

CONSUMER CODE NEWS

SPRING/SUMMER 2024

CONSUMER CODE FOR HOME BUILDERS
www.consumercode.co.uk



Protection for new-build home buyers

Welcome

Welcome to our spring/summer newsletter - we had to wait until now for it to actually feel like spring!



Those of you who keep in touch with us via LinkedIn and X will know that the start to 2024 has been a busy one. It's been great to see so many builders engaging with our revised Code and updating their training and sales materials to comply with the revisions.

We have welcomed new faces to our Board and Advisory Forum, strengthening both the consumer voice and industry understanding within our team.

Frustratingly, there continues to be confusion in the marketplace about codes of practice in general and whether our Code, among others, continues to operate. Nothing has changed - our Code continues to cover approximately 10,000 builders, enhancing support and protection for new build home buyers. Despite talk of a mandatory code, this has not been implemented, and with a General Election now set for July, it seems unlikely we will see new legislation in this area in the short term.

We are working with government officials and professional bodies to help address ongoing confusion and encourage a more consistent approach to codes. That way, builders can make informed choices and consumers feel reassured about the level of protection available to them.

Noel Hunter OBE, Chair

Contents

- 2 CMA Report and the Code: What builders need to know
- 2 Catch up on ShowhomeLive
- 3 Industry specialist appointed to the Board
- 3 Advisory Forum is joined by CEO of HomeOwners' Alliance
- 3 Fabulous Facts about the Consumer Code for Home Builders
- 4 More consistent service standards now in place across UK new-builds
- 4 Find us on YouTube!
- 5 The revised Code - your questions answered
- 5 Pre-purchase information - how much is enough?
- 6 Updated Code Starter Pack launched for sales agents
- 6 What do agents need to know about the Consumer Code for Home Builders in 2024?
- 7 Buying a new build home? Discover what support is available
- 9 Making the most of our Independent Dispute Resolution Scheme
- 10 Showcasing our expertise: Spotlight Series



CMA Report and the Code: What builders need to know. See page 2



Supporting the industry See page 5



Consumer Focus See page 7

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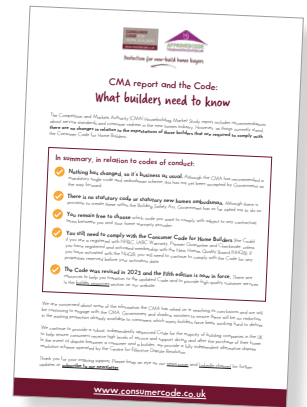
CMA Report and the Code: What builders need to know

The Competition and Markets Authority (CMA) Housebuilding Market Study report includes recommendations about service standards and consumer redress in the new homes industry. However, as things currently stand, there are no changes in relation to the expectations of those builders that are required to comply with the Consumer Code for Home Builders.



In summary, in relation to codes of conduct:

- **Nothing has changed**, so it's business as usual. Although the CMA has recommended a mandatory single code and ombudsman scheme, this has not yet been accepted by Government as the way forward.
- **There is no statutory code or statutory new homes ombudsman.** Although there is provision to create these within the Building Safety Act, Government has so far opted not to do so.
- **Builders remain free to choose which code you want to comply with** subject to any contractual terms between you and your home warranty provider.
- You still need to **comply with the Consumer Code for Home Builders (the Code) if you are registered with NHBC, LABC Warranty, Premier Guarantee and Checkmate**, unless you have registered and activated membership with the New Homes Quality Board (NHQB). If you have activated with the NHQB, you will need to continue to comply with the Code for any properties reserved before your activation date.



We are concerned about some of the information the CMA has relied on in reaching its conclusions. We continue to engage with the CMA and government officials to ensure there will be no reduction in the existing protection already available to consumers which many builders have been working hard to deliver.

Catch up on ShowhomeLive

Code Chair, Noel Hunter OBE, was invited to speak at the recent Showhome Live online event about getting it right first time for home buyers.

In his talk, Noel covered why investing in good customer service is better for your customers, more efficient for your business, and a boost for the wider industry. He outlined why setting and meeting clear, transparent standards is essential in supporting your customers through what is a complex and costly purchase, and shared tips on making the most of code compliance to deliver a better experience for your customers. If you missed out, you can still register to access the recorded content, including Noel's presentation. Visit [Showhome Live](#) for details.



Industry specialist appointed to the Board

Industry expert, Philip Hogg, has been appointed to the Board of Directors from May 2024. Philip brings extensive industry experience to the Code, having held board-level positions within the home building sector for over 20 years, including four years as Chief Executive of Homes for Scotland. In that time, he has been directly involved in handling customer issues as well as leading on compliance with relevant legislation and standards.



