

The Consumer Code for Home Builders Independent Dispute Resolution Scheme

Annual Report: 2024



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The Consumer Code for Home Builders Independent Dispute Resolution Scheme (IDRS)

The Consumer Code for Home Builders (the Code) is an industry-led code of conduct for builders, which was developed to make the home buying process fairer and more transparent for purchasers. The Code, which came into effect in April 2010, applies to all home builders registered with the UK's main new home warranty providers¹: NHBC, Premier Guarantee, LABC Warranty and Lockton Checkmate; and consists of a number of requirements and principles that home builders must meet in their marketing and selling of homes and their after-sales customer service. The Code is now in its fifth edition, which came into force in January 2024.

Under the Code, home builders are required to have a system for dealing with complaints. However, if a home buyer is not happy with their response, they should in the first instance contact their home warranty provider. The home warranty body will either deal with the complaint under the terms of the warranty or provide the home buyer with an application form and a set of the Independent Dispute Resolution Scheme (IDRS) rules so that the complaint can be referred to independent adjudication.

IDRS is provided independently by Centre for Effective Dispute Resolution (CEDR) for resolving disputes between Home Builders and Home Buyers covered by the Code. The scheme can consider a dispute arising from anything a Home Builder does or does not do that the Home Buyer thinks is a breach of the Code and which may have caused the Home Buyer disadvantage or financial loss. From 1 January 2024, a Home Buyer can make a claim for up to £50,000, including any consequential damages and VAT. This also includes any amount for inconvenience, which is limited to £2000 per claim².

An independent, experienced Adjudicator will make a Decision on disputes by considering the written evidence received by the parties. The Adjudicator's Decision will become binding on a Home Builder if the Home Buyer tells the administrator that they unconditionally accept the Decision. If a Home Buyer rejects the Decision or does not tell the administrator that they have accepted the Decision within six weeks, the Decision will not take effect and will not be binding on either party.

Further details of the adjudication process can be found within the Scheme Rules section of this report.

¹ Excludes homes that at the time of reservation by the first buyer are covered by the New Homes Quality Board Code (NHQC). Builders operating under the NHQC must still comply with Code requirements for new homes reserved prior to activation with the NHQC.

² These financial limits were updated in the fifth edition of the Code, which went live on 1 January 2024. Previously, the fourth edition of the Code had limits of £15,000 and £500 respectively.

Facts and figures

Caseload

This report covers the period 1 January 2024 to 31 December 2024. During this period, a total of 369 cases were referred to IDRS, an increase of 3.7% on the amount of cases (356) referred to the scheme in 2023.

Since the Scheme began functioning in 2010, case numbers have steadily increased year on year, with a slight reduction noted in 2017. The Scheme has seen another increase in case numbers in 2024, representing the highest ever amount of cases referred to the Scheme in a year. As noted in previous reports, this is a trend that is evident across other industries, where consumer awareness of Alternative Dispute Resolution (ADR) has grown year on year.

In the context of the increasing numbers of disputes brought to the Scheme, it is interesting to note that the Office for National Statistics has reported that in the financial year ending 31 March 2024 there were 198,610 new homes completed in the UK. This is a 5.6% decrease from the figures for the year ending 31 March 2023, representing a slowing rate of construction of new homes. Despite this, it remains important to note that just 0.2% of new homes are subject to a dispute brought to IDRS, showing that an extremely small proportion of disputes in relation to the Code arise in the new homes sector.

The cases referred to the Scheme in this reporting period can be broken down as follows:

	2024	2023	2022	2021	2020
Cases found fully in favour of the Home Buyer	65 (18%)	64 (18%)	60 (19%)	82 (27%)	81 (33%)
Cases found partly in favour of the Home Buyer (ie. where not all of the Home Buyer's claims were proved or they were awarded less than they claimed)	124 (34%)	110 (31%)	92 (28%)	58 (19%)	34 (14%)
Cases found fully in favour of the Home Builder	128 (34%)	110 (31%)	95 (29%)	98 (32%)	78 (31%)
Cases settled	11 (3%)	30 (8%)	44 (14%)	39 (13%)	30 (12%)
Cases withdrawn or deemed invalid	41 (11%)	42 (12%)	33 (10%)	30 (9%)	25 (10%)
TOTAL CASES	369	356	324	307	248

Case outcomes

2024 has continued to see a clear majority of Home Buyers being successful in their claims against Home Builders, a consistent trend that has been noted for many years. Of the 369 cases dealt with by the Scheme in 2024, Home Buyers achieved a positive outcome (ie. a decision either fully or partly in their favour, or a settlement reached by agreement with the Home Builder) in 200 of them (representing 54% of cases). This is a slight decrease from the 57% of Home Buyers who obtained a positive outcome in 2023. Nonetheless, it confirms that the majority of Home Buyers continue to achieve a positive result from their engagement with the Scheme.

