Consumer Code for New Homes

Annual Report 2024

A reassuring presence for new home buyers

Foreword

Welcome to the 2024 Annual Report for the Consumer Code for New Homes.

In January 2024, we launched our new Code wording, which brought in additional new protections for consumers, including longer cancellation rights, a widened Code scope and the right to a pre-completion inspection of the new home. The discretionary award for inconvenience and stress under the Code independent dispute resolution scheme also doubled from £1,000 to £2,000. I am pleased to report that the launch of the revised Code went very well - good planning and preparation from the team here made the switch seamless for developers and consumers.

Our team works tirelessly to support both buyers and Code members and regularly they go above and beyond to help our customers. The team practices what we preach and provide high levels of customer service tailored to customers' needs, especially to consumers who need additional support. I would like to take this opportunity to thank them for their continued hard work, it is always appreciated.

Membership of the Code has increased to 3,499 developers by the end of 2024. The number of new members we welcomed in 2024 was five times higher than in 2023, with 962 new developers registering with the Code in 2024. We welcome this indication that housebuilding is slowly recovering from the post Covid period and the continued cost of living crisis slump.

With an ever-expanding membership base, during the year we received over 2,672 requests for advice and support from consumers and developers, registered 110 formal complaints from consumers and supported 57 consumer complaints through the independent dispute resolution process. 33 of these IDRS complaints had judgements found in the consumer's favour, awarding a total of £76,443.76 to consumers, and directing that 268 separate issued were rectified by developers.

2024 was a year of hellos and goodbyes. Earlier in the year we welcomed Construction Insurance Risk (CIR) as a Code User, while in the latter part of the year One Guarantee announced that they would no longer be issuing structural warranties and will now cease to be an active Code User.

Towards the end of the year, the government announced that they would proceed with a mandatory code of practice and an Ombudsman scheme in the New Homes sector. No further details have been confirmed, but we are committed to working with government officials, other Approved Codes and key stakeholders on finding a solution that drives consumer protection further and builds on best practice and experience from within the sector.

We look forward to 2025 and continuing the important work of Consumer Code for New Homes for new home buyers.

Sarah Langley
Managing Director

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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 improve standards of construction and raise customer service standards in the New Homes market.

Consumer Code for New Homes Ltd was founded in 2015 and received Chartered Trading Standards Institute code approval in 2016.

The Code is supported by nine 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, is a mandatory Code for Members which has been established to ensure that best practice is followed by registered Developers in respect of the marketing and selling of New Homes to consumers, and also sets expected standards for after-sales customer care service.

It 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, recognising that part of that commitment is providing consumers with a voice and a clear complaints process when things simply don't go according to plan when they buy a new home.

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.

The Code is underpinned by an Independent Dispute Resolution Scheme operated through CEDR Limited. CEDR 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 Developer from the Reservation date until two years after the date of Legal Completion. Buyers who think they have a Dispute because a Developer has failed to meet the Requirements may choose to refer it to the Independent Dispute Resolution Scheme.

We proudly remain a Chartered Trading Standards Institute Approved Code, 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.

Supporting buyers & raising consumer protection standards is central to everything we do.

Code Version 5 – Launched in January 2024

On 1 January 2024 we launched Version 5 of Consumer Code for New Homes. The changes were made based on customer feedback and our desire to raise consumer protection standards higher under the Code. The main changes to the Code included:

- Common Areas (including communal heating, sewage, and drainage systems) are now included within the Scope of the Code.
- Reservations now clearly require a 14-calendar day Cooling-Off Period.
- Developers must not offer financial incentives to encourage customers to complete on a new home which has not yet met warranty quality standards.
- Buyers now have the right to undertake a Pre-Completion Inspection and identify any snags which should be resolved prior to Legal Completion.
- There are updated requirements for what should be included in a developer's complaints procedure and the timescales by when customers can expect to receive a response to their complaint. Buyers' questions should now be acknowledged within five calendar days and responded to within a reasonable period.
- The Independent Dispute Resolution Scheme has increased the discretionary award for inconvenience up to a maximum of £2,000 (previously it was £1,000).
- Reservation Agreements must now include more detail about certain costs and should be accompanied by a more comprehensive suite of information.
- The information that must be provided to a buyer pre-contract has been clarified and expanded to include, for example, the detailed planning consent reference number under which the new home is being built, as well as the new home's expected energy performance standards.
- Any commission received by the developer, as a result of recommending suppliers (including financial and legal advisers), must be declared.
- There are a number of new and updated definitions of some terms which have special meaning within the Code - these have been updated to align with other codes in the sector and to be more accessible for consumers.

