scope of the Code (pages 23-26).

More advice is available on the Consumer Code website  
[www.consumercode.co.uk](http://www.consumercode.co.uk)

The Code also benefits second and subsequent Buyers of the Home but only regarding after-sales matters reported to the Builder within two years of the date of the Legal Completion of the original Home purchase.

If a Builder is found to be in serious breach of the Code, sanctions are available through the Code Management Board working with the Home Warranty Bodies. These include:

- removal from the relevant Home Warranty Bodies' register, and
- exclusion from all registers run by other Home Warranty Bodies that take part in the Code Scheme.

The Code is underpinned by an Independent Dispute Resolution Scheme operated through CEDR Ltd. CEDR Ltd is approved by the Chartered Trading Standards Institute as the 'competent authority'



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acting on behalf of the Secretary of State for dealing with Disputes that are raised with the Builder from the Reservation date until two years after the date of Legal Completion.

Buyers who think they have a Dispute because a Builder has failed to meet the Requirements may choose to refer it to the Independent Dispute Resolution Scheme.

To encourage Builders to adopt the Code and to enable the Consumer Code's Management Board to check how well it is being applied, or whether it needs to be amended or updated, the following activities may be carried out:

- Research.
- Audits, which may include audits of Builders' systems and documents, desktop self-assessment questionnaires and site visits.
- Mystery-shopping surveys.
- Annual returns or reports from Builders.
- Reviews and assessments of customer satisfaction feedback and complaints.
- Training for Builders.

Nothing in the Code affects a Buyer's existing legal rights or replaces Builders' legal obligations or existing legislation regarding the Home. Buyers do not have to make a complaint to the Independent Dispute Resolution Scheme for matters that are covered by the Code. They may decide to take alternative action instead, such as through the civil courts.

# Purpose of the Code

**The aim of the Code is for all Buyers:**

- to be treated fairly by the Builder (and their Agent)
- to understand the Builder's legal status and identity as a company, so the Buyer understands who they have bought their new home from
- to be given clear and reliable information on which to make informed decisions about purchasing a Home
- to know what standards the Builder must deliver for the Home
- to know what service levels to expect from the Builder (and their Agent)
- to receive clear advice about the main aspects of the Home that the Buyer will need to maintain
- to know how to access timely arrangements for resolving Disputes if they are dissatisfied
- who may be Vulnerable to be identified and given suitable support to help them make decisions.

## Further Information

You can get more information, including copies of the Code documents and advice on frequently asked questions and the results of audits, surveys and adjudications from the Consumer Code website: [www.consumercode.co.uk](http://www.consumercode.co.uk)

You can contact the Consumer Code for Home Builders secretariat by emailing: [secretariat@consumercode.co.uk](mailto:secretariat@consumercode.co.uk)

# Meaning of Words

Wherever any of the following words or expressions are used in the Code and Guidance (including in the Introduction, Purpose of the Code, Scope of the Code, and Introduction to the Independent Dispute Resolution Scheme), it has the meaning given below unless the context requires otherwise.

Term	Meaning
<b>Adjudicator</b>	The person appointed by the Independent Dispute Resolution Scheme to decide the Dispute.
<b>After-sales Service</b>	The service provided by the Builder to deal with any emergency issues; Snags; Defective, Faulty or Incomplete Works; or Complaints for at least two years after the date of Legal Completion.
<b>Agent</b>	A person, firm or company used by a Builder to deal with any matter on their behalf (for example, an estate agent or contractor).

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Term	Meaning
<b>Building Regulations</b>	<p>The Building Regulations that govern the construction of the Home which were in force when the “notice to build” was deposited with the local authority or Approved Inspector (or, in Scotland, at the time the application for the building warrant was submitted to the local authority).</p>
<b>Builder</b>	<p>An individual or a company who:</p> <ul style="list-style-type: none"> <li>• is registered with a Home Warranty Body, and</li> <li>• has registered the Home with a Home Warranty Body, and</li> <li>• develops the Home with the intention for selling to the public.</li> </ul> <p>This may be a subsidiary created by a parent company with a single purpose (known as a special-purpose vehicle or SPV).</p>
<b>Buyer</b>	<p>A Customer who goes on to reserve or buy a Home from a Builder registered with the Code's supporting Home Warranty Bodies, excluding those listed in the Scope of the Code (pages 23-26). <i>For Homes reserved or bought jointly by two or more people, the Buyer's rights will be joint.</i></p>

## The Consumer Code Scheme

Term	Meaning
<b>Complaint</b>	An expression of dissatisfaction about an issue brought to the Builder's attention by the Buyer (this may be verbally or in writing).
<b>Consumer Code or Code</b>	A set of Requirements that Builders must meet.
<b>Contract Deposit</b>	A deposit paid by the Buyer to the Builder at Contract Exchange that acts as part-payment towards the purchase of the Home and demonstrates the Buyer's legal commitment to buy it.
<b>Contract Exchange</b>	The term employed in England and Wales used to describe the formal stage at which the Contract of Sale is exchanged between the Builder and Buyer. In Scotland, it is known as <b>Conclusion of Missives</b> . In Northern Ireland it is known as <b>Formation of Contract</b> . Where this document uses the term for England and Wales, the terms for the other countries are implied.
<b>Contract of Sale</b>	A legally binding agreement between the Buyer and the Builder to buy or build the Home. In Scotland, it is known as the <b>Missive</b> (or <b>Builder's Missive</b> ).

