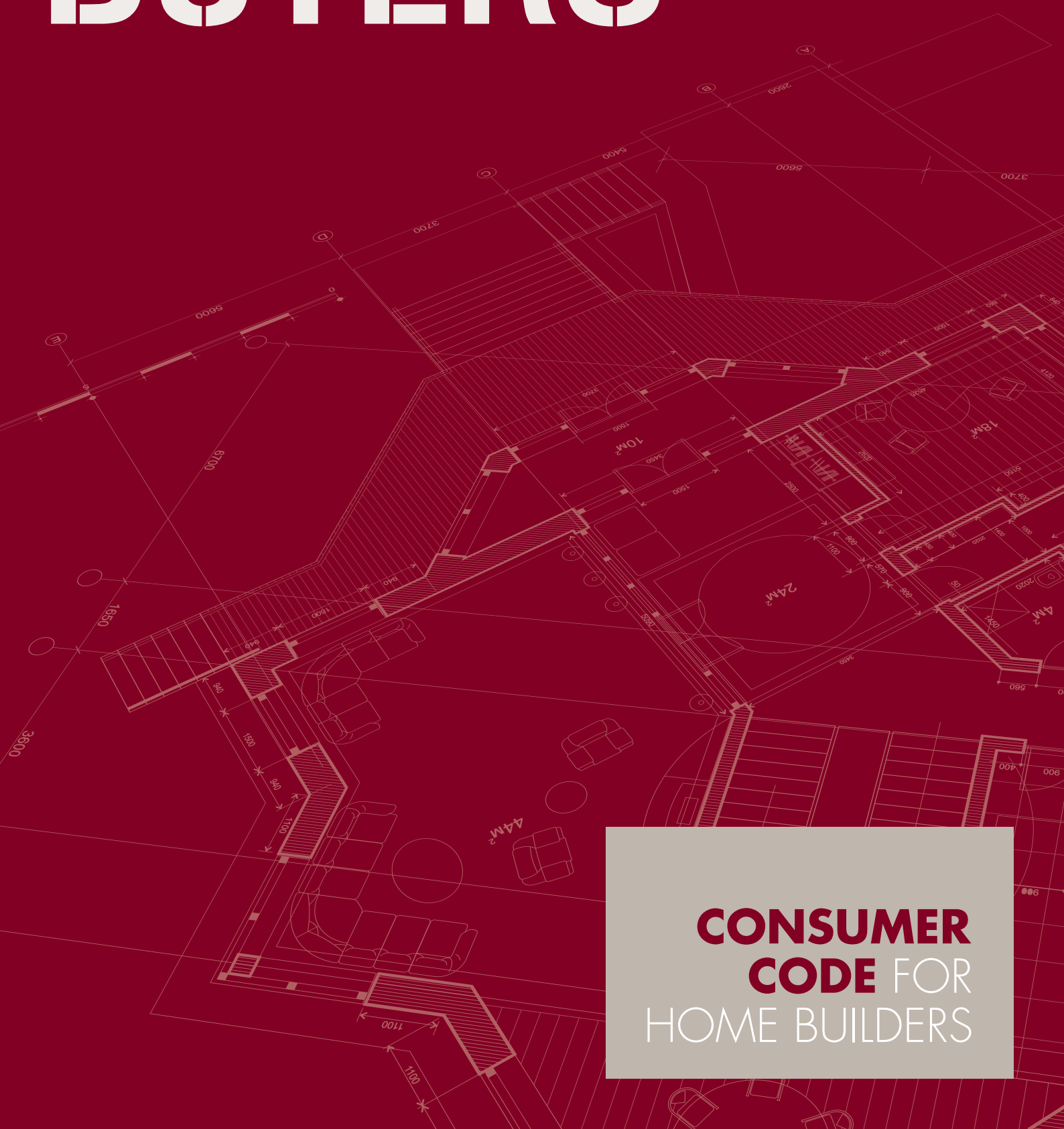


GUIDE FOR NEW HOME BUYERS



**CONSUMER
CODE** FOR
HOME BUILDERS



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The Consumer Code for Home Builders was developed by the home-building industry and introduced in April 2010 to make the home buying process fairer and more transparent for purchasers. The Code aims to ensure that all buyers are:

- treated fairly;
- know what levels of service to expect;
- fully informed about their purchase and their consumer rights;
- provided with a speedy, low cost dispute resolution scheme to deal with complaints.

The Code contains requirements that all Home Builders who are registered with the UK's main new home warranty providers; NHBC, Premier Guarantee and LABC Warranty must comply with. It applies to complaints made within two years of the date of legal completion of purchase of a new home.

The Code requires Home Builders to co-operate with Trading Standards departments, Citizens Advice and other professional advisers.

WHO IS COVERED BY THE CODE?

