



Consumer Code for

**NEW HOMES**



**CONSUMER CODE FOR NEW HOMES**

Code Sponsor: Consumer Code for New Homes Ltd

## INTRODUCTION

The **Consumer Code** for **New Homes** has been established to ensure that best practice is followed in respect of the marketing, selling and purchasing of **New Homes** and to set expected standards for after sales customer care service.

The **Code** establishes mandatory requirements that apply to all **Developers** registered with the **Code**.

**Consumer Code for New Homes Ltd** is the **Code Sponsor**, the body which manages the implementation and effectiveness of the **Code**.

Where a **Developer** (or their **Agent**) is found to be in serious breach of the **Code**, the **Code Sponsor** can apply a range of sanctions, including removal from the **Code's** register of members. This will also result in removal from the registers maintained by the **Warranty Bodies**.

The **Code** provides an independent **Dispute Resolution Scheme** for complaints that arise and are made in writing to the **Developer** within two years of the date of the **Completion** of the **New Home** purchase.

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 this **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.

### Purpose of the **Consumer Code** for **New Homes**

The **Code** ensures that **Buyers**:

- are treated fairly by the **Developer** (and their **Agent**)
- are confident about the **Developer's** legal and professional status as a company
- are given clear and reliable information upon which to make decisions about purchasing a **New Home**
- know what standards of construction to expect from the **Developer**
- know what service levels to expect from the **Developer** (and their **Agent**)
- understand what they have to do to maintain their **New Home** and address any problems that may arise
- know how to access speedy, low-cost **Dispute** resolution arrangements if they are dissatisfied.
- in a vulnerable position are identified and given suitable support to help assist them in making decisions.

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## 1. GLOSSARY OF TERMS

Term	Meaning
<b>Agent</b>	a person or company used by a <b>Developer</b> to deal with any matter on their behalf (for example, an estate agent or contractor).
<b>Builder</b>	the company or person, who is responsible for the construction, building or conversion of the <b>New Home</b> .
<b>Building Regulations</b>	the <b>Building Regulations</b> that govern the construction of the <b>New Home</b> which were in force at the time the “notice to build” was deposited with the Local Authority or Approved Inspector.
<b>Buyer</b>	a person who reserves or buys a <b>New Home</b> from a <b>Developer</b> registered with the <b>Code</b> , excluding those listed in <a href="#">Section 2</a> . <i>For <b>New Homes</b> reserved or bought jointly by two or more people, the <b>Buyer's</b> rights will be joint.</i>
<b>Code Sponsor</b>	Consumer Code for New Homes Limited - the organisation which runs and manages the <b>Code</b> , monitors <b>Developers</b> (Code Members) compliance with and the effectiveness of the <b>Code</b> and oversees the activity of the <b>Warranty Bodies</b> in relation to the <b>Code</b> .
<b>Consumer Code for New Homes or Code or CCNH</b>	this set of requirements which govern the sale of <b>New Homes</b> , which must be adopted by <b>Developers</b> registered with the <b>Code</b> .
<b>Completion</b>	the point at which the <b>New Home</b> is transferred from the ownership of the <b>Developer</b> to the ownership of the <b>Buyer</b> . <i>In Scotland, this stage is known as “Conclusion of Missive”.</i>
<b>Contract of Sale</b>	a legally binding agreement between the <b>Buyer</b> and the <b>Developer</b> for the acquisition or building of the <b>New Home</b> . <i>In Scotland this document is known as the Missive (or Builder’s Missive).</i>
<b>Contract Deposit</b>	a non-refundable deposit which is paid by the <b>Buyer</b> to the <b>Developer</b> at the stage of exchange of contracts to demonstrate the <b>Buyer’s</b> good intentions and to reserve the <b>New Home</b> . It is usually 10% of the purchase price.
<b>Developer</b>	the person or company which sells <b>New Homes</b> to the public, and who is registered with the <b>Code</b> as a Code Member. <i>This may or may not be the same person or company as the <b>Builder</b>.</i>

Term	Meaning
<b>Dispute</b>	<p>a disagreement in respect of a complaint made by the <b>Buyer</b> to the <b>Developer</b> where an impasse has been reached meaning the parties do not agree on the outcome of the complaint in respect of matters covered by this <b>Consumer Code</b>.</p> <p><i>The complaint must have been made in writing within two years of <b>Completion</b> for the <b>New Home</b>. Complaints covered by this <b>Consumer Code</b> are subject to a maximum aggregate award of £50,000 inclusive of VAT and maximum awards for financial loss of 25% of the purchase price of the Home and maximum awards for emotional distress and / or claims for inconvenience of £1,000.</i></p>
<b>Dispute Resolution Scheme</b>	<p>the procedures for dealing with <b>Disputes</b> between the <b>Buyer</b> and the <b>Developer</b> which cannot be resolved informally and which are set out in <a href="#">Section 7</a>.</p>
<b>Management Services</b>	<p>the maintenance, supply and service obligations and charges, to which (if applicable to the relevant <b>New Home</b>) the <b>Buyer</b> will be legally obliged to meet, after the <b>New Home</b> is purchased.</p>
<b>New Home</b>	<p>the new-build property that a <b>Developer</b> registers with one of the <b>Warranty Bodies</b> to obtain a <b>Structural Warranty</b>, which is subsequently purchased by the <b>Buyer</b>.</p> <p><i>The definition of <b>New Home</b> excludes those properties listed in <a href="#">Section 2</a>.</i></p>
<b>Reservation Agreement</b>	<p>an agreement when a <b>Buyer</b> and a <b>Developer</b> jointly make a written statement of intent (subject to <b>Contract of Sale</b> and whether or not a fee is paid) giving the <b>Buyer</b> an exclusive period of time to enter into a <b>Contract of Sale</b> to buy a <b>New Home</b>.</p> <p><i>Reservation, Reserved and Reserve carry the corresponding meanings.</i></p>
<b>Structural Warranty</b>	<p>an insurance-backed warranty issued by one of the <b>Warranty Bodies</b>, providing the <b>Buyer</b> with cover for structural defects as set out in the policy documents, a summary of which is made available under the terms of this <b>Consumer Code</b> with the <b>Reservation Agreement</b>.</p>
<b>Vulnerable Consumer</b>	<p>consumers whose ability to make a sound decision about the purchase of a <b>New Home</b> may be impacted for any one or more of the following reasons: vulnerable due to their age, infirmity, someone with a language barrier, someone with a disability or a learning difficulty, someone who has suffered a recent bereavement, separation or divorce or someone who becomes vulnerable at a time of high stress (such as purchasing a <b>New Home</b>) or illness.</p>
<b>Warranty Bodies</b>	<p>those organisations, registered with the <b>Consumer Code for New Homes</b> as Code Users, which provide Structural Warranties for <b>New Homes</b> and have agreed to support the <b>Code Sponsor</b> in monitoring and enforcing the <b>Consumer Code for New Homes</b>. <i>Details of participating <b>Warranty Bodies</b> are available at: <a href="http://www.consumercodefornewhomes.com">www.consumercodefornewhomes.com</a></i></p>