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<b>Term</b>	<b>Meaning</b>
<b>Cooling-off Period</b>	The 14 days after the Reservation Agreement is signed, during which the Buyer can decide to end the agreement and have their Reservation Fee refunded in full.
<b>Customer</b>	A person making enquiries about buying a Home but who has not Reserved a Home.
<b>Decision</b>	The Adjudicator's written findings in the Dispute, with their reasons, as sent to the Buyer and the Builder.
<b>Defective, Faulty or Incomplete Work</b>	Work not completed, damage or faults (caused by the Builder or their Agents) in completed work that do not meet the quality or finish set out in the Contract of Sale, including the new Home Warranty Body's standards or the manufacturer's standards for that part of the building or Home.
<b>Development</b>	The extent and facilities in the Detailed Planning Consent under which the Home is being constructed.



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Term	Meaning
<b>Dispute</b>	A disagreement about a Complaint made by the Buyer to the Builder (under the Builder's published complaints procedure) where the parties do not agree on the outcome regarding matters covered by this Code.
<b>Early Bird</b>	Arrangements used by Builders whereby a Customer can register an interest in a Home which has not yet been released for sale but which is likely to be released for sale within a defined period of time.
<b>Emergency Issue</b>	An issue that poses an immediate threat to safety, security, health or well-being.
<b>Event Fees</b>	Fees payable under a term of, or relating to, a residential lease of a Home on certain events such as resale or sub-letting. Event Fees may have various names including exit fees, transfer fees, deferred management fees, contingency fees and selling-service fees.

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Term	Meaning
<b>Health and Safety File</b>	As required by the Construction Design and Management Regulations, this is a collection of information appropriate to the characteristics of the project. It contains relevant health-and-safety information needed to allow the safe carrying out of future construction work, including cleaning, maintenance, alterations, refurbishment and demolition.
<b>Home</b>	The new-built, or newly converted property (including its gardens, boundary, fencing, communal areas and curtilage) sold by the Builder as set out in the Contract of Sale.
<b>Home Warranty</b>	An insurance-backed warranty that a Home Warranty Body issues to protect Buyers.
<b>Home Warranty Body</b>	An organisation, approved by the Code Board, which has signed the Membership Agreement. Details of Home Warranty Bodies are available on the Code website: <a href="http://www.consumercode.co.uk">www.consumercode.co.uk</a>

## The Consumer Code Scheme

Term	Meaning
<b>Independent Dispute Resolution Scheme</b>	An independently accredited process set up to deal with Disputes where a Buyer believes the Builder has failed to meet the Code's Requirements. (The process excludes items covered by the Home Warranty Body resolution schemes or other dispute resolution schemes (or both).)
<b>Leasehold</b>	The owner of the Home does not own the land the Home is on, but leases it from the landowner for a fixed period.
<b>Legal Completion</b>	The point at which the Home is transferred from the Builder to the Buyer. In Scotland, this stage is known as <b>settlement</b> .
<b>Legal Completion Period</b>	The time between the date the Builder gives the customer the notice to complete and the date of Legal Completion.
<b>Long-stop Date</b>	The last date agreed by the Buyer and Builder (or their Agents) by which the Home must be completed.

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<b>Term</b>	<b>Meaning</b>
<b>Major change</b>	A change that significantly and substantially affects the size, appearance or value of the Home (including the layout inside) from what the Buyer was shown in the Reservation Agreement or Contract of Sale.
<b>Management Services</b>	The maintenance, supply and service obligations and charges (including Event Fees and Leasehold charges), which (if applicable to the relevant Home) the Buyer will be legally obliged to meet after buying the Home.
<b>Notice to Complete</b>	The formal notice issued by the Builder to tell the Buyer the date the Home will be ready for Legal Completion.
<b>Part-exchange Scheme or Assisted-move Scheme</b>	Schemes offered by some Builders to help Buyers move by offering to buy their existing home.
<b>Pre-completion Inspection</b>	An inspection of the Home carried out by the Buyer or their appointed Professional Adviser before the date of Legal Completion.