The Code Team prepared for the new Code launch by updating the website, adding clear signposting for the new version of the Code and issuing detailed guidance and updated training for developers.

All Code templates and documentation have been updated to reflect the new Code wording.

A Year in Numbers

9 Warranty bodies support Consumer Code for New Homes as Code Users

268 separate issues rectified by Developers as part of independent dispute resolution scheme awards

2,672 consumers and developers provided with advice and support by the Code's team

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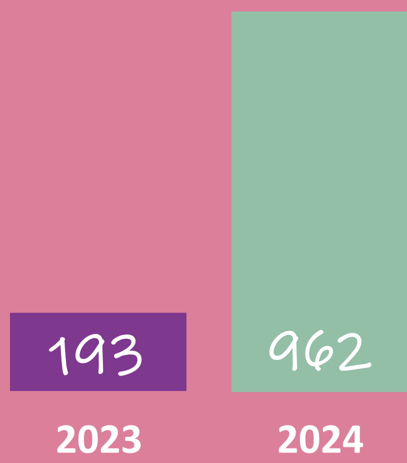
New Version of the Code



962

new members

5X increase on 2023

110

new consumer complaints registered

57

IDRS decisions issued

£76,443 awarded to buyers

3,499 Total Code Members since 2015

Code Membership

Developers who work with the one of the nine Warranty Bodies who 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.

962 developers joined the Code in 2024, bringing our membership to a total of 3,499 Code Members.

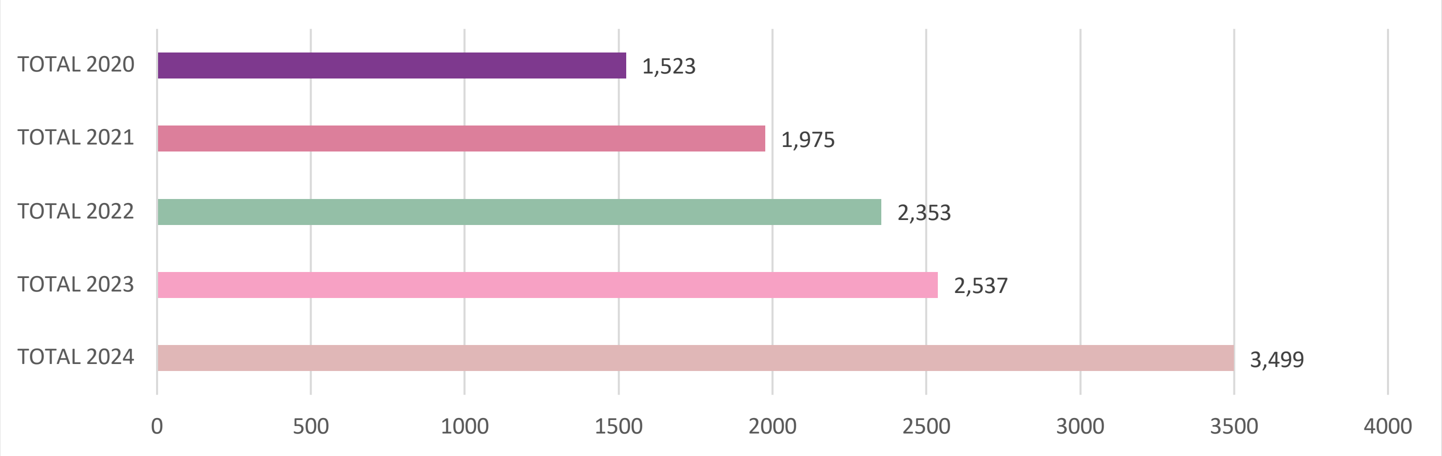
The number of new members registering in 2024 was five times higher than in 2023, indicating something of a recovery in the house-building market during the year. Covid and the cost of living crisis has had a significant impact on the construction industry, and the new homes market in particular has been slow to recover.