## 2. SCOPE OF THE CODE

The **Consumer Code for New Homes** applies to all **New Homes** where a **Structural Warranty** has been issued by one of the **Warranty Bodies** after 1 March 2016.

All **Developers** who are registered with the **Code** agree to fully comply with the **Code**.

The provisions of the **Code** will apply to the **New Home** for a period of two years after the date of **Completion** of the **New Home** purchase.

The **Consumer Code for New Homes** and the associated **Dispute Resolution Scheme** does not apply to:

- second-hand properties (for example, homes taken by **Developers** in part exchange and re-sold).
- any new-build properties which were not sold by a **Developer** registered with the **Code**.
- properties which remain under the ownership of the **Developer**.
- properties acquired by social landlords for rent.
- properties acquired by corporate bodies, partnerships, charitable organisations, commercial landlords or other non-consumer purchase (individuals who purchase properties for investment purposes [i.e. buy-to-let] will be covered provided the New Home is registered in their personal name and not by a company).
- properties built by self-builders or under contract between a builder and an individual for their own occupation.
- properties assigned or sub-sold by an investor to a third party prior to ownership of the properties transferring from the **Developer** to the **Buyer** on receipt of the purchase monies paid by the **Buyer** to the **Developer**.
- **New Homes** built under architects' certificates, unless a **Warranty Body** has also issued a **Structural Warranty**.

The **Consumer Code for New Homes** does not cover **Disputes** that concern:

- Claims that are covered by the **Structural Warranty**.
- Claims that exceed the **Dispute Resolution Scheme's** limits of 25% of the purchase price of the **New Home** subject to a maximum award of £50,000 inclusive of VAT in the aggregate for all claims arising in respect of the **New Home** (including, for the avoidance of doubt, awards for emotional distress and/or claims for inconvenience).
- Personal injury claims.
- Loss of property value or blight.
- Claims about land conveyed or its registered title.

Matters within the scope of other **Dispute** resolution or ombudsman schemes should be referred to the relevant organisation. In such cases, these schemes may take precedence over the **Consumer Code for New Homes** and its associated **Dispute Resolution Scheme**.

## 3. COMPLYING WITH THE CODE

### 3.1 Adopting the Code

This **Consumer Code** is mandatory for all **Developers** registered with the **Code**.

**Developers** must comply with the requirements of the **Code**.

### 3.2 Making the Code Available

The **Developer** must make the **Code** available, free of charge, to any consumers interested in the purchase of a **New Home**. The **Code** should be made available in written format by the **Developer** to enable the **Buyer** to suitably review the **Code** before they agree to purchase a **New Home**. The **Code** should be readily accessible to potential **Buyers** from the **Developer's** website and sufficient information should be provided to the consumer to enable them to make a sound decision about the purchase of a **New Home**.

The **Code** must be included in the **Reservation Agreement**. If further guidance is required by the consumer prior to Reservation, then the **Developer** should advise the **Buyer** where they can obtain such information: reference to the **Consumer Code for New Homes'** website should be provided to any potential **Buyers**.

The **Developer** must display the **Consumer Code** in public areas related to the **New Home** sales process (including areas such as the Show Home and the Sales Office).

The **Developer** must make the **Consumer Code** available in a variety of formats (e.g. large print) and media and fulfil reasonable requests for an unavailable format (e.g. audio) within ten working days of a potential **Buyer's** request.

The **Developer** must provide the **Buyer** with information about the system and procedures of the **Code**, and about how to access the **Dispute Resolution Scheme**. This document must mention the scope of the **Code**, exclusions and deadlines and highlight the fact that all complaints must be made within two years of the **Completion** of sale of the **New Home**.

*In making the **Code** available, **Developers** must comply with guidance on **Vulnerable Consumers** in [Section 3.6](#).*

### 3.3 Customer Service Standards

The **Developer** should ensure that they have systems and procedures in place to enable them to accurately and reliably meet their commitments to compliance, service, procedures, information and monitoring in relation to the **Code**. These systems should also maintain provision for monitoring staff performance.