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Term	Meaning
<b>Professional Adviser</b>	<p>A suitably qualified person requested, or appointed by, the Buyer to assist them with any or all aspects of the Home purchase. This may include dealing with Complaints that arise and are made to the Builder. Such advisers may include:</p> <ul style="list-style-type: none"> <li>• conveyancing professionals appointed under a relevant professional institute's rules such as solicitors, licensed conveyancers, financial advisers or mortgage intermediaries</li> <li>• pre-inspection professionals such as qualified surveyors formally appointed under a relevant professional institute's rules, complaint-handling professionals such as trading standards departments, Citizens Advice, consumer centres and solicitors.</li> </ul>
<b>Reservation, Reserve, Reserved or Reservation Agreement</b>	<p>When a Buyer and a Builder jointly make a written statement of intent (subject to contract and whether or not a fee is paid) to buy and sell a Home. Reserved and Reserve carry the corresponding meaning.</p>

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<b>Term</b>	<b>Meaning</b>
<b>Reservation Fee</b>	The fee payable by the Buyer on entering into a Reservation Agreement with a Builder.
<b>Requirements</b>	The obligations Builders must meet under the Code.
<b>Snag or Snagging</b>	A minor imperfection or fault (caused by the Builder or their Agents) in the Home which does not meet the quality or finish as set out in the Contract of Sale. A snag is usually something that is damaged, broken, not fitted properly or that looks unfinished. Snags may be identified during a Pre-completion Inspection or after Legal Completion.
<b>Tenure</b>	The conditions under which land or buildings are held or occupied. This is usually freehold (where the owner of the home owns the land it is built on) or Leasehold (where a third party owns the land and the homeowner pays to lease the land for a specified period).

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Term	Meaning
<b>Vulnerable or Vulnerable Customer</b>	<p>Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care. Vulnerability may come in many forms and may be temporary, sporadic or permanent. It may need a flexible, tailored response from Builders.</p>



## Scope of the Code

This edition of the Code applies to all Buyers who have signed a Reservation Agreement<sup>3</sup> on or after 1 January 2024 for a new or newly converted Home that has been built in the UK<sup>4</sup> by a Builder registered with one of the Home Warranty Bodies, subject to the exclusions listed below.

All Builders must fully comply with the Code.

The Code applies to the Home from the date of signing the Reservation Agreement until two years after the date of Legal Completion as set out in the Requirements.

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<sup>3</sup> For customers who enter into an Early Bird arrangement but who don't go on to reserve a home, only sections 2.2.5 and 5.2 apply.

<sup>4</sup> Homes in the Isle of Man may also be covered but Buyers should ask their Builder or check the information provided when they reserve their plot.

### **The Code and the Independent Dispute Resolution Scheme do not apply to:**

- homes that at the time of reservation by the first Buyer are covered by the New Homes Quality Code
- homes bought under a shared-ownership scheme<sup>5</sup>
- second-hand homes (for example, those taken by Builders in part-exchange and re-sold)
- new-build Homes that were not sold by a Builder registered with a Home Warranty Body
- new-build Homes for which a New Home Warranty has not been issued by a Home Warranty Body
- homes that remain under the Builder's ownership
- homes acquired by social landlords for rent

<sup>5</sup> *Complaints from Buyers who have purchased under a shared-ownership scheme may be considered under an existing statutory Ombudsman Scheme. However, this can be a complex matter. It will depend on the contractual relationship with the housing association (or landlord) and Builder. Help may be sought from a Professional Adviser.*

### **The Code and the Independent Dispute Resolution Scheme do not apply to (continued):**

- homes acquired by corporate bodies, partnerships, charitable organisations, commercial landlords or other non-consumer purchasers such as individuals acting in the course of trade or business buying a Home for investment purposes
- homes acquired by a receiver and sold on to consumers
- homes built by self-builders or under contract between a Builder and an individual for their own occupation
- homes assigned or sub-sold by an investor to a third party before their ownership transfers from the Builder to the Buyer
- homes built under a professional consultant's certificate, unless a Home Warranty Body has also issued a New Home Warranty.

### **The Code does not cover Disputes that concern:**

- matters that are covered by the New Home Warranty
- damaged or faulty items not caused by the Builder or their Agents
- Snags not reported to the Builder within the Builder's stated timescales for reporting such matters
- claims that exceed the Independent Dispute Resolution Scheme's limits unless the complainant opts to restrict their claim to the Scheme limit
- personal injury claims
- loss of property value or blight
- claims about land conveyed or its registered title
- complaints already dealt with by an alternative dispute-resolution process including courts and ombudsman schemes.

Matters within the scope of other dispute-resolution or ombudsman schemes should be referred to the relevant organisation. In such cases, these schemes may take precedence over the Code and the Independent Dispute Resolution Scheme.

# 1. Complying with the Code

## 1.1 Adopting the Code

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1.1.1 This Consumer Code is mandatory for all Builders.

1.1.2 Builders must comply with the Requirements.

## 1.2 Making the Code Available

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1.2.1 The Builder must make the Code available, free of charge, to any Customer interested in buying a Home and it must be made available in appropriate formats where requested.

