



Consumer Code for
NEW HOMES



ANNUAL REPORT 2022

Consumer Code for New Homes

www.consumercodefornewhomes.com

Foreword

Welcome to the fourth annual report for Consumer Code for New Homes.

At Consumer Code for New Homes, we remain committed to our primary objective of improving standards in the new homes sector from construction to customer service. The Code provides an end-to-end consumer protection regime from reservation stage through the sales and handover stage, up to two years post completion of sale, providing much needed peace of mind for buyers of new homes.

2022 proved to be another challenging year with the cost of living crisis being felt by consumers and developers alike. As a result, we saw an increase in complaints about sales that had fallen through and more formal complaints raised through our Alternative Dispute Resolution Scheme than previous years.

When issues occur in a new home, it can be a stressful time for new homeowners, so we aim to support homeowners sufficiently to help resolve matters. As an organisation we genuinely care that buyers of new homes receive excellent service from developers, and we pride ourselves on being a team which wants to make a difference.

Since most of our developer members are small to medium sized developers, we provide a comprehensive Code training, advice and support service. We know what support our members need in order to provide a good level of customer service and they receive a good level of support from us. We believe this helps to raise standards for consumers in the new homes sector.

I hope you find this year's report an interesting read.

A handwritten signature in black ink that reads 'Sarah Langley'.

Sarah Langley
Managing Director

About Us

Following a government review relating to service quality in the house-building industry, it was apparent improvements were required to improve customer services and protection for customers, and so the development of a code of conduct for new house sales was recommended.

Consumer Code for New Homes has been established to be of maximum benefit to consumers and its ultimate aim is to provide a genuine commitment to consumers, to improving standards of construction and raise customer service standards in the New Homes market.

Consumer Code for New Homes Ltd was founded in 2016 and received Chartered Trading Standards Institute code approval in 2017.

The Code is supported by seven Warranty Bodies whose site surveying activities help to improve quality of construction in housebuilding:



Code of Practice

The Consumer Code for New Homes, approved by the Chartered Trading Standards Institute, has been established to ensure that best practice is followed, and higher standards set, in respect of the marketing and selling of new homes and to set expected standards for after sales customer care service.

The ultimate aim of Consumer Code for New Homes is to provide a genuine commitment to consumers, to improving standards of construction and customer service in the new homes market. Consumer Code for New Homes wants to ensure buyers of new homes are treated fairly by developers.

Consumer Code for New Homes establishes mandatory requirements that apply to all developers registered with the Code when they sell their new homes to consumers. The Code applies from the marketing stage through to two-year post completion of sale. The Code also benefits second and subsequent buyers of the new home but only in respect of after sales matters reported within two years of the date of the completion of the new home purchase.

Nothing contained within the Code affects a buyer's existing legal rights and does not replace any existing legislation regarding the sale and marketing of new homes to consumers.

We proudly remain a Chartered Trading Standards Institute Approved Code, being confident that the external accreditation of a tried and tested consumer code approval scheme framework gives us the external challenge and scrutiny needed to maintain our high standards, and further develop the Code to continually address changes in buying and selling behaviours when it comes to new homes. This ensures Consumer Code for New Homes remains firmly at the forefront of providing a highly effect Consumer Code for buyers of new homes and we are constantly reviewing the Code and processes, to find ways to improve. It is fair to say we never stand still, and the Code is ever evolving and developing.

Code Membership

Developers who work with the one of the Warranty Bodies which support the Code, sign an agreement directly with Consumer Code for New Homes and agree to be bound by the terms of the Code of Practice. This agreement must be signed annually.