The **Buyer** can also find independent advice and information on the sales process from the following organisations:

Home Owners Alliance:	<a href="http://www.hoa.org.uk/services">www.hoa.org.uk/services</a>	Tel:	033 0088 2050
Citizens Advice:	<a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a>	Tel:	03454 04 05 06 (England, Scotland, Wales) 0300 123 6262 (Northern Ireland) 03454 04 05 05 (Welsh speaking)

## 3.4 Training of Customer Service Staff

Training must be provided to all staff who have contact with consumers, to ensure that they understand their responsibilities under the Code, and have correct and clear information to explain to potential Buyers with respect to sales & advertising, high-pressure selling techniques, standards expected, information requirements, part exchange schemes, reservation procedures, structural warranties and after sale services.

It is especially important that consumer-facing staff are trained on how to identify **Vulnerable Consumers**. Appropriate procedures must be put in place so that staff have a clear and structured procedure for dealing with **Vulnerable Consumers** in line with the guidance provided in [Section 3.6](#).

All customer services standards, procedures, training and systems should be provided to all staff both permanent and temporary, including any **Agents** of the **Developer** or **Builder** who have direct contact with consumers.

**Developers** should ensure that staff training is refreshed on an annual basis.

## 3.5 Sales & Advertising

The **Developer** must ensure that the content of any sales and marketing material relating to the **New Home** is clear and truthful and must use plain English. Such content must comply with all relevant codes of advertising and the law.

**Developers** must state in all advertising and sales material that they subscribe to and comply with the **Consumer Code for New Homes**.

**Developers** must act legally at all times in their sales process. If there is any uncertainty as to whether advertising or sales material is legally compliant, before presenting it to the potential **Buyers**, the **Developer** must check that the material complies with:

- [UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing](#)
- [UK Code of Broadcast Advertising](#)
- [PhonpayPlus Code for Premium Rate Services](#) (for all premium rate charged telecommunication services)
- any other relevant code of advertising
- *all other relevant statutory requirements, such as:*
  - [Consumer Protection from Unfair Trading Regulations 2008](#)
  - [Consumer Credit \(Advertisements\) Regulations 2010](#)
  - [Business Protection from Misleading Marketing Regulations 2008](#)

**Developers** must not mislead **Buyers** in respect of:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Size of property</li><li>• Specification of property</li><li>• Pricing of property</li><li>• Completion dates</li></ul> | <ul style="list-style-type: none"><li>• Energy performance ratings</li><li>• Mobility adaptations</li><li>• Warranty provisions</li><li>• Future phases</li></ul> |
|---|---|

High-pressure selling techniques shall not be used by **Developers** to influence a potential **Buyer's** decision. This includes (but is not limited to):

- Encouraging a Reservation by implying that there are other interested parties or that there is an imminent price increase due where neither is true.
- Offering a financial incentive for an immediate decision on a Reservation or a sale.
- Encouraging a Reservation by refusing the opportunity to personalise the **New Home** where the stage of construction would still allow it.

**Developers** must ensure that all staff (including part-time staff and agency workers), are aware of their responsibility and requirements in respect of high-pressure selling techniques under this **Code**.

### 3.6 Vulnerable Consumers

**Developers** (and their **Agents**) shall comply with guidance on **Vulnerable Consumers**.

The **Developer** should acknowledge and cater for the needs of **Vulnerable Consumers** and help them to make informed decisions. In particular:

- **Developers** shall ensure that **Vulnerable Consumers** understand the **Code**, the purchase and their responsibilities (e.g. where there is a language barrier, the **Developer** should recommend that a translator is appointed as the **Buyer's** representative).
- It is the **Developer's** responsibility to ensure that staff engaged in the sales process understand their obligations in relation to identifying and supporting **Vulnerable Consumers** and that the necessary arrangements are made to provide appropriate advice and assistance suitable to their needs.
- **Developers** should not make assumptions about the degree of knowledge that a potential **Buyer** has.
- If a potential **Buyer** declares vulnerability at the commencement of negotiations or it is obvious that the potential **Buyer** has a vulnerability (e.g. blindness) the **Developer** must consider the possible effect of that vulnerability on the proposed transaction.
- If no vulnerability is declared by the potential **Buyer**, but it becomes apparent that there may be vulnerability, the **Developer** should seek clarification from that person and/or their representative. Enquiries must be of a nature that are considerate, unlikely to offend and can in no way be interpreted as discriminatory.
- If the **Developer** is advised of, or perceives there to be, vulnerability, then they could also consider seeking further information from the appropriate organisation specialising in that vulnerability.
- The **Developer** should take the **Vulnerable Consumer's** specific needs into account in any information or guidance they are given.

The **Developer** may refer to the following sources of information about vulnerability:

- [www.gov.uk](http://www.gov.uk) for a comprehensive list of organisations that offer advice and information on specific mental health issues
- [www.ableize.com](http://www.ableize.com) which is run by disabled people and provides links to local and national support and advice groups.

## 4. PRE-CONTRACT STAGE

### 4.1 Pre-Purchase Information

**Buyers** must be given enough suitable pre-purchase information to help them make an informed decision about purchasing a **New Home**.

In all cases this information must include:

- a written **Reservation Agreement**.
- an explanation of the **Structural Warranty** cover.
- a description of any **Management Services** & organisations to which the **Buyer** will be committed and an estimate of the associated cost.
- details of any leasehold arrangements to which the **New Home** is subject.
- details of any future build phases of, and the facilities on, the anticipated completed development.
- a list of contents in the **New Home** which are included in the price.
- a specification for the **New Home** including a statement confirming the standard of cosmetic finish that the **Buyer** should expect to be achieved.
- information relating to the standards to which the **New Home** is being built, including confirmation that the build is in compliance with the **Building Regulations**.