1.2.2 The Code must be readily accessible to Customers from the Builder's website, and on any software applications that may be used and referred to in sales literature.

1.2.3 The Builder must prominently display the Code logo in public areas related to the Home sales process (including areas such as sales offices and offices of appointed selling Agents), and in sales brochures and on websites.

- 1.2.4 In making the Code available, the Builder must consider the needs of, and comply with, guidance on Vulnerable Customers in section 1.6 – Vulnerable Customers.

### 1.3 Customer Service Standards

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- 1.3.1 The Builder must ensure that they have systems and procedures in place to enable them to accurately and reliably meet their commitments to compliance, service, procedures, information and monitoring in relation to the Code. This includes being able to comply with any awards (including financial) made under the Code's Independent Dispute Resolution Scheme.

### 1.4 Training of Customer Service Staff

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- 1.4.1 The Builder must provide training on the Requirements to all staff (including those employed by any Agents used) who deal with Customers.

### 1.5 Sales and Advertising

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- 1.5.1 The Builder must ensure that the content of any sales and marketing material relating to the Home is clear and truthful and uses plain English. The content must comply with all relevant codes of advertising and the law.
- 1.5.2 The Builder must state in their sales and marketing literature that they subscribe to and comply with the Code.
- 1.5.3 The Builder must not mislead Customers or Buyers, including on the following matters:
- Size of property.
  - Leasehold.
  - Specification of property.
  - Energy-performance ratings.
  - Pricing of property.
  - Mobility adaptations.
  - Legal completion date.
  - Warranty provisions.
  - Management services.
  - Future phases of the Development.
  - Costs, coverage or benefits of any additional products such as insurances or warranties and guarantees.



- 1.5.4 The Builder must not use high-pressure selling techniques to influence a Customer or Buyer's decision.
- 1.5.5 If the Builder receives any commission for recommending certain products or services, this must be declared to the Buyer (see also section 2.3.3).

## 1.6 Customer Vulnerability

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- 1.6.1 The Builder must acknowledge and cater for the needs of Vulnerable Customers and help them make informed decisions.

## 2. Pre-contract

### 2.1 Pre-contract Information

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2.1.1 The Builder must give Buyers or their Professional Adviser (or both) enough pre-contract information to help them make suitably informed purchasing decisions.

2.1.2 In all cases this information must include:

- a written Reservation Agreement
- an explanation of the cover provided by the Home Warranty and contact details of the Home Warranty Body providing it
- a description of any management services and organisations to which the Buyer will be committed and an estimate of the associated costs
- the nature and method of assessment and calculation of any Event Fees
- whether the Home is Leasehold or freehold

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- the Detailed Planning Consent reference number under which the Home is being built and details of any future build phases of, and the facilities on, the expected completed Development if this is known and for which there is Planning Consent
- a list of contents in the Home that are included in the price including white goods, curtains, carpeting, wall tiling, door-entry systems, power points and sanitary-ware fittings
- a specification for the Home including the type of materials providing the building's main structural frame (masonry, timber, steel frame or other)
- information about the standards the Home is being built to, including confirmation that it will meet the UK Building Regulations, the relevant home Warranty Body's standards and the Home's expected energy-performance standards

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- any exceptional restrictions on using, living in or the appearance of the Home and its grounds. This does not include standard terms covered in the title deeds, plot transfer of ownership or equivalent document. The Builder must recommend that the Buyer asks their appointed Professional Adviser about any exceptional restrictions that apply
- details of any services, facilities and responsibilities that may not immediately transfer from the Builder to the Buyer on Legal Completion (for example, responsibility for the water and drainage systems and utilities). If these will transfer to the Buyer on a later date, the Builder must explain this in full and give the Buyer written details.

2.1.3 If the Home is not yet complete, the Builder must also give the Buyer:

- the Builder's provisional estimate of when the Home will be ready for occupation
- a brochure or plan showing the size, specification, general layout, plot position and orientation of the Home.

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- 2.1.4 The Builder must inform Buyers, in writing, how their questions will be addressed and who to contact (with names and contact numbers) during the sale, purchase and transfer of ownership of the Home.
- 2.1.5 The Builder must give the Buyer a copy of the Builder's Complaints Procedure (see section 5.2 - Complaints and Disputes).