Commenting on his appointment, Philip said: "During my time at Homes for Scotland, I enjoyed working with the Consumer Code for Home Builders' Board and Advisory Forum and felt able to make a valuable contribution. Drawing on my most recent experience of working for a major builder, I hope my knowledge of the sector, and direct experience of resolving customer issues, will help to inform the Board's decisions from a practical and operational perspective."

Philip's appointment comes four months after independent consumer expert, Claire Whyley joined the Board. Their roles bring additional insight and challenge, alongside representatives from Citizens Advice, the Chartered Trading Standards Institute, and the UK's main warranty bodies NHBC, MD Insurance Services and Checkmate. The Board is independently chaired by Noel Hunter OBE.

CEO of HomeOwners Alliance joins Code Advisory Forum



The Code's Advisory Forum has been boosted by the appointment of Paula Higgins, Founder and CEO of HomeOwners Alliance (HOA) as a consumer representative.

Paula brings a wealth of experience to the Advisory Forum as a strong advocate for consumers. Under her leadership, the HOA has become one of the UK's leading property advice websites. The organisation also campaigns on a raft of issues relating to homeowners' greatest concerns.

Paula's insight and challenge will be hugely valuable as we strive to provide even better protection and support for buyers of new build homes.

Noel Hunter OBE, Code Chair, said: "Codes of practice play a vital role in protecting consumers, but they can only work if the requirements are practical, and the code itself has the scope to implement meaningful sanctions. I'm delighted to welcome both Philip and Paula to the Code. Philip's experience will help us make sure we're providing practical, workable solutions which drive up service quality in partnership with the industry, while Paula's input on the Advisory Forum will help us maintain a laser focus on supporting consumers and consistent challenge to always aim to do better."

See more: [Members of the Management Board](#)
[Advisory Forum Members](#)

Fabulous Facts about



Protection for new-build home buyers



Five years as a Chartered Trading Standards Institute Approved Code

2,594 enquiries handled by the Code's dedicated Consumer enquiry service in 2023 alone!

21 requirements to better serve home buyers



Three stages of the home buying process

345 cases reviewed in 2023 by the Code's Independent Dispute Resolution Scheme

Led by consumer protection experts



Supported by the four main UK home warranty bodies

<https://consumercode.co.uk/fabulous-facts-about-the-consumer-code-for-home-builders/>



More consistent service standards now in place across UK new-builds

Both the Consumer Code for Home Builders and the Consumer Code for New Homes, have launched updated codes of practice, enhancing the protection available to consumers and raising the overall standards the industry is expected to meet in the marketing and selling of new build homes.

The basis for the updated standards was initially developed by the Consumer Code for Home Builders and Consumer Code for New Homes in 2021, in preparation for the anticipated single, mandatory code and Ombudsman scheme. Although the government has not implemented a mandatory scheme, that initial work now underpins the main codes in the marketplace. This means that customer service requirements and consumer protection offered across the new build homes market is now largely consistent, making it easier for home buyers to understand the protection available to them and for the industry to comply.

Noel Hunter, Code Chair, said: "These changes bring consistency across the main code schemes and provide additional protection for consumers. Compliance with a code scheme is a condition set by most warranty providers, effectively making it mandatory for home builders to

meet the required customer service standards and offer an independent dispute resolution service should things go wrong. Our Code continues to play a leading role in championing stronger protection for consumers and supporting the industry to drive up standards."

The Consumer Code for Home Builders and Consumer Code for New Homes collectively have over 20 years of experience in operating codes of practice in the sector and both are approved codes under the Chartered Trading Standards Institute's Approved Codes scheme. This additional layer of third party assessment ensures these codes provide comprehensive protection, including the availability of an independent dispute resolution service for home buyers (equivalent to an ombudsman scheme), and the ability to take action against builders/developers who fail to meet the codes' requirements.



Find us on YouTube!

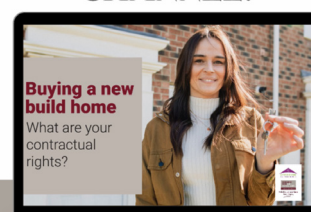
You can now watch all our videos on our new YouTube channel.

Simply visit our channel to see our suite of videos designed to help home buyers, builders, sales agents and conveyancers understand and benefit from the Code.

Don't forget to click 'subscribe' to be alerted to new videos.