If the **New Home** is not yet complete, then the **Buyer** should also be provided with:

- the **Developer's** estimate of when the **New Home** will be ready for occupation.
- a brochure or plan showing the size, specification (including a statement as to the cosmetic finish the **Buyer** can expect to be achieved), layout, plot position, appearance, price, the utilities provided and where they are located, energy performance ratings, and mobility adaptations of the **New Home**.

**Buyers** should be informed by the **Developer** how their questions will be addressed and who to contact during the sale, purchase and transfer of ownership of the **New Home**. Queries from the **Buyer** should be responded to within a suitable timescale (recommended 7 working days).

The **Developer** must give the **Buyer** the names and contact numbers of those people who will deal with any complaint raised by the **Buyer** under the terms of this **Consumer Code**.

### 4.2 Structural Warranty Cover

**Buyers** must be given accurate and reliable information by the **Developer** about the **Structural Warranty** Cover provided on the **New Home**. This will include a summary of the **Structural Warranty** Cover and a list of insurance documents that the **Buyer** will be presented with when ownership of the **New Home** transfers from the **Developer** to the **Buyer** at **Completion**.

This information should include contact details for the relevant **Warranty Body**.

## 4.3 Health & Safety for Visitors to Sites under Construction

**Developers** must ensure that the site complies with the requirements of the Construction (Design & Management) Regulations 2015 and that there is suitable and safe access to the live construction site before permitting site visitors to access the site.

**Developers** must take into consideration the relevant needs of the site visitor when making the decision as to whether access is suitable and safe.

When required to access live construction sites, **Developers** shall ensure that site visitors are accompanied at all times by an appropriately trained and experienced member of the site team. Visitors to site shall not be permitted access to live construction sites unaccompanied.

All site visitors must be informed about the appropriate health and safety precautions they should personally take when visiting a development under construction.

Any relevant risks must be clearly explained to any site visitors by the **Developer** prior to permitting access to a live construction site. A site induction should be provided to site visitors as appropriate to the conditions of site at that particular time.

Emergency arrangements should be clearly explained by the **Developer** to all site visitors and register of visitors maintained by the Fire Marshall and Emergency Co-ordinator.

Site visitors should be required by the **Developer** to sign a document confirming that they have received a site induction and have understood the health and safety advice given to them for the site visit.

Appropriate personal safety equipment (e.g. hard hat, hi-visibility vest and protective footwear) must be provided by the **Developer** to any site visitors prior to being taken out onto a live construction site.

**Developers** must make it clear to any visitors to site that if they refuse to comply with any of the health and safety instructions given to them by the **Developer**, then they will not be permitted to access the live construction site.

## 4.4 Appointment of Professional Advisors

If the **Buyer** asks the **Developer** for advice on how to seek suitable conveyancing services, the **Developer** should recommend to the **Buyer** that they seek independent advice from a solicitor or licensed conveyancer before Contract Exchange. The **Developer** should not restrict the **Buyer's** choice of legal representative.

If the **Buyer** asks the **Developer** to recommend an advisor then the **Developer** should recommend more than one wherever possible. If the **Developer** receives a commission for the recommendation this should be made clear to the **Buyer**.

## 4.5 Reservation Agreements

**Buyers** must be given a **Reservation Agreement** that sets out clearly the terms of the Reservation, including, but not limited to:

- the amount of the Reservation fee.
- the terms under which the Reservation fee is refundable or non-refundable and any administration fees or similar which the **Developer** may deduct.
- confirmation that the **Reservation Agreement** is not a **Contract of Sale** for the purchase of a **New Home**.
- details of the **New Home** including property type, plot number, map, development name, parking arrangements etc.
- the purchase price of the **New Home**.
- how long the price and the **Reservation Agreement** remain valid.
- date by which **Contract of Sale** Exchange must take place.
- the pre-purchase information.
- part-exchange details, if applicable.
- details of how the **Buyer** can include in the **Contract of Sale** any spoken statement that is to be relied upon.
- the nature and annual estimated cost of any **Management Services** that the **Buyer** must pay for.
- details of how the **Contract of Sale** Deposit will be protected and what happens if the **Developer** becomes insolvent.
- scope and process for requesting changes (i.e. paint colour, design changes, specification changes).

The **Developer** must provide the **Buyer** with a copy of the **Reservation Agreement** signed by both parties. It is acceptable for this to be an electronic version, emailed to the **Buyer** at their request.

While the **Reservation Agreement** remains valid, the **Developer** must not enter into a new **Reservation Agreement** or sale agreement with another customer on the same **New Home**.

The **Developer** must hold the Reservation fee in a separate client account designated for holding such fees.

The **Buyer** may cancel the **Reservation Agreement** during the agreed reservation period in which case the Reservation fee must be refunded by the **Developer** within 14 working days of the date of notice of cancellation given by the **Buyer**. The reservation period may be extended by mutual agreement between the **Buyer** and **Developer**. If the deadline date is not extended and contracts have not been exchanged, the **Reservation Agreement** automatically expires.

The Reservation fee must be refunded in full if the **Buyer** wishes to cancel the reservation for any reason within seven working days of signing the **Reservation Agreement**.

The **Buyer** must be told in advance by the **Developer** of any reasonable deductions that may be made from the Reservation fee if the **Buyer** cancels at a later stage.

## 4.6 Part Exchange Schemes

When a **Developer** offers a Part Exchange Scheme to **Buyers**, the terms must be transparent and must not be used to pressurise a sale.

The terms of the Part Exchange Scheme must be explained in plain English and include full details of:

- the full terms and conditions that apply including any applicable Leasehold requirements.
- how a fair market valuation will be arrived at - which must be independent and obtained from more than one source, each of which must be a member of the Property Ombudsman Scheme.
- any deductions that will be made from the valuation.
- how a **Buyer** can qualify for the scheme.