## 2.2 Reservation Agreements

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2.2.1 The Builder must give the Buyer a Reservation Agreement, written in plain English, which has been signed by both parties (digitally or in person) and which sets out clearly the terms of the Reservation, including:

- the company name or the legal title of the seller of the Home
- the amount of the Reservation Fee
- the Buyer's right to cancel within the Reservation period and the range of possible monetary costs the Builder may retain
- the terms under which the Reservation Fee is refundable and non-refundable and any administration fees or similar that the Builder may deduct
- that it is "Subject to Contract"
- details of the Home including the property type, plot number, Development name, postal address (if available), parking arrangements

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- the purchase price of the Home
- how long the price and the Reservation Agreement remain valid
- how and when the Reservation Agreement will end
- date by which Contract Exchange must take place
- any dependent or conditional matters for example part-exchange details, if applicable
- details of how the Buyer can include in the Contract of Sale any spoken statement that is to be relied upon
- the nature and annual estimated cost of any Management Services (Scotland: 'factoring') and other costs that the Buyer must pay, as specified in section 2.1 - Pre-contract Information
- whether the Home is freehold or Leasehold
- the nature and method of assessment of any Event Fees



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- scope and process for administering changes to the Home (such as paint colour, design changes, specification changes)
- how the Buyer can cancel the Reservation Agreement, including as a result of a Major Change (as set out in section 3.3)
- that there is a 14-calendar-day Cooling-off Period, during which the Buyer can cancel the Reservation Agreement and receive a refund of the full Reservation Fee.

2.2.2 The Builder must refund the Reservation Fee (less any stated deductions if appropriate) within 14 calendar days of the date of any notice of cancellation given by the Buyer.

2.2.3 The Reservation Fee must be fully refunded if the Buyer wishes to cancel the Reservation for any reason within 14 calendar days of signing the Reservation Agreement. Refer to section 3.4 – Protecting Buyer Deposits and Pre-Payments.

2.2.4 While the Reservation Agreement remains valid, the Builder does not have the right to terminate the Reservation Agreement and must not enter into a new Reservation Agreement or sale agreement with another customer on the same Home.

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- 2.2.5 If a Builder offers an Early Bird arrangement and charges a fee, they must:
- not charge more than £150 (or any future maximum set under the Code)
  - make it clear to the Customer before any fee is paid, how long they have to accept the Early Bird offer and how long they will have to change their mind and still receive a full refund of the fee they have paid, and
  - tell the Customer of any administration fees or similar that may be deducted.
- 2.2.6 Subject to any data protection requirements, at the end of the Reservation Agreement period, the Builder should give the Home Warranty Body full details of the Buyer and the Home they have reserved if the Home Warranty Body requires this.

## 2.3 Appointment of Professional Advisers

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- 2.3.1 The Builder must make Buyers aware that they should seek and appoint independent legal advice when carrying out the legal formalities of buying the Home.
- 2.3.2 The Builder must not restrict the Buyer's choice of legal representative, financial adviser, mortgage intermediary, or qualified inspector. However, the Builder may recommend a practitioner from a panel.
- 2.3.3 The Builder must inform the Buyer if they receive any fee, commission or any other reward or advantage for introducing any adviser (see also section 1.5.5).

## 2.4 New Home Warranty Cover

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- 2.4.1 At Reservation and before Contract Exchange, the Builder must give the Buyer accurate and reliable information about the New Home Warranty provided for the Home.

## 2.5 Health and Safety for Visitors to Sites under Construction

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- 2.5.1 The Builder must ensure their sites meet all relevant health-and-safety legislation and guidance.
- 2.5.2 The Builder must inform Customers/Buyers about the health-and-safety precautions they should take if permitted to visit a live construction site.

## 2.6 Part-exchange Schemes

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- 2.6.1 When a Builder offers Buyers a Part-exchange Scheme, the terms must be fair, transparent and must not be used to pressure a sale. The Builder must give the Buyer, particularly if they are a Vulnerable Customer, adequate time to consider the information provided.

## 3. Contract Exchange

### 3.1 The Contract of Sale

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3.1.1 The Builder must ensure that the Contract of Sale terms and conditions:

- are clear, fair and written in plain English
- comply with all relevant legislation
- define the Legal Completion notice period, which is from serving a Notice to Complete until Legal Completion
- clearly state the circumstances in which the Buyer can terminate the Contract of Sale as set out in section 3.3 – Contract of Sale Termination Rights
- clearly state what will happen if construction of the Home is delayed and the Home will not be ready for ownership by the Buyer by the date stated by the Builder
- clearly explain how Contract Deposits are to be protected as set out in section 3.4 – Protecting Buyers' Deposits and Pre-Payments.

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- 3.1.2 The Builder must formally consult the Buyer and get their agreement to a Major Change that occurs after Contract Exchange to the design, construction or materials to be used in the Home, if this significantly and substantially alters the size, appearance or value of the Home from what was shown to the Buyer in the Reservation Agreement and Contract of Sale.
- 3.1.3 The Builder must tell the Buyer of their right to terminate the Contract of Sale and the specific circumstances when they could use it, if the Major Change is unacceptable to the Buyer, before Legal Completion. The Buyer must have the right to terminate the Contract of Sale and be refunded their Contract Deposit and Reservation Fee and any other pre-payments without deductions. (See also section 3.3 - Contract of Sale Termination Rights.)
- 3.1.4 The Builder must formally consult the Buyer about any Major Changes to the design, construction or materials of the Home occurring after the Reservation Agreement. It is not sufficient for the Builder to simply put these Major Changes in the Contract of Sale. The Builder must make the Buyer aware of the Major Changes in writing and obtain the Buyer's agreement to them.