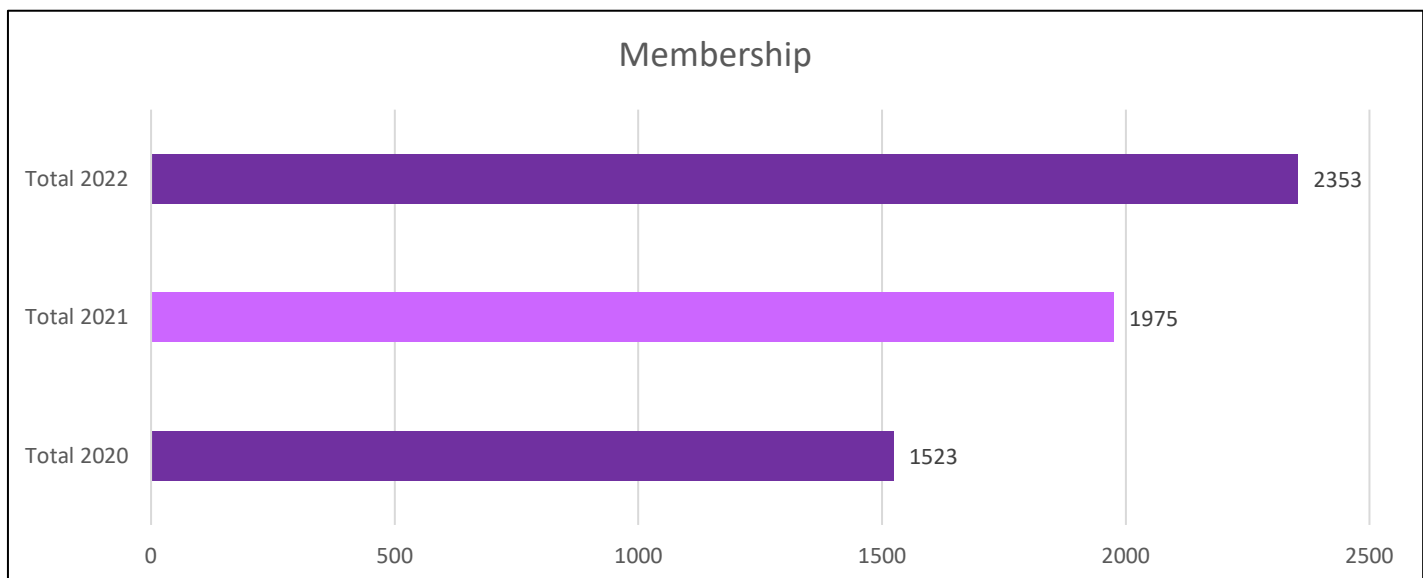
A Developers' obligations under the Code start when the new homes are marketed for sale, and last until two years post completion of sale for each home.

Code membership continues to grow, with 378 new members joining Consumer Code for New Homes in 2022, making a total of 2,353 Code members, a growth of 28% from 2021.

To help Developers comply with the Code, we have produced comprehensive guidance on the Code, along with providing standard templates and procedures covering the requirements of the Code. All this information is available in the Members' Area of our Code portal. We also provide telephone advice to Developers who ask for guidance and support with their customer service processes and compliance with the Code.

We provide online training for all staff involved in consumer facing marketing and after sales roles, regardless of whether employed by the Developer or an Agent. This has proved to be very popular with Developers and Agents since it is a free of charge and accessible training option.

Code compliance audits are completed throughout the year. Audits are a mix of routine periodic audits, plus targeted audits focusing on areas of consumer complaints.







Consumer Advice

A key part of the Consumer Code for New Homes is providing advice and guidance to consumers. We provide pre-purchase advice relating to Developers who are members of our Code, and support for Buyers who have purchased a new home registered with the Code who are looking for advice and guidance on resolving issues with a Developer.