Have you subscribed to our **YOUTUBE CHANNEL?**



@TheCode_CCHB

Supporting the industry

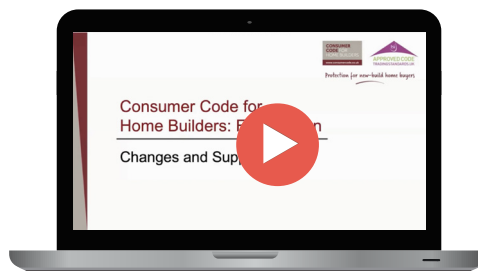


The revised Code - your questions answered

To help builders and their agents understand changes introduced in the 5th Edition of the Consumer Code Scheme, a webinar recording and updated frequently asked questions are now available online.

The recording of our first webinar introduced key changes to the Code. It was led by Code Chief Executive, Carol Brady, and training lead, Peter Stonely, and is now available to view: What's new and why in the Revised Code Fifth Edition.

The 30 minute recording provides an overview of the key changes builders need to be aware of as well as an introduction to the new training module which is available on our website - What training is available?



All the questions that came up in the recording have been captured and responded to in our updated Frequently Asked Questions - covered under the 'What's New in the Revised Code Fifth Edition' section.



The two 'Train the Trainer' webinars provided builders and trainers with an overview of the training pack designed to enable organisations to run their own compliance training inhouse.

To request a copy of the Train the Trainer pack, please email secretariat@consumercode.co.uk

Pre-purchase information – how much is enough?

The Code requires builders to give new home buyers and/or their professional advisers “enough pre-contract information to help them make suitably informed purchasing decisions”. But how much information is enough? And what has changed under the revised Code (fifth edition)?

The minimum amount of information that must be shared with home buyers has increased under the new Code. Under the **fourth edition**, builders were required to provide:

- written reservation agreement
- home warranty information
- a description of any management services including estimated costs
- nature, method of assessment, and cost of any event fees

The fifth edition requires the following additional information:

- whether the property is leasehold or freehold
- planning consent reference number and future build phases
- contents included in the price
- specification including main structural materials
- standards to which the property is being built
- any exceptional restrictions on use
- details of any facilities or services that may not transfer to the buyer on completion

If the home has not yet been completed both versions of the Code require home buyers to be given a brochure or plan and other details. To help you provide a great service and comply with the Code, read more about these requirements in our updated pre-purchase blog.

Updated Code Starter Pack launched for sales agents

Our updated Code Compliance Starter Pack for sales agents and home builders covered by the Consumer Code for Home Builders is available to download from the Resources Hub.

The pack, developed in partnership with PropertyMark, has been refreshed and updated to reflect the new requirements in the Fifth Edition of the Consumer Code Scheme. The new requirements include a 14 day cooling off period for all new reservations, as well as a pre-completion inspection designed to help home buyers and builders identify and resolve snags prior to legal completion.

The pack brings together many of the key documents and information sales agents need to help builders comply with the Code and deliver a high quality customer service to consumers.

It contains:

- Model draft agency terms
- The Consumer Code Scheme, 5th edition
- Code compliance checklist
- An overview of what's new in the revised Code
- A summary of the Independent Dispute Resolution Scheme
- Training information
- A sample reservation agreement
- Information on using the Code in your marketing
- A guide to site audits



propertymark

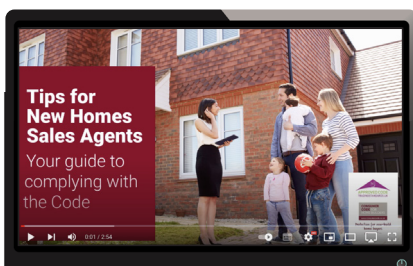
The pack builds on the success of the first version which is still available for those needing to refer to compliance requirements under the previous Code. Homes reserved up to and including 31 December 2023 are covered by the fourth edition of the Code, while this starter pack covers homes reserved from 1 January 2024.

For more information, visit our [resources page for agents](#).

What do agents need to know about the Code in 2024?

If you are an agent selling homes on behalf of a home builder who is covered by the Consumer Code for Home Builders, then you and your client will need to comply with the relevant requirements.

Although the responsibility for compliance with the Code rests with the builder, by helping builders comply, you will also be helping to ensure home buyers receive the information and support they need. By meeting the requirements and providing clear and accurate information to buyers, you will also reduce your own risk of falling foul of Consumer Protection Regulations for which agents are directly liable.



Here are some of the ways agents can help builders comply with the Code:

- ✓ Include the Consumer Code [logo](#) in new build sales brochures and give buyers a copy of the Code or access to an online version.
- ✓ Complete the [free online training](#) on Code Requirements accessed via our [website](#).
- ✓ Provide enough pre-purchase information to enable buyers to make an informed decision.
- ✓ Ensure the sales contract is clear and compliant with legislation and includes termination rights.
- ✓ Provide reliable information about completion dates and legal handover.
- ✓ Ensure that any home buyer queries are acknowledged within five calendar days and responded to within a reasonable timeframe.
- ✓ Explain the after sales service, including any applicable guarantees and who to contact in the event of queries or complaints.
- ✓ Enable your home buyers to carry out an inspection of their home prior to occupation and cooperate with any professional adviser they may engage to complete this on their behalf.