## 3.2 Timing of Construction, Legal Completion and Handover

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3.2.1 The Builder must give the Buyer reliable and realistic information about:

- when construction of the Home is scheduled to be finished
- the date at which ownership of the Home will transfer from the Builder to the Buyer on Legal Completion.

## 3.3 Contract of Sale Termination Rights

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3.3.1 The Builder must inform Buyers about their right to terminate the Reservation Agreement and Contract of Sale.

3.3.2 The Builder must repay the Contract Deposit, Reservation Fee and pre-payments in full without deductions within 28 calendar days if the Buyer terminates the Contract of Sale because of Major Changes to the Home or for an unreasonable delay, as defined in the Contract of Sale. (See also section 3.3 – Contract of Sale Termination Rights.)

## 3.4 Protecting Buyer Deposits and Pre-Payments

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- 3.4.1 The Builder must have in place and explain to the Buyer the arrangements for protecting Contract Deposits and any pre-payments paid by Buyers, including Reservation Fees.



## 4. Legal Completion

### 4.1 Legal Completion

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4.1.1 At the point of Legal Completion, the Builder must:

- have completed the construction of the Home to the standards identified in section 2.1.2
- have carried out their final quality-assurance inspection of the Home and given the Buyer a schedule of any Defective, Faulty or Incomplete Works, and a statement of timescales for completing /remedying them along with the need for access at suitable times to enable the problems to be put right
- have agreed or given the Buyer an appointment for a home demonstration
- give the Buyer the Home Warranty documents showing that cover is in place
- have given the Buyer, or their Professional Adviser, the opportunity (in writing) to visit and carry out a Pre-Completion Inspection
- give the Buyer a copy of the Builder's Complaints Procedure (see section 5.2 - Complaints and Disputes)

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- give the Buyer the Health and Safety File for the Home in compliance with relevant legislation
- give the Buyer a statement of incomplete works, not being a part of the Home, but which serve it and directly affect it, as part of the Development under the relevant Planning Consent, and indicative timescales for their completion. (Examples include utilities, roads, open spaces, recreational areas, landscaping.)
- give the Buyer an explanation of how the appliances included in the Home operate
- give the Buyer full details of any guarantees and warranties that relate to the Home and appliances
- give the Buyer a copy of the Building Regulation Control Certificate and Inspection Records if requested ('Habitation Certificate' in Scotland).

4.1.2 The Builder must not offer a Buyer incentives (financial or otherwise) to move into, or complete the purchase of, a Home that has not been completed to the standards in section 2.1.2.

## 4.2 Health and Safety for Buyers living on Developments under Construction

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- 4.2.1 The Builder must tell Buyers about the health-and-safety precautions they should take when living on a Development where building work continues and the measures that the Builder applies to protect them.

## 5. After Occupation Starts

### 5.1 After-sales Service and Defects Resolution

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5.1.1 The Builder must give the Buyer a comprehensive and accessible After-sales Service for at least two years after Legal Completion.

5.1.2 This service should include the following things:

- Dealing with Snags that the Buyer notifies to the Builder during the two years after Legal Completion.
- Rectifying Defective, Faulty or Incomplete Works in the Home that the Builder becomes aware of during the two years after Legal Completion.
- Repairing or replacing appliances and mechanical and electrical equipment provided by the Builder that develop faults (excluding wear and tear, lack of maintenance, misuse etc.) during the two years after Legal Completion.

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- Remedying problems associated with any fixtures and fittings (excluding wear and tear, lack of maintenance, misuse etc.) provided by the Builder. This includes items not supplied as standard with the Home but for which the Buyer paid the Builder.

5.1.3 The Builder must ensure that Snags or Defective, Faulty or Incomplete Works covered by the After-sales Service are resolved as soon as possible and within a mutually agreed timescale.

5.1.4 To make sure the Buyer understands how to access the After-sales Service, the Builder must provide the Buyer with suitable information about the service. It must include:

- a written statement of their After-sales Service procedures
- an explanation of their responsibility for remedying any Defective, Faulty or Incomplete Works arising in the property for at least two years after the date of Legal Completion, under the terms of the New Home Warranty

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- an explanation of how Snags and Defective, Faulty or Incomplete Works and service calls will be managed, including timescales; how they should be reported and the names and contact information of the Builder's staff to whom such issues should be addressed
- an explanation of the process for reporting and handling emergencies, including what qualifies as an emergency that the Builder will deal with
- a written explanation of what constitutes Defective, Faulty or Incomplete Works during the first two years after Legal Completion and the Builder's liability to remedy them, giving references to the relevant Home Warranty Body's standards
- an explanation of what is normal maintenance and 'running in', which are the Buyer's responsibilities, particularly for maintaining such things as boilers and appliances
- details of how the Buyer can make a formal Complaint about any issue or problem (including Snags and Defective, Faulty or Incomplete Works) if they are unhappy with how the Builder proposes to deal with it.