To help developers comply with the Code, we have produced comprehensive guidance, along with providing standard templates and procedures covering the requirements of the Code. All of this information is readily available in the Code Members' Portal, accessible via our website. We also provide telephone advice to developers who ask for guidance and support with their customer service processes and compliance with the Code – we find this is a very important aspect of the running of the Code, particularly for our SME members who need additional support to help them comply with the Code.

The Code also provides online training for developer's staff who are involved in consumer facing marketing and after sales roles, regardless of whether the member of staff is employed by the developer or an agent. This has proved to be very popular with developers and agents since it is free of charge and is an accessible training option.

Code compliance audits of the membership base are carried out throughout the year. Audits are a mix of routine periodic audits, plus targeted audits focusing on specific areas of consumer complaints. It is very important that the high standards set under the Code are maintained and swift action is taken when a developer is not complying with the Code.

Membership Stats



Consumer Advice

A key part of the Consumer Code for New Homes is providing advice and guidance to consumers, supporting buyers who have purchased a new home built by a developer who is registered with the Code, when they are looking for advice and guidance on resolving issues they may have with their developer.

Part of the CCNH ethos is to provide an accessible and timely support service to buyers and as such, we are contactable via email or telephone during normal working hours.

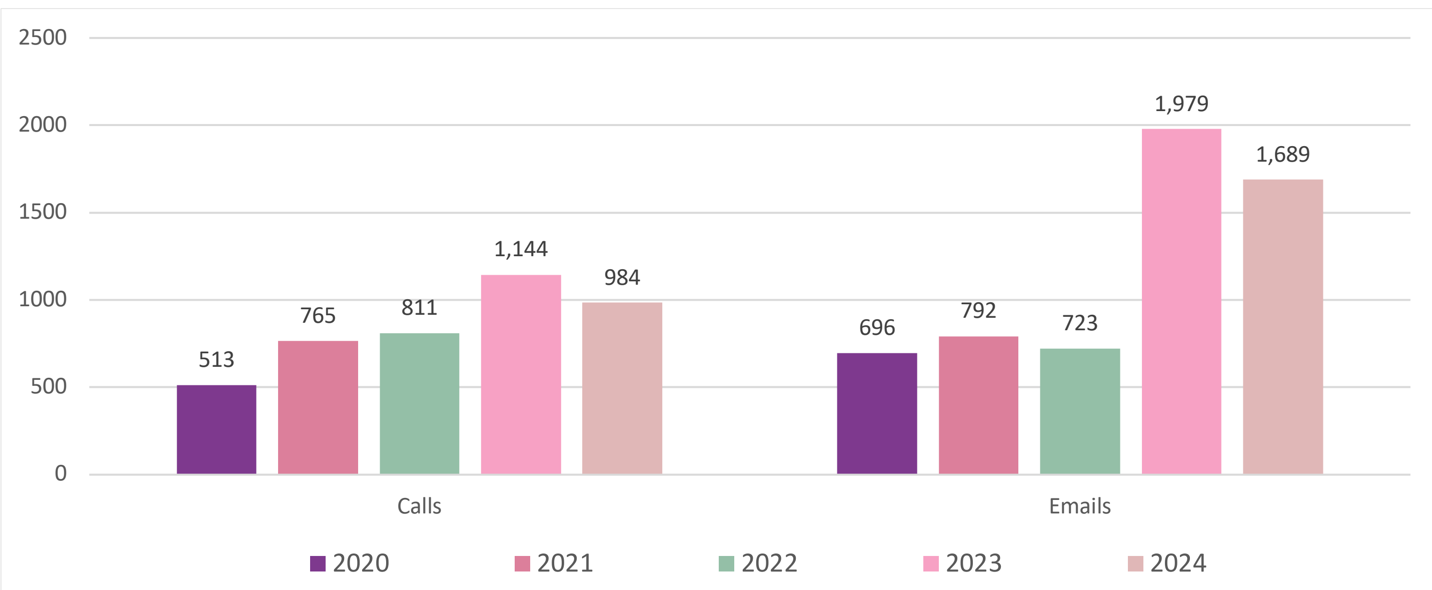
We monitor complaint types for trends and to identify if there any new emerging issues that need to be addressed. We also provide guidance to developers if there are emerging trends in complaints via mailshots and targeted advice.