When considering the 317 cases that went all the way to a final decision from an Adjudicator in 2024, Adjudicators found in favour of the Home Buyer (either fully or partly) in 60% of decisions. This is comparable to the 61% of decisions found in Home Buyers' favour in 2023, showing that Adjudicators agree with some or all of Home Buyers' claims in a clear majority of cases.

As noted in the previous report, the proportion of cases in which Home Buyers have been entirely successful in their claims – meaning the Adjudicator gave the Home Buyer everything they asked for – has fallen from 22.5% to 20.5% of adjudicated cases. Meanwhile, the proportion of cases in which Adjudicators found partly in favour of the Home Buyer and partly in favour of the Home Builder has increased to its highest proportion in the last five years. This suggests that, while Home Buyers tend to be successful in their claims, that success continues to be more modest than in previous years. As highlighted in previous reports, this could be due to Home Builders defending claims more successfully, as well as Home Buyers requesting remedies that exceed what they are entitled to based on the evidence provided.

Settlements

Rule 4.3 of the Scheme Rules allows the Home Buyer and the Home Builder to reach a settlement by mutual agreement before an Adjudicator is appointed to make a decision. Where a settlement is reached, the Home Builder pays a reduced administration fee to the Scheme.

In 2024, 11 cases (representing 3% of all cases dealt with) were settled between the parties prior to the appointment of an Adjudicator. This is a decrease from the 8% of cases that were settled in 2023, and is in fact the lowest proportion of settled cases in the last five years. Settlements can only be achieved where the parties are prepared to consider them, and where either the Home Buyer or the Home Builder are entrenched in their positions it can be very challenging for them to reach out and seek to negotiate a settlement. The decreasing amount of settlements may indicate increasing entrenchment of positions by those in dispute with each other.

Withdrawn and invalid cases

A total of 41 cases were withdrawn or were deemed to be invalid (ie. outside the scope of what the Scheme can deal with) in 2024, representing 11% of all applications to the Scheme. This proportion represents a slight decrease from 2023, when 12% of all applications to the Scheme were withdrawn or were deemed invalid.

Of the 41 cases that did not proceed to adjudication:

- Ten were withdrawn as the Home Buyer had applied to the Scheme more than 12 months after the date on which their complaint with the Home Builder reached deadlock (Scheme Rule 2.2.4)
- Seven were withdrawn because the disputes had been subject to previous cases brought to the Scheme involving the same Home Buyer and the same property (Scheme Rule 2.2.9)
- Six were withdrawn because the subject matter of the dispute referred to the Scheme was outside the scope of the Code (Scheme Rule 2.2.5)
- Six were withdrawn at the Home Buyer's request before they had completed the adjudication process
- Six were withdrawn as the Home Buyer had not made an initial complaint to the Home Builder before applying to the Scheme (Scheme Rule 2.2.3)
- Three were withdrawn as the disputes were more appropriately dealt with under a different code of practice and therefore another forum (Scheme Rule 2.2.7)
- Three were withdrawn because the complaint had already been settled by the parties before it was brought to the Scheme (Scheme Rule 2.2.13)

Alleged and identified breaches of the Code

Where a Home Buyer alleges in their application to the Scheme that a particular part of the Consumer Code for Home Builders has been breached, the most commonly alleged sections are 5.1 (ie. procedures for handling calls and complaints), 4.1 (ie. an accessible after-sales service), 2.1 (ie. pre-purchase information) and 1.5 (ie. clear and truthful sales and advertising material). These have consistently been the most commonly alleged breaches of the Code since the Scheme began operating.

Of the 189 decisions in which an adjudicator found the Home Builder to have breached the Code during 2024, the most common sections of the Code found to have been breached were:

- 5.1: a total of 121 decisions (64%) identified a breach of the Home Builder's duty to provide appropriate procedures for handling calls and complaints
- 4.1: a total of 55 decisions (29%) identified a breach of the Home Builder's duty to provide an accessible after-sales service
- 2.1: a total of 23 decisions (12%) identified a breach of the Home Builder's duty to provide the Home Buyer with enough pre-purchase information to help them make a suitably informed purchasing decision
- 1.5: a total of 13 decisions (7%) identified a breach of the Home Builder's duty to ensure that sales and advertising material is clear and truthful

Money claims

In 2024, the Home Buyers who applied to the Scheme claimed a total combined sum of £2,315,341. This sum represents an increase of 9% in the total amount claimed by Home Buyers in 2023. Similarly, the average sum claimed by Home Buyers in 2024 was £6274.64, which is an increase of 5% on the average of £5969.88 claimed in 2023. Given the increase of almost 4% in the numbers of cases coming to the IDRS in 2024, an

increase in the total amount claimed is to be expected. However, Home Buyers continue to be more demanding in terms of their financial claims year on year.