The Consumer Code applies to Home Buyers who, on or after 1st April 2010, reserve to buy a new or newly converted Home built by a Home Builder under the insurance protection of one of the supporting Home Warranty Bodies:

- NHBC
- Premier Guarantee
- LABC Warranty

The Code's pre-sale and handover requirements apply to home buyers who are the first purchasers of a home. The requirements relating to after-sales service apply to all new and subsequent Home Buyers in the two year period after the first legal completion.

Full details of the Code rules can be downloaded from the website www.consumercodeforhomebuilders.com

HOW ARE CONSUMERS PROTECTED?

The Home Builder must display the Code in an appropriate format (e.g. hardcopy, website etc.) and have it available to customers. In addition to this, sales staff must be trained to comply with the Code and this includes Estate Agents who are contracted to sell, and sales and advertising material must be clear and truthful.

Home Buyers must also be advised to seek independent legal advice and pre-purchase information must be provided to potential Home Owners including:

- A written reservation agreement (only one per property).
- Details of the Home Warranty cover.
- Details of any management services which the buyer will be committed to and the cost.
- The specification of the home.
- Contact details for pre and post-sale contact.
- Health and safety advice regarding the site.

The reservation agreement must include details of:

- The reservation fee.
- A description of the property.
- The purchase price.
- The time limit of the reservation agreement and how long the price remains valid.
- The post-sale management service costs if applicable.

Home Buyers must be provided with adequate information to make an informed decision about the home buying process and given reliable and realistic information about the date the property will be completed. This includes the Home Builder providing an accessible after sales service and operating a complaint and enquiry service. An independent dispute resolution service is operated under the administration of the Code and Home Builders are required to comply with it.

Any reservation fee must be refunded if the reservation agreement is cancelled and the Home Buyer advised of their right to terminate the agreement and any administrative costs that may be applied. Deposits and other pre payments must also be protected and Home Buyer advised how this will be done.

All relevant laws must be complied with notably the Unfair Terms in Consumer Contracts Regulations 1999.

LODGING A COMPLAINT UNDER THE CODE

A Home Buyer must first use the Home Builders complaint system and if not satisfied should contact the Home Warranty Body to register a complaint. If the complaint falls outside the Warranty dispute resolution scheme the consumer will be offered access to the Independent Dispute Resolution Scheme.

INDEPENDENT DISPUTE RESOLUTION SCHEME

Until the Consumer Code was introduced, a Home Buyer who felt that they had a claim against their builder, as a result of their builder's action or inaction, would have taken a case to court if the matter was not covered by their Home Warranty scheme.

Under the Consumer Code, not only are the builders' responsibilities more clearly laid out, there is also a low-cost, speedy, independent dispute resolution scheme that will determine a builders' responsibilities, without the customer having to take to legal action.

The scheme applies to complaints within the first two years from the start date of the home warranty cover and has a maximum award of £15,000.

A summary of all adjudications is available on the Code website: www.consumercodeforhomebuilders.com.

HOW IS THE CODE GOVERNED?

This Consumer Code is a voluntary industry code that is led and run by the industry.

A Management Board is responsible for operating the Consumer Code Scheme and has an independent Chairman; Noel Hunter OBE who is also a Vice President of the Trading Standards Institute.

The Management Board is supported by an Advisory Forum, made up of key industry representatives, through which changes and improvements will be channelled. It also has independent representation and members are drawn from the following organisations:

- Construction Employers Federation (NI)
- Council of Mortgage Lenders
- Federation of Master Builders
- Home Builders Federation
- House Builders' Association
- Homes for Scotland
- NHBC
- Premier Guarantee
- LABC Warranty
- Retirement Housing Group
- The Trading Standards Institute
- Citizens Advice



HOW IS THE CODE ENFORCED?

The Code is enforced through the Rules of NHBC, Premier Guarantee and LABC Warranty. The participating home warranty providers require that all their registered builders adopt and comply with the Code. Failure to comply with the Code may result in a Builder being excluded from the Warranty scheme and consequently the Code.

TRAINING FOR HOME BUILDERS

There is free on-line training available to help Home Builders and affiliated companies, including estate agents and solicitors, to comply with the Code requirements.

There are currently around 16,000 builders signed up to the Code through registration with the warranty bodies. Many of these have received training on how to comply.

MONITORING AND FEEDBACK

The Code aims to make a positive difference to the service builders provide to new Home Buyers. To gauge its impact, feedback is gathered in a number of ways, including mystery shopping surveys, audits and by monitoring customer satisfaction levels.

As well as reporting results back to the industry, Government and consumer interest bodies, the findings will be considered in reviews of the Code to ensure that best practice and the changing needs of Home Buyers and the home-building industry are met.

Feedback is always welcome and any thoughts or suggestions about the Code should be sent to secretariat@consumercodeforhomebuilders.com.



FOR MORE INFORMATION
SEARCH FOR:
CONSUMER CODE

www.consumercodeforhomebuilders.com



The Consumer Code for Home Builders gives protection and rights to purchasers of new homes, ensuring that all new Home Buyers are treated fairly and are fully informed about their purchase before and after they sign the contract.