Typical consumer enquiries and complaints relate to:

- Cancelling the new home purchase
- Completion timescales
- Snagging and defects (which are not covered by the structural warranty), post completion of sale
- Requests for general advice on how to make a complaint.

In 2024, Consumer Code for New Homes received 2,673 requests for advice and support from consumers and developers. This is 10% less than in 2023, but still significantly more than in previous years. The drop in Code registrations in 2023 due to Covid and the cost-of-living crisis had a knock-on effect resulting in reduced levels of enquiries in 2024.

Enquiry Volume Stats



Independent 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 which cannot be resolved informally. This can help to avoid costly and protracted legal action for consumers.

The Consumer Code for New Homes Independent Dispute Resolution Scheme (IDRS) is operated by the Centre for Effective Dispute Resolution (CEDR), an experienced alternative dispute resolution () 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 is independent and conducted by a trained independent Adjudicator.

As a Code, 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 by the developer.

We firmly believe that it is important to support developers as well as consumers, through the IDRS process, not simply because many of our developer members are SMEs, but also because it promotes better awareness and understanding of the Code at grassroots level, and goes a long way towards improving outcomes for consumers, not just on a specific IDRS case, but in future for every additional new home that developer builds and sells.

The Code team spends a reasonably considerable amount of time following the adjudication award to ensure that all awards are fairly honoured. Routinely, we carry out a full audit of the developer if any Code non-compliance issues are highlighted by the Adjudicator and 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 by the Code in 2024 was 110.

The number of formal complaints that were submitted to the IDRS was 57.

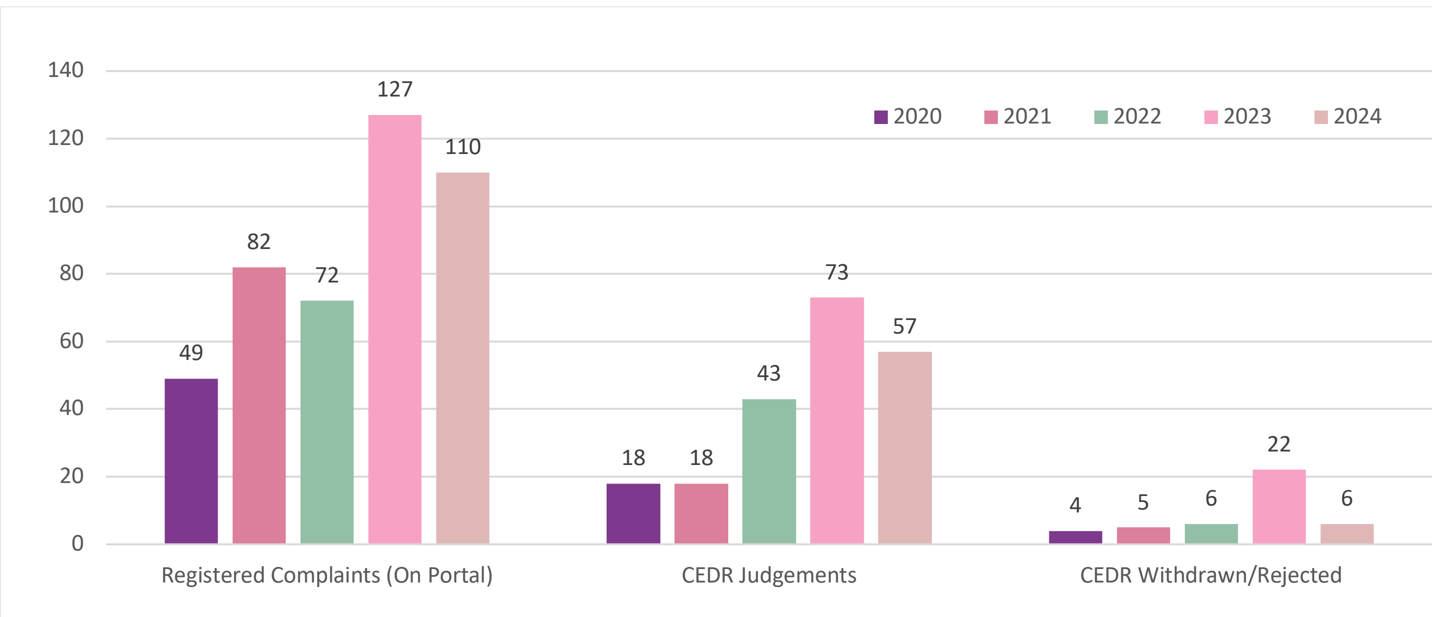
33 (IDRS) cases raised had a final decision issued in 2024.