When a Part Exchange offer is made, the **Developer** must clearly state:

- the full terms and conditions that apply including any applicable Leasehold requirements;
- all of the fair market valuations that have been obtained and confirm who provided them;
- which valuation is acceptable to the **Developer** and the reason(s) why;
- any deductions from the valuation;
- the date by which the **Buyer** must accept the offer;
- the consequences of not accepting the offer by the stated date; and
- the anticipated date by which the Part Exchange and purchase of the **New Home** will be completed.

The **Developer** will provide all prospective **Buyers**, particularly **Vulnerable Consumers**, with adequate time to consider and absorb information provided about the Part Exchange Scheme offer.

## 5. EXCHANGE OF CONTRACTS STAGE

### 5.1 The Contract of Sale

The **Contract of Sale** terms and conditions must:

- be clear, fair and written in plain English.
- comply with the [Consumer Rights Act 2015](#).
- clearly set out the process and timing for advising the **Buyer** of the date of **Completion**.
- define the Legal Completion Notice Period from serving of notice to **Completion**.
- clearly state the circumstances in which the **Buyer** can terminate the **Contract of Sale** as set out in [Section 5.3](#).
- clearly state what will happen if construction of the **New Home** is delayed and the **New Home** will not be ready for ownership by the **Buyer** by the date advised by the **Developer**.
- clearly explain how **Contract Deposits** are to be protected as set out in [Section 5.4](#).

To avoid **Disputes** over spoken statements, immediately before **Contract of Sale** Exchange the **Developer** should ensure that the **Buyer**, through their legal representative, states in writing what spoken statements they are relying on when entering into the **Contract of Sale**.

The solicitor acting for the **Developer** will send the **Contract of Sale** and all relevant documents and approvals to the **Buyer's** independent advisor as soon as reasonably possible after the date of the **Reservation Agreement**.

### 5.2 Timing of Construction, Completion & Handover

The **Buyer** must be given reliable and realistic information about:

- when construction of the **New Home** may be finished.
- the date at which ownership of the **New Home** will transfer from the **Developer** to the **Buyer** on **Completion**.
- the date for handover of the **New Home**.

The **Developer** should provide the **Buyer** with a schedule of the timing of key stages including when the **New Home** will be ready for occupancy. General guidelines for timings and **Completion** should be part of the information provided to the **Buyer**. These schedules should be regularly updated.

**Developers** must ensure that all information provided to **Buyers** on timings is accurate at the time it is provided.

### 5.3 Contract of Sale Termination Rights

**Buyers** must be told about their right to terminate the **Reservation Agreement** or the **Contract of Sale**. Examples of circumstances when a right to terminate exists would include:

- An alteration to the **New Home** that directly or materially affects the value.
- Excessive or unreasonable misrepresentation of features or amenities.
- Excessive or unreasonable delay in construction of the **New Home** and serving the notice to complete.

## 5.4 Protecting Buyer Deposits & Pre-Payments

The **Developer** must clearly explain how the **Buyer's Contract Deposit** is to be protected and how any other pre-payments (such as Reservation and administration fees) are dealt with.

This explanation must provide **Buyers** with one of the following situations:

- the **Contract Deposit** is insured by the **Structural Warranty** and sufficient information has been provided to the **Buyer**.

or

- the **Contract Deposit**, Reservation fee and any other pre-payments will be held in a statutory trust account which cannot be accessed by the **Developer** until **Completion**.

In either situation, the **Developer** must ensure the **Buyer** understands what will happen in the event that the **Developer** becomes insolvent and how their **Contract Deposit**, Reservation fee or pre-payment will be refunded.

The **Developer** must also explain the terms under which the Reservation fee, **Contract Deposit** and any administration fees or similar which the **Developer** may deduct are refundable and any applicable costs or penalties in the event that the **Buyer** does not proceed with the purchase of the **New Home**.

## 5.5 Information on Completion

**Buyers** must be told whether a **Structural Warranty** has been issued already for the **New Home** or not.

If a **Structural Warranty** has not been provided at the point of issue of the **Contract of Sale**, the **Developer** must tell the **Buyer** why it has not already been issued and must advise the **Buyer** when the **Structural Warranty** will be made available.

At **Completion**, **Buyers** should be provided with the following information:

- **Structural Warranty** Insurance Certificate and associated documents where available or an explanation with reasons as to why they are not available.
- a copy of the **Developer's** Complaints Procedure.
- a clear description of the type of claims covered by the **Structural Warranty**.
- information about the **Mediation Process** offered by the **Warranty Body**.
- a checklist of matters covered by the **Consumer Code for New Homes**.
- information about the **Code's** independent **Dispute Resolution Scheme**.
- information on how to submit complaints covered by the **Code** and the Financial Ombudsman Service.
- clear information relating to Health & Safety aspects of moving into a new property, including information on specific residual risks which the **Buyer** could not be reasonably expected to know about

## 5.6 Changes to the Property after Contract of Sale Exchange

If a change occurs to the design, construction or materials to be used in the **New Home** that will materially alter its value, the **Developer** must formally consult the **Buyer** and obtain their written agreement to any changes.

Where the alterations materially affect the value of the **New Home** and the **Buyer** does not agree with those alterations, they may cancel the **Contract of Sale** and obtain a full refund of the **Contract Deposit**, with no deductions or withholding of any fees.

Minor changes that do not significantly alter the size, appearance or value of the **New Home** should be communicated to the **Buyer**, with the advice that they may wish to consult their professional legal advisor as to the effect of those changes under the **Contract of Sale**. However, the **Buyer's** agreement is not required by the **Developer** in respect of such changes.