## 5.2 Complaints and Disputes

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- 5.2.1 The Builder must have, and keep to, a system and procedures for receiving, handling and resolving Buyer's Complaints and Disputes (see section 5.2.4).
- 5.2.2 The Builder must give the Buyer a written statement of the process for making a formal Complaint and for resolving Disputes if the Builder and the Buyer fail to agree on the resolution. It should include details of how the Buyer can escalate such an issue to the following:
- The Builder
  - The Home Warranty Body regarding any matters that fall under the Home Warranty Body's dispute resolution service or warranty cover.
  - The Independent Dispute Resolution Scheme.
- 5.2.3 The Builder's Complaints Procedure must be given to the Buyer and made available on the Builder's website.

5.2.4 The Builder's Complaints Procedure must clearly state the following:

- That the Builder will provide a written acknowledgement of the Complaint to the Buyer within five working days of the Complaint being made.
- That the Buyer can expect a more detailed response from the Builder within 20 working days of a Complaint being made. Where applicable, the response should include one or more of the following:
  - An acceptance of the Complaint and what action the Builder is going to take to resolve the issue(s) raised.
  - An estimated timescale for the work required to resolve the issue(s) raised.
  - The time may vary depending on, for example, the nature of the issues raised, investigation work needed, the lead time for sourcing materials, and the preparation work needed.
  - A rejection of the Complaint and details of the reason(s) why the Complaint is rejected.



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- Details of any further investigation work necessary to determine the outcome of the Builder's decision to either accept or reject the complaint, including timescales.
- That a written final response will be provided as soon as possible after any further investigation has been carried out and that it will set out what part(s) of the Buyer's Complaint the Builder agrees with as well as (where appropriate), what part(s) the Builder disagrees with and why.
- That if the Complaint becomes a Dispute, the Buyer may refer it direct to the Independent Dispute Resolution Scheme or the Home Warranty Body (or both) as appropriate:
  - if the Buyer does not receive any response from the Builder within 20 working days of a Complaint being made
  - if the Buyer cannot reach an amicable resolution to the Complaint with the Builder within 56 calendar days of the Complaint being made

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- if the Defective, Faulty or Incomplete Works or issues arising are not resolved within timescales agreed between the Buyer and the Builder.
- That using their Complaints Procedure or the Independent Dispute Resolution Scheme does not affect the Buyer's normal legal rights. If the issue is not covered by the New Home Warranty, the Home Warranty Body may give the Buyer details about the Code's Independent Dispute Resolution Scheme. See also section 5.1 - After-sales Service and Defects Resolution.
- That a Dispute may be brought to the Independent Dispute Resolution Scheme after 56 calendar days have passed since the Buyer first raised the Complaint with the Builder and no later than 12 months after the Builder's final response to the Complaint.

## 5.3 Co-operation with Professional Advisers

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- 5.3.1 The Builder must co-operate with appropriately qualified Professional Advisers (or agreed intermediary) appointed by the Buyer to help with the purchase of the Home, any pre-inspection and in the resolution of any Complaints before they become a Dispute.
- 5.3.2 The Builder must provide the same level of co-operation to an agreed intermediary representing the Buyer (e.g. a family member or friend) as they would to the Buyer.

# Introduction to the Consumer Code Independent Dispute Resolution Scheme

The Code is underpinned by an Independent Dispute Resolution Scheme operated through 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 Builder from the Reservation date until two years after the date of Legal Completion.

A Dispute may arise if a Buyer believes the Builder has failed to meet the Code's Requirements and it falls outside the Home Warranty Body's resolution scheme for defects or damage. If so, the Dispute may be resolved by the 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 Builder has breached the Consumer Code's Requirements and if so, whether or not the Buyer has been caused detriment or suffered financial loss (or both) as a result.

The following is a summary of this process. More detailed information is available in the ['How are complaints dealt with?'](#) section of our website.

### Complaint and response

- 1 A Buyer must first complain to their Builder and give the Builder the opportunity to investigate and put things right.
- 2 If the Buyer is not satisfied with the Builder's final written response, the Buyer should contact the Home Warranty Body that issued the Home Warranty on their Home.

### Action by Home Warranty Body

- 3 If the Buyer refers the complaint to the Home Warranty Body, it will, if appropriate:
  - 3.1 Deal with the complaint under its Home Warranty policy or its own dispute resolution scheme, where appropriate, for defects or damage.
  - 3.2 If the complaint falls outside its own dispute resolution scheme for defects or damage, give the Buyer information about the Independent Dispute Resolution Scheme. The Buyer can then decide if they want to refer their Complaint to the Independent Dispute Resolution Scheme.