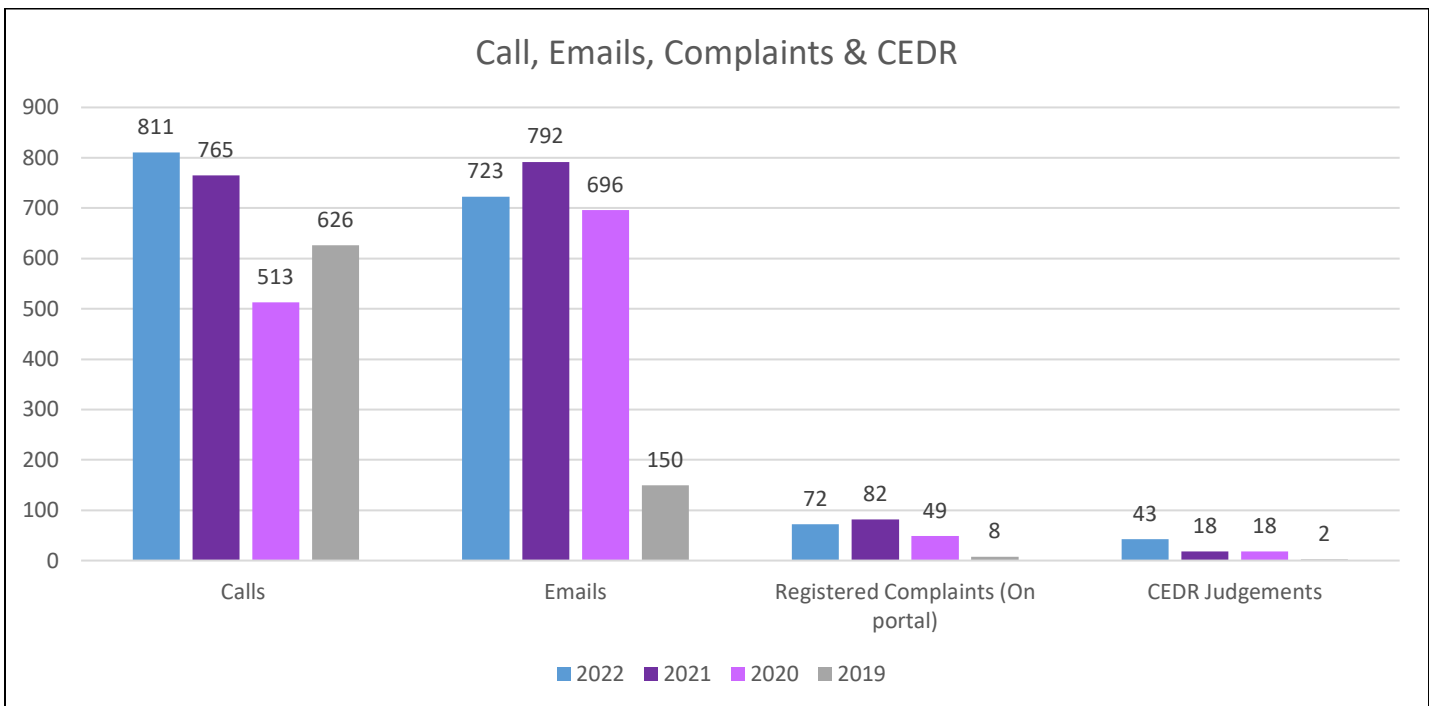
We pride ourselves on being accessible and offering prompt support to Buyers. We are contactable via email or telephone during normal working hours.

We do monitor complaint types for trends and feed this back to the CCNH Board of Directors. We also provide guidance to Developers if there are emerging trends in complaints via mailshots and targeted advice.

Typical enquiries and complaints relate to:

-  Cancelling the reservation agreement
-  Completion timescales
-  Snagging and defects not covered by the structural warranty in years one and two, post completion of sale
-  Requests for general advice on how to effectively make a complaint

Consumer Code for New Homes received over 1,500 requests for advice and support from consumers and developers in 2022. This is consistent with 2021 figure.



Dispute Resolution Scheme

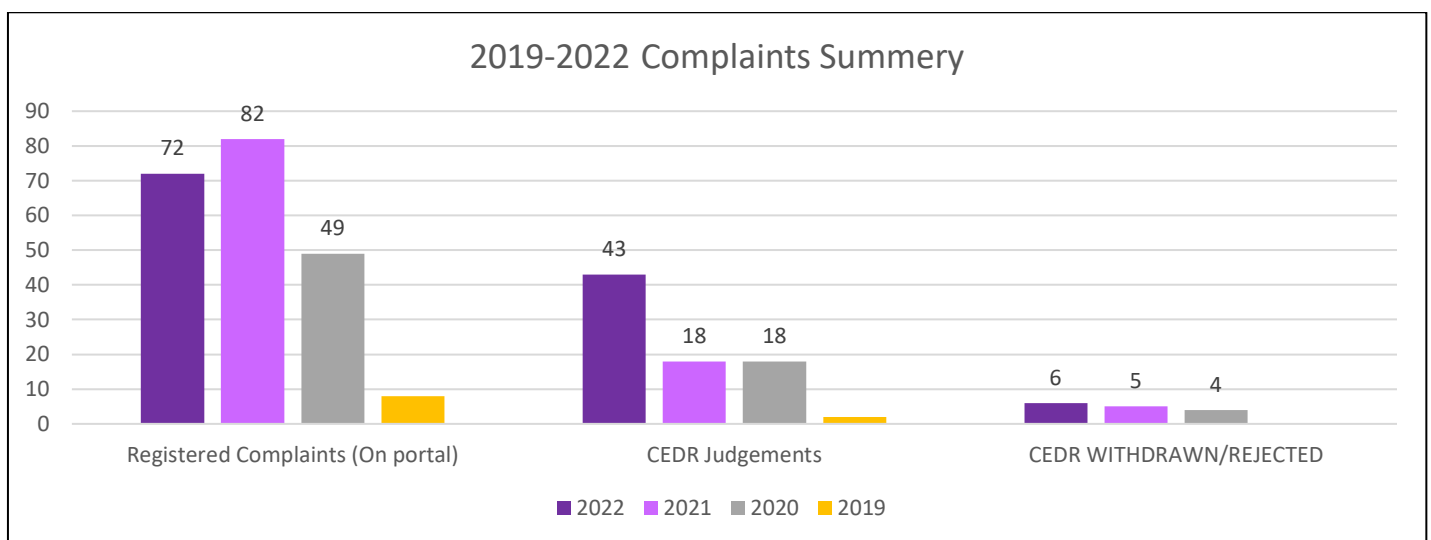
One of the fundamental aspects of the Consumer Code for New Homes is the provision of access to a free and effective dispute resolution scheme in the event that a dispute arises between a Buyer and a registered Developer that cannot be resolved informally. This can help to avoid costly and protracted legal action.