Changes requested by the **Buyer** and that the **Buyer** agrees to pay for that are not included in the **Reservation Agreement** or **Contract of Sale** must be agreed in writing by the parties. This agreement must include:

- rights of cancellation and refund.
- estimated impact on the date the **New Home** will be finished and available for occupation.

## 6. POST OCCUPATION STAGE

### 6.1 Handover of Property

The point at which the **Developer** tells the **Buyer** when their **New Home** is likely to be completed and available for occupation will depend on the build stage at the time the information is provided.

The **Developer** may follow established internal process and methods to manage the **Buyer's** expectations about when the **New Home** will be available, so long as they follow a reasonable approach, as demonstrated by the following recommended examples:

Stage of Build	What timescale to tell the Buyer
Prior to <b>Completion</b> of the foundations and the ground floor	Calendar <b>quarter</b> the <b>New Home</b> is likely to be ready
On <b>Completion</b> of the roof and the weatherproofing	<b>Month</b> the <b>New Home</b> is likely to be ready
When the decoration is complete and main services are connected	<b>Week</b> the <b>New Home</b> is likely to be ready

When the **New Home** is ready to handover to the **Buyer**, the **Developer** should ensure that a thorough and detailed handover is provided to the **Buyer**, identifying any outstanding work within the **New Home** or to other areas of the development serving the **New Home**.

The **Developer** must provide the **Buyer** of the **New Home** with comprehensive and accessible information about the **New Home** including:

- guidance on snagging, what it is and how to report any snagging problems they encounter in the **New Home**.
- an explanation of how the appliances included within the **New Home** operate. It is recommended that full operational documentation is provided to the **Buyer** along with the **Developer's** explanation.
- full details of any guarantees and warranties that accompany the **New Home**. It is recommended that a schedule of all available guarantees and warranties is provided, including clear details of how long each guarantee or warranty lasts and any responsibilities the **Buyer** may have that might affect cover. All documentation issued to the **Developer** for each guarantee or warranty should be passed onto the **Buyer** and should have been made property specific if that is a requirement of the provider - generic sample documents should not be provided to **Buyers**.
- full details of the after sales service offered by the **Developer** as described in [Section 6.2](#)
- a Health & Safety File for the **New Home** in compliance with the Construction (Design and Management) Regulations 2015. This must include clear information relating to Health & Safety aspects of moving into a new property, including information about specific residual risks which the **Buyer** needs to know about and any action they will need to take after moving in. Some examples of specific situations which should be considered (this list is not exhaustive):
  - specific arrangements for access to photovoltaic panels if they require maintenance.
  - designed loading capabilities of roofs / floors, in case **Buyers** want to retrofit plant etc.
  - details of any capped contamination in garden areas and/or details of ground conditions in case **Buyers** wish to retrofit a conservatory or extend their property.
- details of the **Dispute Resolution Scheme** for any **Disputes** under this **Code**.

The **Developer** should not use high-pressure selling techniques for any additional insurance products, warranties or guarantees. Nor should the **Developer** misrepresent the costs, coverage or the benefits that the additional products provide. In the event that the **Developer** receives any commission for recommending certain products, this must be declared to the **Buyer**.

## 6.2 After Sales Services

The **Developer** must provide the **Buyer** with comprehensive and accessible after-sales service information as described in [Section 6.1](#).

Specifically in relation to the After Sales Service provided by the **Developer**, this information must include:

- how long the service will last
- accurate and current contact names, numbers and e-mail addresses of the After Sales Service Team
- contact details of other relevant authorities, bodies and persons which will be needed by the **Buyer**
- details of what to do in an emergency
- details for making a claim under the **Structural Warranty** including contact details

Well-trained and knowledgeable staff must provide the After Sales Service.

In providing telephone numbers for **Buyers**, the **Developer** must not use premium rate numbers. In the absence of a freephone number being provided, a national or local rate telephone number must be used.

If the **Developer** or their **Agent** needs to visit or carry out works to the **New Home** after it is occupied by the **Buyer**, then the following steps should be taken:

- the **Developer** should agree a suitable appointment time with the **Buyer** when a responsible adult can be present to represent the **Buyer**. This should be explained to the **Buyer**.
- if a responsible adult is not present at the **New Home** at the time agreed, then the **Developer** (or their **Agent**) should not enter the **New Home** and should instead re-arrange the appointment with the **Buyer**.

When it is possible to access the **New Home** at the agreed time, the **Developer** (or their **Agent**) should:

- show clear and professional identification to the **Buyer** (or their representative) prior to entering.
- ensure work clothes and equipment are clean and presentable.
- be prepared to remove outdoor footwear or wear clean overshoes. If safety shoes are required, they should be clean and covered by overshoes.
- ensure appropriate protection is provided for carpets, furnishings and decorations.
- remove all debris after completing any works and leave the work area clean and tidy.
- not smoke in the **New Home** or in the vicinity of the **New Home**.
- be respectful and polite, acting in a professional and considerate manner at all times.

## 6.3 Health & Safety for Buyers living on Developments under Construction

**Buyers** must be told about the health and safety precautions they should take when living on a development where building work continues and the measures which the **Developer** implements in order to protect them.

The **Developer** must carefully plan the remaining building work on the development to fully protect the inhabitants of any properties which are occupied and must not move **Buyers** into **New Homes** early if the remaining works (particularly traffic management) cannot be carried out by complete segregation of the building works and the public areas.

## 7. COMPLAINTS & DISPUTES

### 7.1 Complaint Handling

The **Developer** must have a system and procedures for receiving, handling and resolving **Buyers'** service calls and complaints and must provide the **Buyer** with clear information about how to access the procedure and systems. It is recommended that this information should be made available for download via the **Developer's** website.