	TOTAL SUM CLAIMED	TOTAL SUM AWARDED
2024	£2,315,341	£104,284
2023	£2,125,279	£108,087
2022	£1,695,579	£95,271
2021	£1,804,332	£144,614
2020	£1,446,070	£105,051

The total amount awarded to Home Buyers by Adjudicators in 2024 was £104,284. This is a decrease of 3.5% in the total amount awarded when compared with 2023, which is interesting given that there were a higher total number of decisions that were either fully or partly in favour of Home Buyers. It could be expected that the total amount awarded to Home Buyers would increase with a higher number of successful claims, but in fact while more awards may have been made to Home Buyers, their value has been generally lower. Indeed, the average amount of compensation awarded by Adjudicators in cases where the Home Buyer's claim was successful in 2024 was £551.77. This is 35% decrease on the 2023 average of £851.08, representing the lowest average award for several years.

It is also important to highlight that only 4.5% of the total sum claimed by Home Buyers was actually awarded by Adjudicators in 2024, a proportion that has been decreasing year on year (5.1% in 2023, 6% in 2022 and 8% in 2021). This continued decrease may be notable in 2024 given that the maximum amount of compensation available under the Scheme Rules increased to £50,000 for claims made on or after 1 January 2024. Nevertheless, Home Buyers continue to claim financial sums that far exceed what they are likely to obtain through the IDRS.

Many Home Buyers claim the maximum amount of compensation available on the basis that if money is not claimed then it cannot be awarded. In 2024, six Home Buyers claimed the maximum compensation available of £50,000, representing just 1.6% of all claims, down from 25% of all claims in 2023. However, this is due to the maximum compensation limit being significantly raised from £15,000, as 25% of all claims in 2024 were for sums of £15,000 and above. Nonetheless, the Independent Adjudicator's role is to give an objective assessment of the value of a Home Buyer's claim based on the evidence that has been put forward by the parties. Therefore, it is inevitable that every year the amount awarded by Adjudicators is significantly lower than the amount claimed by Home Buyers.

There were 21 decisions made by Adjudicators in 2024 in which the Home Buyer was awarded more than £1000. This is a slightly higher proportion (11%) of decisions in which Home Buyers were awarded more than £1000 in 2023 (10%). Of the 21 higher-value awards in 2024, two awards were for more than £10,000, which is one less than in 2023. At the other end of the scale, 28 decisions awarded the Home Buyer £250 or less. This is a significantly lower proportion of low-value awards (15%) than in the previous year (32%). This data, correlating with the lower average and total awards, and the fact that 47 decisions awarded Home Buyers a non-monetary award, indicates that fewer cases are receiving financial awards than in previous years.

Accepted or Rejected

Any decision made by an adjudicator through the Scheme will only be binding on the parties if the Home Buyer chooses to accept it within six weeks of its publication. Where a Home Buyer chooses to reject a decision, or where a Home Buyer fails to respond within six weeks of the decision being made, the decision has no effect whatsoever on either party. Decisions are not open to review or appeal under any circumstances.

Below is a breakdown of the cases that have been accepted, rejected and not responded to by Home Buyers:

	2024	2023	2022	2021	2020
Decision accepted	144	135	132	103	92
Decision rejected	109	81	51	69	61
No response	64	68	64	66	40

In 2024, 45% of decisions were accepted by Home Buyers, which is a decrease from the 48% of decisions accepted in 2023. Given that the proportion of decisions in favour of Home Buyers dropped slightly from 57% in 2023 to 54% in 2024, combined with lower average and total financial awards, it is understandable that fewer decisions were accepted in 2024.