The Consumer Code for New Homes Dispute Resolution Scheme is operated by the [Centre for Effective Dispute Resolution](#) (CEDR), an experienced ADR provider in the New Homes sector. Our scheme is independent of the Developer and the Warranty Bodies, and any matter referred to the scheme concerns disputes under the Consumer Code for New Homes only. The adjudication will be independent and conducted by a trained independent Adjudicator.

We support both Developers and Buyers through the formal complaints process by answering procedure related queries and providing advice on what evidence is needed to support either their formal complaint or their defence. After the final adjudication decision report has been issued, we follow up on any awards made as part of the adjudication and ensure they are honoured.

The team here at CCNH spends considerable time supporting Buyers and overseeing Developers at the adjudication award stage to ensure all awards are honoured fairly - we feel strongly that we should provide a good level of customer support until the formal complaint process is concluded. Routinely, we carry out a full audit of the Developer if any Code non-compliance issues are highlighted by the Adjudicator. We also provide procedural advice and guidance to Developers to help them to strengthen and improve their customer services processes and procedures if it is necessary.









The number of registered complaints received in 2022 was 72, which is a slight drop from 82 in 2021. However, the number of formal complaints that were submitted to the alternative dispute resolution scheme rose to 46. 8 ADR cases raised in 2021 had a final decision issued in 2022. 43 of these live cases in 2022 had final decisions issued or were concluded in other ways. 11 cases were carried over into 2023.



Key Points of CEDR Judgements - 2022

The number of cases concluded in 2022 increased significantly from previous years. In total, 43 judgements were concluded in 2022, 2.4 times the number of cases concluded in 2021.

To summarise, the key points were:

-  28 judgements found at least some of the areas of the complaint in the consumer's favour.
-  The total number of issues that Developers were directed to rectify was 90 and the total financial award to buyers was £64,268.61
-  3 judgements found in the Developer's favour.
-  6 formal complaints were withdrawn by the Buyer and did not proceed.
-  3 formal complaints reached an early settlement between the buyer and the developer and did not proceed to the adjudication stage.
-  3 formal complaints were deemed not in scope of the Code and rejected.
-  23 of the judgements related to snagging and defects.
-  The main areas of complaint were issues with bathrooms, kitchens, tiling, flooring and poor quality finishes in other areas of the home.

Case Studies - CCHN ADR Cases 2022

Case Study A

The Buyer complained that the Developer had failed to complete promised snagging work, including re-plastering the front elevation of the property and repairs to the bathroom.

The Buyer asked for an apology, an explanation and a direction that the Developer will carry out the work.

The Developer responded that it had already carried out some of the snagging work. They offered to carry out the re-plastering early in the spring when the weather is better, and they had contractors available and had only recently been notified of the issue in the bathroom to which the Developer agreed to attend.

Adjudication Findings

The evidence showed that the Developer was in breach of the Code, in that it had not made appropriate provision for after-care and carrying out of snagging works.

Outcome and Buyer Award:

The Developer must:

1. Apologise to the Buyer for the breaches of the Code.
2. Undertake re-plastering of the front elevation of the New Home to a satisfactory standard and make good.
3. Carry out the further necessary repairs to the bathroom agreed by the Developer.

Case Study B

The Buyer complained that the Developer wrongly terminated a Reservation Agreement for the purchase of a New Home shortly before the exchange of contracts and at a point when there had been no expiry of that Agreement. They claimed that the Developer was in breach of Section 4.5 of the Consumer Code for New Homes.

The Buyer asked for a direction that the Developer should sell them the New Home or give a full reimbursement of the wasted costs of tiles and legal & conveyancing expenses, and for an apology.

The Developer did confirm that the wasted cost of tiling had been re-paid to the Buyer together with full return of the Reservation Fee.