The procedures should clearly state that the **Buyer** can expect a response from the **Developer** within 30 working days of a complaint being made. The procedures should also inform the **Buyer** of the estimated time within which a decision will be reached and, where applicable, an estimated time within which required work will be completed.

The **Developer's** procedures should also clearly state that if the **Developer & Buyer** cannot reach an amicable resolution to the complaint, then at this point, the complaint becomes a **Dispute** which the **Buyer** has the opportunity to refer direct to the independent **CCNH Dispute Resolution Scheme** or to the **Warranty Body** for mediation.

The **Developer** must provide the **Buyer** with information relating to the **CCNH Dispute Resolution Scheme** operated as part of this **Code**. It should be clear that the **CCNH Dispute Resolution Scheme** can only deal with matters that fall within the scope of this **Code**, *as described in [Section 2](#)*. It is recommended that a link to this information should be made available via the **Developer's** website.

### 7.2 Co-operation with Professional Advisors

The **Developer** must co-operate with appropriately qualified professional advisors appointed by the **Buyer** to resolve **Disputes**. Professional advisors would include solicitors and qualified surveyors.

The **Developer** must provide the same level of co-operation to an intermediary representing the **Buyer** (e.g. a family member, friend or civil advisor appointed for and on behalf of a **Buyer**) as they would to the **Buyer**.

### 7.3 Warranty Body Mediation Process

The **Buyer** may bring a **Dispute** to the relevant **Warranty Body** for mediation within six months of the date of the **Developer's** final response or final offer to resolve the original complaint or within six months of the date of making their original complaint in writing to the **Developer**, whichever is the later.

#### What will the **Warranty body** do?

If the **Dispute** falls within the terms of the **Structural Warranty**, then the **Warranty Body** will offer their own Mediation Process to the **Buyer**, free of charge.

If the **Dispute** does not fall within the terms of the **Structural Warranty**, the **Warranty Body** can refer the **Dispute** to the **Consumer Code for New Homes Dispute Resolution Scheme** on behalf of the **Buyer** - *refer to [Section 7.4](#) for further details*.

#### **Buyer's Rights**

If the **Buyer** is not satisfied with the **Developer** or **Warranty Body's** handling of the **Dispute** through the Mediation Process, then the **Buyer** may refer the **Dispute** direct to the **Consumer Code for New Homes Dispute Resolution Scheme**.

## 7.4 Consumer Code for New Homes - Independent Dispute Resolution Scheme

The **Consumer Code for New Homes Dispute Resolution Scheme** is operated by the [Centre for Effective Dispute Resolution](#) which is independent of the **Developer** and the **Warranty Body**.

Any matter referred to this scheme concerns **Disputes** under this **Consumer Code**.

The Independent **Dispute Resolution Scheme** is applicable in the event that a **Dispute** arises between the **Buyer** and the **Developer** where agreement cannot be reached within 56 calendar days of the complaint being raised with the **Developer**.

### Process

1. The **Buyer** must complete an application form and send it to the Independent **Dispute Resolution Scheme** with their statement of evidence and a case registration fee of £100 plus VAT. Their statement must contain all the information relevant to the complaint together with copies of receipts or other evidence of expenditure.
2. The Adjudicator will ask the **Developer** to respond to the **Buyer's** statement. At this stage the **Developer** may resolve the complaint without formal adjudication – this is called “early settlement” and costs the **Developer** a reduced fee of £250 plus VAT.
3. If early settlement does not happen, the **Developer** must submit their response to the **Buyer's** statement along with payment of £500 plus VAT. The **Buyer** will be given a copy of the **Developer's** response and asked to respond if they wish. At this stage, the **Buyer** may not make any further new complaints about this adjudication.
4. The Adjudicator will review written submissions from both parties and decide whether or not a **Buyer** has a legitimate **Dispute** and has suffered financial loss and/or emotional distress and/or inconvenience and if so how much loss/emotional distress/inconvenience because the **Developer** was in breach of the requirements of the **Consumer Code for New Homes**. Both parties will be expected to have acted reasonably and to have controlled their costs.
5. The Adjudicator will make a decision and send it to both parties. The decision may be a performance award (where the **Developer** has to do something) or a financial award (where the **Developer** has to pay the **Buyer** money) or a combination of the two.
6. The Adjudicator's decision cannot be appealed; it can only be accepted or rejected by the **Buyer**.

### Adjudicator's Decision

Decisions made by the Independent **Dispute Resolution Scheme** are not insured under the **Structural Warranty**.

The adjudication will be independent and conducted by a trained independent Adjudicator who must be a member of the Centre for Effective Dispute Resolution (CEDR).

CEDR will appoint an independent Adjudicator to resolve a **Dispute** through its Independent Dispute Resolution Service.

The **Developer** must comply with the Adjudicator's decisions which may comprise any of the following:

- the maximum value of any award will be 25% of the Contract price of the **New Home** subject to a maximum award of £50,000 (inclusive of VAT) in the aggregate for all claims arising in respect of the **New Home**.
- awards for emotional distress and/or inconvenience, subject to a maximum award of £1,000.
- reimbursement of the **Buyer's** case registration fee of £100.
- comply with any performance award that may be advised by the Adjudicator.
- comply with any combination award i.e. a combination of reimbursement of financial loss, compensation for emotional distress and inconvenience not to exceed £1,000, and carrying out work on the **New Home**.
- referral of the **Developer** to the Disciplinary and Sanctions Process (*refer to [Section 8](#) for further information*).
- pay the **Buyer** the amount of any such award if accepted by the **Buyer** within the period for payment required by the Adjudicator.