For more details, read our [full blog](#) or check out our [summary video](#).



Consumer focus

New requirements have been introduced since January which give new build home buyers extra protection under our Code. We've been busy updating our blogs to help ensure you know what support is available and how to access it. Read on for the highlights or visit our [home buyer blogs section](#) on our website.

Buying a new build home?

Discover what support is available

Buying a home is a huge investment, so naturally we all want to feel our money is well spent. When we buy something new, there's often an expectation that it will be perfect and trouble-free - after all, laws such as the Consumer Rights Act 2015 are in place to protect consumers and give us rights to refunds if a product is faulty.

With new-build homes, it's a more complex picture. The Consumer Rights Act doesn't apply to homes, but there are other protections in place to support home buyers. Homes are built to strict standards and must meet building control regulations before they can be sold. In addition, most new builds come with a ten-year warranty which requires the home builder (also referred to as the developer) to meet more standards relating to the overall condition and standards of every home. Despite this, there are many different aspects to a new build home - not all of which can be fully controlled. This can lead to teething trouble, either during the purchase process or when you first move in, so it's good to know support is available should you need it.

Is there a fault?

The first question to consider is whether there is a fault with your new home, or whether what you're experiencing is a normal part of the running-in of a new build. Take a look at our guide on [What to expect from your new home](#).

Sources of support if problems arise

There are many different aspects to buying a new home, which also means there are different sources of support depending on your situation. Generally speaking, these fit under:

- The marketing/sales and purchase process
- Build quality and snagging
- Conveyancing/legal services

Much of this support is available through codes of practice. Although many builders who register with the main new home warranty providers, NHBC, LABC Warranty, Premier Guarantee or Checkmate, must

comply with the Consumer Code for Home Builders, some builders registered with these bodies may fall under a different consumer code scheme - check with your builder which scheme applies in your case. Many of the protections provided are similar but you will need to know which code applies should you wish to make a complaint.

Check out our recent blog to understand [what support is available to you](#).

How do home warranties protect your home?

Unlike purchasing a second-hand home, most newly built homes come with warranty and insurance protection which usually lasts for ten years. There are a number of different warranty providers. NHBC, LABC Warranty, Premier Guarantee and Checkmate between them cover approximately 95% of all new homes built in the UK and they all support the Consumer Code for Home Builders.

All policies differ, but what our warranty bodies have in common is that they offer comprehensive cover against major structural defects to protect home buyers and will usually include:

- Two years' builder warranty against defects
- A further eight years' structural insurance
- Contaminated land cover
- Deposit protection if your builder becomes insolvent

**Terms and conditions apply. Although all Code member warranty bodies provide this cover, some other providers may not - please check your individual policy.*

Common issues with new homes

Minor issues can arise with newly built houses, with drying out and condensation being the most common. Occasionally defects are identified where some elements of a home may not have been completed to the standards required by the warranty provider. These issues should be rectified by your builder within the first two years of occupation, although you can seek support from your warranty provider if you have difficulty getting the problems rectified.

Structural defects

Home warranty and insurance policies cover the rare occasions that structural defects are found. Although each provider is different, warranties generally cover major structural elements such as foundations, roofs, ceilings, load bearing walls and stairs, and glazing in outside walls. Warranties don't cover general wear and tear, superficial damage or damage caused by storms or other adverse weather.

How does a warranty differ from home insurance?

Home insurance is provided based on likely risks to a property and can cover both the building and its contents. Almost all homes are insurable, including second-hand homes, although costs can vary significantly. New home warranties and insurance policies are only concerned with the structural integrity of your home, not its fixtures and fittings, and are usually only available for newly built or newly converted homes.

Why offer ten years' cover?

Ten years is the standard period for most warranty policies, with the first two years being defects warranty and the remaining term being structural cover. Although backed by the warranty, builders are initially responsible for putting right defects affecting new homes.

Most warranty providers provide an additional eight years of direct cover because that allows sufficient time for sites to settle and for any less immediate structural issues to emerge. This is particularly important for issues relating to foundations which, while rare, can become apparent a few years after the ground has returned to its new natural state after building.

Find out more

Warranty policies do differ and it's important to understand specifically what your policy covers and what may be excluded. For more details including links to home warranty provider websites, read our full blog on how [home warranties protect your home](#).