Service statistics

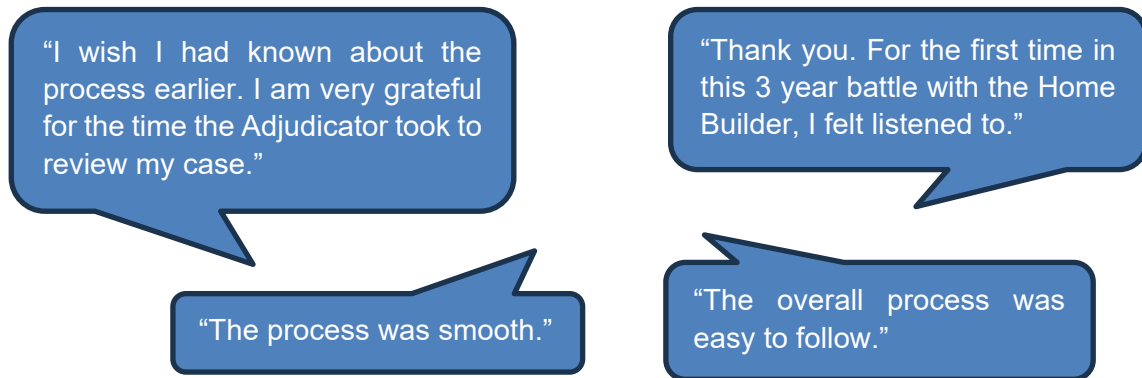
Of the 317 cases from 2024 that went to adjudication, 292 of them (representing a total of 92%) reached a Proposed Decision within 8 weeks of the date on which the Home Buyer's application was sent to the Home Builder for their response. This is a striking increase from the 44% of Proposed Decisions completed within eight weeks in 2023, exceeding even the 73% of decisions completed within eight weeks in 2022. This substantial improvement is due to increased staffing resources and an upgraded case management system that moves cases on in the process automatically, which have ensured almost all cases have been processed within eight weeks.

None of the cases dealt with during 2024 exceeded the statutory timeframe of 90 calendar days from the date on which the complete complaint file is received to the date on which the Adjudicator's decision is produced, which is mandated by the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 for all consumer dispute resolution schemes in the UK.

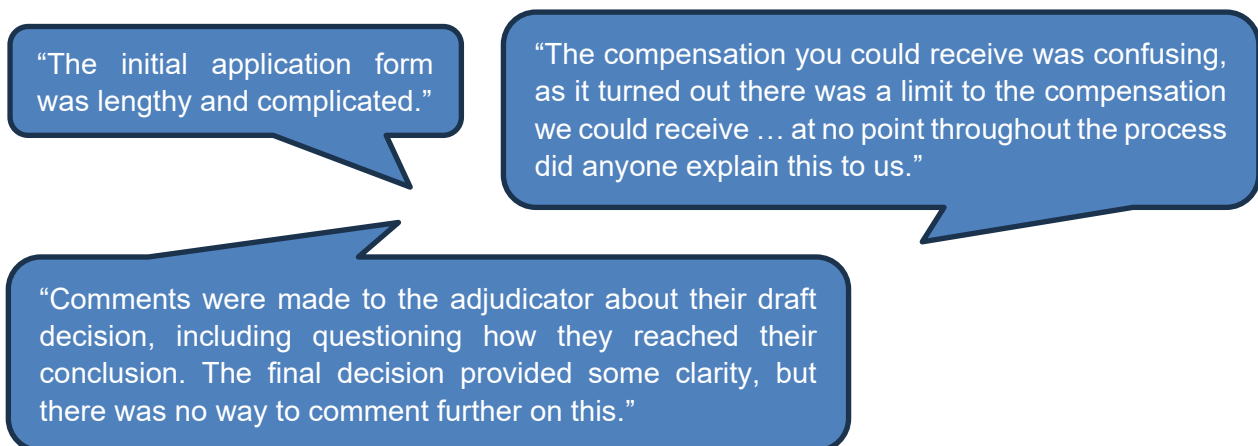
User feedback

After each case is complete, home buyers are invited to provide feedback on their experience of the IDRS process. While the outcome of a decision often influences the feedback provided, home buyers have offered useful perspectives on what aspects of the process were positive and which areas could be potentially improved upon.

In this reporting period, home buyers were satisfied with the quality of the adjudications, the independent role of the IDRS in listening to users, and the smooth running of the case process:



On the other hand, some home buyers raised concerns about the complexity of the application form, a potential lack of clarity about the financial limits, and the inability to provide comments on the final decision for the adjudicator to consider:



The literature provided by the IDRS at the start of the case process, as well as the information requested in the application form, are intended to make home buyers fully aware of how the Scheme works – including the compensation limits – and to ensure that they provide all of the details and evidence they wish to rely on. However, it is important to strike a balance between comprehensive detail and ease of access, so this feedback will be borne in mind when the Scheme literature and application form are next reviewed. Comments on Proposed Decisions are invited, but in the interests of ensuring that the adjudication process has a clear end point, no further comments can be considered once a Final Decision has been issued.

Case Studies

Summary versions of every case that has been dealt with by the Scheme and which have gone all the way to an Adjudicator's decision can be found at the following link:
<https://consumercode.co.uk/home-buyers/how-are-complaints-dealt-with/adjudication-case-summaries/>

Scheme Rules

The latest version of the Scheme Rules (1 January 2024 edition) can be accessed here:
<https://www.cedr.com/wp-content/uploads/2023/12/CCHB-Consumer-Code-for-Home-Builders-Service-Rules-January-2024.pdf>