Dispute Resolution Scheme - CEDR Judgement Summary

To summarise, the key points were:

- 33 judgements found at least some of the areas of the complaint in the consumer's favour.
- 11 judgements found in the developer's favour.
- 12 formal complaints were withdrawn by the buyer and did not proceed.
- 2 formal complaints reached an early settlement between the buyer and the developer and did not proceed to the adjudication stage.
- 4 formal complaints were deemed not in scope of the Code and rejected.
- The main areas of complaint were issues with flooring, leaks in bathrooms, leaks causing damage to ceilings, patio doors not fitted correctly and poor decorative finishes in different parts of the new home.
- The total number of issues that developers were directed to rectify was 268.
- The total amount awarded to buyers was £76,443.76

Dispute Resolution Scheme - Stats



CCNH Case Studies 2024

Case Study A

The buyer stated that the developer had failed to reimburse them for costs incurred on carpeting, as agreed, and they had failed to resolve the outstanding snagging issues at the property.

The buyer requested £824.30 and that the developer resolve the remaining snagging issues.

Adjudication Findings

The adjudicator found that the developer had breached Sections 6.1, 6.2 and 7.1 of the Code. The developer had failed to acknowledge, investigate into, and respond to, the buyer's complaints in the time frames required. The developer had agreed that the buyer was to be reimbursed the costs incurred on bedroom carpeting upon moving into the property, but this reimbursement had not been issued.

Outcome and Buyer Award

The adjudicator directed the developer to take the following action:

1. Investigate the buyer's complaints, propose a schedule of works that will be carried out, and provide the buyer with reasonable estimations as to when these works will be completed.
2. Advise the buyer which works they do not agree to proceed with and provide the buyer with a clear explanation as to why they disagree that they should be liable to carry out such works.
3. Compensate the buyer in the total sum of £1,324.30

TOTAL AWARD TO CONSUMER: £1,324.30 + remedial works

Case Study B

The buyer claimed that the developer had breached the Consumer Code for New Homes because the developer did not deal with the various outstanding snagging issues with the new home and provided poor customer service.

The buyer requested that the developer rectify all the outstanding snagging issues and pay £1,529 for the locksmith's costs to make good and refit a lock to the front door.

The developer denied any responsibility for the damaged lock and said it was still investigating the various snagging issues.

Adjudication Findings

The adjudicator found that the developer had breached sections 6.2 and 7.1 of the Code in relation to the new home's front door and snagging. The developer had not provided an accessible aftersales service and did not make repairs when a snagging issue was correctly identified.

Outcome and Buyer Award

The adjudicator directed the developer to take the following action:

1. Rectify the issue with the balcony door not being sealed properly.
2. Rectify the kitchen/hallway light switch.
3. Rectify the cracks in plaster in the ceiling near the window in the bedroom.
4. Rectify the skirting board in the bedroom.
5. Rectify the floorboard knots and grouting.
6. Rectify the wall, ceiling and light surround marks and scuffs.
7. Rectify the second-bedroom wardrobe.
8. Pay £1,529 for the locksmith's costs to make good and refit a lock to the front door.