Adjudication Findings

The Developer was in breach of section 4.5 of the Code.

The Reservation Agreement contained no date of expiry, and the Developer brought the Agreement to an end without reasonable notice, by increasing the purchase price for the New Home with immediate effect and/or stating in terms that the Reservation Agreement had been ended.

Although the Developer had repaid the wasted tiling costs, the Developer was required to reimburse wasted expenditure on conveyancing and mortgage fees since these costs were incurred in relation to the reserved home in consequence of entry into the Reservation Agreement. While there is a term in the Reservation Agreement that these cannot be recovered, it was found that the Developer cannot rely on the terms and conditions of a Reservation Agreement that has been ended by its own breach of the Agreement and in circumstances where the Code has also been broken.

Outcome and Buyer Award

The Developer must:

1. Pay the Buyer compensation of £1,029.34.
2. Apologise in writing to the buyer.

Disciplinary & Sanctions Panel

Consumer Code for New Homes takes Code compliance seriously.

The Disciplinary and Sanctions Panel acts as a decision making panel in relation to disciplinary hearings for Developers which have signed up as members of the Consumer Code for New Homes. Panel members are independent of the housebuilding industry and warranty insurance industry.

Where a Developer is found to be in serious breach of the Code, Consumer Code for New Homes can apply a range of sanctions, including financial penalties and removal from the Code's register of members. This will also result in removal from the registers maintained by the Warranty Bodies which support the Code. These sanctions shall be extended to exclude the registration of statutory Directors of any Developer which is sanctioned under the Code.

Any Developer removed from the registered members list of the Warranty Bodies will not be permitted to re-join the lists for a minimum period as stipulated by the Disciplinary and Sanctions Panel. Before reapplying they must be able to demonstrate that they have taken all the necessary improvement steps to comply with the Code in the intervening period.

Consumer Code for New Homes works closely with Developers to ensure they provide a high level of customer service, comply with the Code and honour any alternative dispute resolution (ADR) awards made against them. Early intervention and action by CCNH ensures that most ADR awards are honoured by the Developer.

There was one Disciplinary and Sanctions Panel hearing in 2022.

Two Developers were excluded from the Code. One Developer was excluded for non-compliance with an ADR award, and the other Developer was excluded for evading their Code responsibilities to Consumers.

To prevent Developers trying to rejoin the Code under a different name, the Directors and any future companies they are associated with are also included in the Code Disciplinary and Sanctions Panel sanctions.

We routinely inform the Chartered Trading Standards Institute of our Code Disciplinary and Sanctions Panel decisions. We also make sure other Codes in the sector are made aware of exclusions to prevent 'Code hopping'; where a banned Developer tries to join another Code.

The list of banned companies and Directors is displayed on our website at:

[Excluded Developers | Consumer Code for New Homes](#)

Key Priorities for 2022 - Progress Update

As an Approved Code, Consumer Code for New Homes continues to evolve, developing new ways in which we can protect consumers and ensure our Developer members have the support and guidance they need to comply with the Code.

Below is a progress update for our priority areas for development in 2022:

1. Grow the membership base and support provided to members of the Code.
Code membership increased to 2,353 in 2022. An increase of 378 code members.
2. Launch our new website.
The new CCNH website was successfully launched in 2022.
3. Develop our Developer guidance documents and templates further, based on feedback and business needs.
We conducted a review, and there is not currently a need for any additional templates or guidance for Developers. We did spend more time raising awareness of what we do provide for Developers to help them comply with the Code. We have also started providing advanced Code training for Developers when required.
4. Continue to support consumers, with particular support for vulnerable consumers.
The number of enquiries received from consumers decreased slightly from 2021, although formal complaints increased significantly. We remain accessible via telephone and email and provide the level of support each consumer needs. We try to have a named contact for each complainant whenever possible, where follow up advice or additional support is needed.
5. A full Code wording review to make any changes deemed necessary based on changes to buying and selling behaviours.
CCNH did complete a full Code review in 2022, however the decision was made to work alongside other Codes to work towards aligning code wording where possible. This has extended the time for the review, which should be completed in 2023.

Key Priorities for 2023

Our priority areas for Code development in 2023 are:

1. Provide additional support for consumers with enforcing their Code alternative dispute resolution awards.
2. Working collaboratively with other Codes to see how we can simplify the customer journey for consumers and make improvements to the Code.
3. Complete a review to see if there are any gaps in consumer protection for shared ownership homeowners.
4. Review the Alternative Dispute Resolution processes with CEDR.