Homes are built to strict standards and must meet building control regulations before they can be sold.



Making the most of our Independent Dispute Resolution Scheme



By Frances Harrison, Chair of the Code's Disciplinary and Sanctions Panel

Although most home buyers are happy with the service they receive when buying a new build home* we recognise that sometimes things do go wrong. If you believe a home builder has breached our Code, you can raise a complaint via our Independent Dispute Resolution Scheme (IDRS).

Our IDRS is free to use and is run by award-winning dispute resolution experts, CEDR Ltd. We have worked with CEDR Ltd to make the application process as straightforward as possible, but there are some things to bear in mind before you raise a dispute through our scheme.

1. Understand the process.

You must first raise any complaints with your builder using their complaints procedure. If your complaint is not resolved to your satisfaction, you can raise a dispute with the IDRS from 56 calendar days after your complaint was first raised and no later than 12 months after your builder's final response.

Remember: Contact your home warranty body first to obtain a reference number for your claim

2. Evidence is everything.

Your complaint will be assessed by a trained adjudicator but they can only reach their decision based on the documents put in front of them. The more specific you can be about the issues you are raising the better, and where possible, back up what you say with supporting evidence. Take a look at [CEDR's handy checklist](#) to help you capture the evidence you need to support your application.

3. Estimates trump guesswork.

Often people can be tempted to request the maximum amount allowable under the Code, but Adjudicators can only award reasonable costs to rectify the issues raised and a larger, unsubstantiated claim is highly unlikely to be awarded. Adjudicators are much more likely to award the costs sought when the amounts are supported with estimates from tradespeople.

4. Seeking financial compensation.

The adjudicator may make a discretionary award for upset and inconvenience, if they feel this is warranted.

5. Reviewing the draft decision.

Both you and your builder will have 10 working days to comment on the adjudicator's proposed decision. This is when you can correct any misunderstandings or fill any gaps in evidence. You cannot add new complaints at this stage.

6. The Decision.

You will have six weeks to let CEDR Ltd know, in writing, whether you accept the Adjudicator's final Decision. If you do not tell CEDR Ltd within six weeks, your builder will not be obliged to implement the decision. If accepted, your builder must act on the decision within 20 working days of the date of the adjudicator's written notification.

You can read this blog in full [here](#).



Showcasing our expertise: Spotlight Series

Our Code is strengthened by the experience our board and advisory members bring to the table, as well as the partners we work with to provide robust, independent auditing, information and dispute resolution services.

Over the coming months, we'll be shining a spotlight on this wealth of experience, starting with Code Chair, Noel Hunter OBE and Citizens Advice representative, Frances Harrison. In their spotlight interviews, Noel and Frances share how they came to work in consumer protection, what they're most proud of and how they switch off after a busy day. Here's a quick snapshot.

Noel Hunter OBE

Code Chair

Career beginnings

My career in consumer protection began with an innovative entry scheme run by Nottinghamshire County Council, that gave participants a taste and choice of professional disciplines.

I chose what was then known as Weights and Measures and later became Trading Standards. It was the contact with people and the chance to solve their problems and correct injustices that appealed to me.

Pivotal moments

Two initiatives stick in my mind. The first was establishing a profitable business to support the policy endeavours of the Chartered Trading Standards Institute (CTSI), which led to numerous changes in the law, notably around fair trading, and product safety. The second was establishing an international network of enforcement officials across Europe to deal with cross border consumer crime.

Biggest challenges for home buyers

Inexperience is a big challenge. Many people may only buy one or two properties in a lifetime. When they do they face a complex legal framework and a product they are ill equipped to judge in terms of quality, completeness, and description. The Code helps them to navigate this daunting challenge and safeguards them at each stage of the process including post purchase.

Top tip for switching off

I find a good book the best way to switch off after a full day. Current read is Robert Harris; Oblivion.



Frances Harrison Code Disciplinary and Sanctions Panel Chair



Proudest work achievement

There are no quick fixes when it comes to changing legislation or policy, particularly in these major sectors. While at the National Consumer Council, we campaigned alongside others in the UK and Europe to create a law on unfair trading. It took a long time and involved a lot of people, but we got there, and consumers were immediately better off as a result.

Why join the Code's Management Board

I already had an interest in the building sector from previous work, and I was impressed by the way the warranty bodies had responded to criticism of the home building industry from the Office of Fair Trading. There was a real desire to make things work better for consumers and I felt privileged to be invited to be part of that.

A perfect start to the day

The sun coming out and seeing a glimpse of the sea in Brighton.

Visit [our blog](#) to read the full articles

Supporters of The Code