TOTAL AWARD TO CONSUMER: £1,529.00 + remedial works

Case Study C

The buyer said that there was a defect with the heating and plumbing system which needed to be rectified. The developer did not assist with the matter, so the buyer paid to complete the remedial works.

The buyer requested that the developer reimburse £1,000, paid out rectifying the heating and plumbing issue at and arrange for an independent qualified person to investigate the heating and plumbing system.

The developer said that it was not made aware of any safety issues on the development and the buyer had not provided evidence to show that remedial works were, or are, required.

No offer of settlement was made.

Adjudication Findings

The adjudicator found in favour of the consumer in part. The developer did not comply with the requirements of the Code and had not adequately remedied the issue. The developer had breached Code Section 7.1, because it has not resolved the buyer's complaint. The developer did not provide sufficient evidence to dispute the buyer's claim.

There was insufficient evidence to support the buyer's claim that further investigation of the heating and plumbing system was necessary. The invoices indicated that the fault had been rectified so this element of the buyer's claim did not succeed.

Outcome and Buyer Award

The adjudicator directed the developer to take the following action:

1. Pay the buyer £1,000 to reimburse the costs incurred rectifying the fault with the heating and plumbing system.

TOTAL AWARD TO CONSUMER: £1,000.00

Case Study D

The buyer said that there were a number of outstanding snagging issues present at their home, and these had not been addressed within a reasonable period of time.

The buyer requested compensation of £10,527.48 for the costs they will incur on addressing the outstanding issues and requested that the developer attend to the upstairs window, and the french doors, without further delay.

The Developer stated that it was now in direct contact with the buyer, and works were scheduled to take place in the near future with a date confirmed with the buyer. No offer of settlement was made by the developer.

Adjudication Findings

The adjudicator found that the developer had failed in their obligations pursuant to Sections 6.1 and 7.1 of the Code.

There was insufficient evidence for a direction to be made to the developer to carry out specific works, or for the developer to compensate the buyer for the costs that will be involved instructing these works themselves.

The Developer's failures had caused inconvenience to the buyer.

Outcome and Buyer Award

The adjudicator directed the developer to take the following action:

1. Compensate the buyer in the sum of £300.

2. Provide the buyer with a complete schedule of works that they are seeking to undertake; reasonable estimations of the timeframes to complete these works by; and a substantive explanation as to why it is not going to attend to any issues they are not seeking to address.

TOTAL AWARD TO CONSUMER: £300 + remedial works

Case Study E

The buyer said that the driveway needed to be repaired, the wardrobe in bedroom one was not the correct length, the developer used the wrong paint inside the new home, and the paint finish was of a poor standard.

The buyer requested that the developer review the driveway, install the correct length wardrobe in bedroom one, rectify the painting issues and pay £1,000 in compensation for distress and inconvenience.

The developer said that it has now repaired the driveway, due to supply issues it needed to change the wardrobe and paint supplier, under the contract they were entitled to make this change, and it denied that it has breached the Code.

The developer offered to pay the buyer £500 in compensation in relation to the wardrobe.

Adjudication Findings

The adjudicator found that the developer had breached Code Section 3.5, because its advertising and sales materials did not state that it subscribes to and complies with the Code. It breached Code Section 5.6, because it did not inform the buyer about the changes to the choice of paint and the design of the wardrobe. It breached Code Section 6.1, because there was no evidence that it provided the buyer with a health and safety file for the property in compliance with the Construction (Design and Management) Regulations 2015 as required under Code Section 6.1. It also breached Code Section 7.1, because it did not properly manage the buyer's expectations regarding the timescales for completing the repairs to the driveway and it did not resolve the complaint about the driveway within a reasonable period of time.

Outcome and Buyer Award

The adjudicator directed the developer to take the following action:

1. Pay the buyer £500 in compensation, because it did not inform them about the change to the design of the wardrobe.
2. Pay the buyer £500 in compensation, because it did not inform them about the change to the paint.
3. Pay the buyer £350 in compensation for distress and inconvenience
4. Make reasonable endeavours to provide the buyer with a Health and Safety File for the Property in compliance with the Construction (Design and Management) Regulations 2015 as required under Code Section 6.1.

