

# Consumer Code for Home Builders

Briefing note

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## Background

Following investigations by the Government and Office of Fair Trading, the house building industry has responded to calls for improvement in consumer service by voluntarily formulating the Consumer Code for Home Builders.

The Code affects all aspects of marketing, selling and after-sales customer care. Its aim is:

- to ensure fair treatment for homebuyers;
- to guarantee the provision of good quality information as to service levels; and
- to provide an easily accessible, low cost dispute resolution scheme.

## When does the Code come into force?

The Code came into force on 1<sup>st</sup> April 2010. It will affect all reservations from that date forward, but will not have retrospective effect.

## Who will the Code affect?

All Home Builders registered with participating Home Warranty Providers, (including NHBC, Premier Guarantee and LABC New Home Warranty) will be subject to the Code, which will automatically

form a part of the rules of registration of participating Home Warranty providers.

It will benefit all buyers of new or newly converted homes built by homebuilders insured under a relevant homebuilder warranty.

The Code does not cover:

- Builders or buyers of homes other than new or newly converted homes;
- Social housing;
- Those bringing claims for personal injury, loss of property value or blight, title problems, or claims in excess of £15,000 (inclusive of VAT)

## How will the Code work?

The code sets standards for Home Builders to meet. In cases of non-compliance, the relevant Home Warranty Provider is able to take sanctions against the builder concerned, including removal from their register and subsequent black listing.

It includes a simple, low cost dispute resolution scheme for claims up to a maximum value of £15,000. To instigate the scheme, the homebuyer must first have raised its complaint with the builder and afforded the builder the opportunity to investigate and put matters right.

Where matters are not settled, the homebuyer then refers the matter to the Home Warranty provider, who will deal with the matter using their own procedures, failing which the homebuyer may apply for the matter to be referred to the independent dispute resolution scheme.

## What needs to be done now?

- Have you provided your buyer with a free copy of the code? Is it available in a number of different languages or Braille?
- Is the code displayed in offices, sales suites and on your website?
- Do your contract documents, sales particulars and brochures comply with the Code's standards and requirements?
- Do you have appropriate procedures in place internally to deal with administration of the Code e.g? what happens if there is a complaint from a Home Buyer?
- Do your staff know what the Code expects of Home Builders? In particular, are staff aware of the affects under the Code of oral representations made to Home Buyers?



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