## The Independent Dispute Resolution Scheme adjudication process

- 4 If a Buyer decides to refer a Dispute to the Independent Dispute Resolution Scheme, the following adjudication process happens:
  - 4.1 The Buyer must complete an application form and send it to the Independent Dispute Resolution Scheme with any evidence they wish to rely on. The Buyer's application form should contain all the information relevant to the Dispute and, where possible, identify the Requirements they allege have been breached. The Buyer should also provide copies of receipts or other evidence of expenditure if making a financial claim.
  - 4.2 The Independent Dispute Resolution Scheme will ask the Builder to respond to the Buyer's application and supporting evidence. At this stage the Builder may resolve the Dispute without a formal adjudication – this is called 'early settlement' and costs the Builder a reduced case fee of £150<sup>6</sup> plus VAT.

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<sup>6</sup> Case fees are subject to annual review

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- 4.3 If early settlement does not happen, the Builder must submit their response to the Buyer's application along with a payment of £500<sup>6</sup> plus VAT. The Independent Dispute Resolution Scheme will give the Buyer a copy of the Builder's response and will be invited to respond if they wish. At this stage, the Buyer cannot add any new complaints or issues to the Dispute.
- 4.4 The Adjudicator will consider both submissions and decide whether or not the Builder has breached the Consumer Code Requirements and, if so, whether or not the Buyer has been caused detriment or suffered financial loss (or both) as a result. Both parties will be expected to have acted reasonably and to have controlled their costs.
- 4.5 The Adjudicator will prepare a written proposed conclusion to the Dispute, with reasons for that proposed conclusion ("the Proposed Decision"), and send it to both parties. The parties will be invited to provide comments on any factual inaccuracies and/or errors in law.

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<sup>6</sup> Case fees are subject to annual review

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- 4.6 The Adjudicator will consider any comments made and has the power to make any amendments they consider appropriate to the Proposed Decision before making their final Decision.
- 4.7 The Decision may be a performance award (where the Builder has to do something, such as apologise to the Buyer) or a financial award (where the Builder has to pay the Buyer money) or a combination of the two. The maximum value of the combined award available under the Independent Dispute Resolution Scheme is £50,000 including VAT.
- 4.8 The Adjudicator may make a discretionary award for upset and inconvenience, up to a maximum of £2,000. They will do so if, in their sole consideration and opinion, the Buyer has been caused more than minor inconvenience as a result of the Dispute or how the Builder handled it (or both). The Buyer will not receive an award for upset and inconvenience if the Adjudicator does not find a breach of the Code. The £50,000 maximum award includes any award for inconvenience.
- 4.9 The Decision cannot be appealed; it can only be accepted or rejected by the Buyer.



### Awards: acceptance, refusal and liability

- 5 Under the rules of registration, the Home Warranty Bodies require each registered Builder to honour any Decision made against them under the Independent Dispute Resolution Scheme. If the Buyer accepts the Decision, the courts will usually recognise this as evidence that the Buyer's claim was valid.
- 6 If the Decision requires the Builder to make a financial award and the Buyer unconditionally accepts it in writing, the Independent Dispute Resolution Scheme will give the Builder written notification of this. The Builder must pay the financial award to the Buyer within 20 working days of the date on which the Independent Dispute Resolution Scheme informs the Builder that the Buyer has accepted the Decision.
- 7 If the Decision requires the Builder to take any other action and the Buyer accepts that Decision, the Builder must complete the necessary action within 20 working days, or within any other timescale the Adjudicator gives. The Builder must tell the Independent Dispute Resolution Scheme that they have done so.

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- 8 It may be that the Builder cannot do what is directed in the Decision within 20 working days, or any alternative timescale that the Adjudicator gives. If so, the Builder must tell the Buyer and the Independent Dispute Resolution Scheme why and give a date for the actions to be completed.
- 9 If the Buyer fails to permit the Builder to carry out the actions necessary to comply with the Decision, the Independent Dispute Resolution Scheme will consider the Decision to have been rejected by the Buyer.
- 10 A Buyer should understand that if they refuse to accept the Decision, any subsequent legal action is likely to take account of the Decision.
- 11 A Builder remains liable to comply with the directions made in a Decision that has been accepted by the Buyer, even if they are removed from a Home Warranty Body's register.
- 12 The Consumer Code's Independent Dispute Resolution Scheme is independent of the Home Warranty Bodies. Decisions made under the Consumer Code's Independent Dispute Resolution Scheme are not insured under the Home Warranty Bodies' Home Warranty schemes.

# The Consumer Code Scheme



Protection for new-build home buyers

## Contact information

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LinkedIn: [@Consumer-Code](https://www.linkedin.com/company/@Consumer-Code)

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## Who supports the Code