An illustrative flowchart of the whole **Dispute** Resolution Process and further information is available at [www.consumercodefornewhomes.com](http://www.consumercodefornewhomes.com). *More detailed information will be provided in response to each application for adjudication.*

### Developer's Obligations

Under the terms and conditions of their registration with the **Code**, the **Developer** will honour any award made against them under the **CCNH Independent Dispute Resolution Scheme**.

If the **Buyer** accepts the award, the courts will usually recognise this as evidence that the **Buyer's** claim was valid.

If a **Buyer** refuses to accept the award any subsequent legal action is likely to take account of the adjudication decision.

The **Developer** remains liable to pay the Adjudicator's award, even if they are no longer registered with the **Code**. The agreement between the **Code Sponsor** and the **Developer** governs the contractual relationship in relation to the terms of this **Code**, which requires the **Developer** to agree to comply with the terms of the **Consumer Code for New Homes** and expressly undertakes to comply with any decision given as a result of the **Independent Dispute Resolution Scheme** and accept the award of the Adjudicator.

If the **Developer** fails to accept the Adjudicator's award, **CCNH** may take legal action against the **Developer** to enforce the terms and conditions of the award.

## 8. DISCIPLINARY & SANCTIONS PROCESS

Any contravention of the **Code** by a **Developer** (or their **Agent**) will be treated as a very serious matter by the **Consumer Code for New Homes**.

Where required, the **Consumer Code for New Homes** Disciplinary and Sanctions Panel will be convened.

The Panel membership will depend on the nature of the contravention under investigation and will typically consist of 3-5 members drawn from a pre-approved list of independent consumer experts and independent construction industry professionals.

A chairperson will be appointed by the Panel and all decisions will be made on the basis of a clear majority.

Should the **Developer** fail to comply with the **Code**, there is a range of sanctions which the Disciplinary and Sanctions Panel can enforce depending on the level of seriousness of the breach:

1. Improvement Programme

Where the breach is deemed to be of a minor nature by the Disciplinary and Sanctions Panel, they will require the **Developer** to participate in a training programme to ensure that they understand what they have to do to comply with the **Code**, that they take it seriously and learn lessons from their mistakes.

2. Financial Penalties

Financial penalties may be imposed on the **Developer** for breaches of the **Code** determined by the Disciplinary and Sanctions Committee to be of a minor nature.

3. Suspension of **Developer** (and/or their **Agent**) from the **Code's** registered members list

Where the breach of the **Code** is deemed to be serious in nature by the Disciplinary and Sanctions Panel to require substantial improvement by the **Developer** (and/or their **Agent**), then the Disciplinary and Sanctions Panel may instruct the **Code Sponsor** to suspend the **Developer** from the registered members list for a specified period or until the **Developer** (and/or their **Agent**) can demonstrate that the improvements have been made and will not result in a further breach of the **Code**.

4. Removal of **Developer** (and/or their **Agent**) from the **Code's** registered members list

Where the breach of the **Code** is deemed to be so serious that substantial improvements will not prevent a further breach of the **Code**, or the **Developer** refuses to implement any improvements, then the Disciplinary and Sanctions Panel will instruct the **Code Sponsor** to remove the **Developer** from their registered members list. This is a serious sanction.

These sanctions shall be extended to exclude the registration of statutory Directors of any **Developers** who are sanctioned under the **Code**, making particular provision for sanctions against statutory Directors of special purpose vehicles.

Any **Developer** suspended under the **Code**, will not be permitted to re-join the **Code's** register of members or the **Warranty Bodies' lists** until the **Developer** can demonstrate that they have taken all the necessary improvement steps to comply with the **Code**.

Any **Developer** removed from the **Code's** registered members list (and therefore also the lists of the **Warranty Bodies**) will not be permitted to re-join the list for a minimum period of three years and must be able to demonstrate that they have taken all the necessary improvement steps to comply with the **Code** in the intervening period.

When a **Developer** is suspended or removed from the **Code's** register of members, the **Warranty Bodies** must also suspend or remove the **Developer** from their members' list.

## 9. MONITORING THE EFFECTIVENESS OF THE CODE

The **Code Sponsor** will monitor performance and criteria against the **Code** requirements through regular feedback and analysis, reporting the findings on a regular basis internally, with an annual report being prepared of the findings and analytical processes, indicating ratios of performance against the key criteria, actions and remedies taken together with a review of the **Code's** performance in improving the customer experience and quality of completed **New Homes**.

This will enable the **Code Sponsor** to monitor trends and identify any dip in performance promptly and initiate remedial action to maintain the enhanced level of consumer protection that the **Code** is designed to provide.

An annual review of the performance of the measures will be conducted by the **Code Sponsor** in order to establish if the measures remain effective and whether there are any priority areas which need to be addressed. The **Code's** Board of Directors will review the results of this review and make recommendations as to any improvement or amendments which are required.

### Measuring the Effectiveness of the **Consumer Code** for **New Homes**

In order to collect the data to inform the Key Performance Indicators, to ensure the **Code** remains relevant and effective, regular **Buyer** surveys will be carried out to assess levels of customer satisfaction. **Developer** reviews and assessments of customer satisfaction feedback and complaints will all be carried out to assess and monitor compliance with the **Code** and to identify areas for improvement both in the **Code** itself and for **Developers'** application of the **Code**.

### Presenting the Results

Every year, the **Code's** Annual Report will be presented by the Board of Directors to the Chartered Trading Standards Institute and will be published on the **Consumer Code for New Homes'** website for public review.



**Consumer Code for New Homes Ltd**

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[www.consumercodefornewhomes.com](http://www.consumercodefornewhomes.com)