TOTAL AWARD TO CONSUMER: £1,350 + provide Health & Safety File

Disciplinary & Sanctions Panel

As a Chartered Trading Standards Institute Approved Code, Consumer Code for New Homes takes Code compliance seriously. The Code has a clear disciplinary process and has a range of sanctions that can be applied if a member of the Code fails to comply with the Code. The Disciplinary and Sanctions Panel consists of three independent Panel members.

Where a developer is found to be in serious breach of the Code, we 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 (or named statutory director) removed from the Code (and the registered members list of the warranty bodies) will not be permitted to re-join 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.

To prevent developers trying to rejoin the Code under a different company name, the directors, shareholders and persons of significant control associated with the developer company 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 in the industry).

Consumer Code for New Homes works hard on the buyer's behalf to secure any IDRS award made to them, and most developers do comply with the requirements. However, occasionally, a developer fails to comply with the Code, and formal action is needed.

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

Excluded Developers | Consumer Code for New Homes

Key Priorities for 2023 – Progress Update

Consumer Code for New Homes reviews emerging trends and continues to develop new ways in which we can protect consumers further and ensure our Code 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 2023:

1. Roll out the new Code wording and provide new guidance and training to Code members

   Progress Update: Code training and developer guidance and templates have all been revised and amended to reflect the new Code wording. The Code website has also been updated, and it is made clear on every page there are two versions of the Code and when the new version applies.

2. Bring on-board new Code Member developers from Build-Zone Insurance, the ninth warranty body to support Consumer Code for New Homes as a Code User.

   Progress Update: A significant number of Code Members from Build-Zone Insurance were successfully on-boarded in 2024. Additional support was given to both Build-Zone and the new Code Members to ensure the on-boarding process was successful.

3. Review and make improvements to the Code system to further support Code Users and Code Members.

   Progress Update: Several improvements to the Code portal were made throughout the year based on feedback. Code Users have increased functionality and can self-manage more changes and generate more reports. Code Members have clearer signposting to information, self-reset functions and management of their staff training.

4. Review Code internal processes and identify areas where improvements and efficiencies can be made.

   Progress Update: Alongside the development of a new Code, we have worked with CEDR to review and improve the Independent Dispute Resolution Scheme processes for both consumers and developers based on customer feedback. The new IDRS rules launched on 1 January 2024 with the new Code wording.

5. Work with the Ministry of Housing, Communities and Local Government (MHCLG), other Government departments and the Chartered Trading Standards Institute to provide robust and detailed evidence of the positive impact of Approved Codes in the new homes sector and continue to champion new home buyers' rights in the new homes sector, identifying where consumer protection can be improved further.

   Progress Update: Throughout the year we have provided regular Code information and evidence to CTSI and MHCLG officials to ensure policy makers are kept up to date with the work of CCNH, and provide real examples of how CCNH supports consumers and developers to support the development of evidence-based policy that raises consumer protection further. We have also provided evidence and data relating to complaint trends and Independent Dispute Resolution Scheme awards to buyers.

Key Priorities for 2025

Our priority areas for 2025 are:

1. Review the Code wording and Code Member guidance once the Digital Markets, Competition and Consumers Act 2024 comes into force, and Government issues business guidance.

2. Consider customer feedback to identify where the CEDR IDRS processes can be improved further to improve the customer journey.

3. Make any identified improvements to the Code Portal system to make resource savings, support Code compliance audits and make it easier for Code Members and Code Users to use.

4. Work with the Ministry of Housing, Communities and Local Government (MHCLG), the Chartered Trading Standards Institute and other new build approved Codes to find a collaborative solution to the Government's aims of moving to a mandatory Code of Practice and Ombudsman Scheme based on best practice.

Consumer Code for NEW HOMES

APPROVED CODE TRADINGSTANDARDS.UK

A reassuring presence for new home buyers

Code Supporters

BLP Insurance · Build-Zone Insurance · CADIS · CIR · Federation of Master Builders Insurance · Global Home Warranties Limited · Protek · The Q Policy · Thomas Miller Specialty

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