



Consumer Code for New Homes

Version 5, January 2024



A reassuring presence for new home buyers

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Buying a new-build home








If you are planning to buy a new-build home, the [Consumer Code for New Homes](#) is here to support you.

Buying a new-build home is an exciting time. But as it is one of the largest investments you're likely to make, it's important that you understand the process, what you're buying and what help is available if problems arise.

The Code is designed to help you understand what levels of service to expect from your developer, feel fully informed about your purchase and understand the protection available before and after you move in. In the unlikely event that problems arise, a free and fast Independent Dispute Resolution Scheme is available to deal with disputes if you think your developer has breached the Code Requirements.




Here are some examples of the protection offered by the Code:

-  **Your reservation fee.** Your developer must return your reservation fee in full if you change your mind within the cooling-off period. Your reservation fee will still be refunded if you change your mind outside of the cooling-off period, minus any reasonable costs, which your developer must outline in advance.
-  **Your deposit.** Your developer must have in place arrangements for protecting your deposit so that they can refund it in the unlikely event they go out of business before completing your new home.
-  **High-pressure sales tactics.** Developers are likely to be found in breach of the Code if they put you under undue pressure to make a sale.
-  **Your right to cancel your contract.** If your developer significantly changes the specification of your new home and did not get your agreement, or if there is an unreasonable delay in finishing the construction, you may be able to pull out of the purchase, even after exchange of contracts, and receive a full refund.
-  **After-sales service.** Developers are required to provide an after-sales service and an accessible complaints service to support you for up to two years after legal completion.

If you have any questions about the Code's protection, or want to find out more about what to expect from your new home, visit our website at www.consumercodefornewhomes.com, call [0333 900 1966](tel:03339001966) or email admin@ccnh.co.uk.

Guide to the document



This document provides you with:

-  the Code Requirements that developers must comply with
-  an introduction to how the Independent Dispute Resolution Scheme works, and
-  a 'meaning of words' section that explains the specific terms we use and what they mean in the context of the Code. These begin with a capital letter to signify they have a special meaning.

Introduction



This version of the Consumer Code for New Homes came into force on 1 January 2024 and applies to:

-  all Reservations signed on or after the implementation date of 1 January 2024 and
-  all the Buyers and New Homes stated in the [Scope of the Code](#).

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

The Code applies to all Developers registered with the Code and establishes mandatory requirements that all Developers must meet in the marketing and selling of New Homes and in their After-Sales Service.




In addition to the specific Requirements, we provide Developers with Guidance to help demonstrate ways to support consumers. This information can also help you understand what to expect from your Developer and can be found at www.consumercodefornewhomes.com/the-code-for-you/developers.

Developers must adopt the standards of good practice, procedures, and information in the Guidance to meet each Requirement, unless they take a different approach to satisfying the Requirements. If they take such a different approach, they must provide a similar level of information and achieve a similar outcome to what the Guidance says.

The Code and Guidance should be read alongside the section about the [Scope of 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, sanctions are available through the Code Disciplinary and Sanctions Panel. These include:






-  removal of the Company from the Consumer Code for New Homes' register and all Company Directors banned, and
-  removal from the relevant Structural Warranty Bodies' register, and
-  exclusion from all registers run by other Structural Warranty Bodies that take part in the Code Scheme.

If a Developer is removed from the Code, the Code Sponsor will also notify other Chartered Trading Standards Institute Approved Codes in the New Homes sector, of Companies and Directors removed from Consumer Code for New Homes register and the reasons why.

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.

The Code also benefits second and subsequent Buyers of the New Home but only in respect of after sales matters reported to the Developer within two years of the date of the Legal Completion of the original New Home purchase.









To encourage Developers to adopt the Code and to enable the Code's Management Board to check how well it is being applied, or whether it needs to be amended or updated, the following activities may be carried out:

-  Research.
-  Audits (which may include audits of Developers' systems and documents, desktop self-assessment questionnaires and site visits).
-  Mystery-shopping surveys.
-  Reviews and assessments of customer satisfaction feedback and complaints.
-  Training for Developers.

Nothing in the Code affects a Buyer's existing legal rights or replaces Developers' legal obligations or existing legislation regarding the New Home. Buyers do not have to make a complaint to the Independent Dispute Resolution Scheme for matters that are covered by the Code. They may decide to take alternative action instead, such as through the civil courts.

Purpose of the Code

The aim of the Code is for all Buyers:

-  to be treated fairly by the Developer (and their Agent)
-  to understand the Developer's legal status and identity as a company, so the Buyer understands who they have bought their New Home from
-  to be given clear and reliable information on which to make informed decisions about purchasing a New Home
-  to know what standards the Developer must deliver for the New Home
-  to know what service levels to expect from the Developer (and their Agent)
-  to receive clear advice about the main aspects of the New Home that the Buyer will need to maintain
-  to know how to access timely arrangements for resolving Disputes if they are dissatisfied
-  who may be Vulnerable to be identified and given suitable support to help them make decisions.

Meaning of Words



Wherever any of the following words or expressions are used in the Code and Guidance (including in the Introduction, Purpose of the Code, Scope of the Code, and Introduction to the Independent Dispute Resolution Scheme), it has the meaning given below unless the context requires otherwise.

Term	Meaning
Adjudicator	The person appointed by the Independent Dispute Resolution Scheme to decide the Dispute.
After-Sales Service	The service provided by the Developer to deal with any emergency issues; Snags; Defective, Faulty or Incomplete Works; or Complaints for at least two years after the date of Legal Completion.
Agent	A person, firm or company used by a Developer to deal with any matter on their behalf (for example, an estate agent or contractor).
Building Regulations	The Building Regulations that govern the construction of the New Home which were in force when the “notice to build” was deposited with the local authority or Approved Inspector (or, in Scotland, at the time the application for the building warrant was submitted to the local authority).
Buyer	A Customer who goes on to reserve or buy a New Home from a Developer which has registered the New Home with a Structural Warranty Body, excluding those listed in the Scope of the Code . <i>For New Homes reserved or bought jointly by two or more people, the Buyer's rights will be joint.</i>
Common Areas	Those parts of a multi-ownership building (which your New Home forms part of) for common or general use, for which the Buyer has joint ownership, responsibility or access. These include access ramps, corridors, hallways, lobbies and reception areas, stairwells and staircases, roofs, lifts and lift shafts, fire escapes, gutters and downpipes, refuse facilities, communal heating systems, communal pumping stations, communal septic tanks and other waste and drainage solutions. The following are specifically excluded from the definition of Common Areas: roads, car parks, communal gardens, recreational areas, landscaping features (including SUDS and LEAPS and other similar features).
Complaint	An expression of dissatisfaction about an issue brought to the Developer’s attention by the Buyer (this may be verbally or in writing).
Consumer Code or Code	A set of Requirements that Developers must meet.
Contract Deposit	A deposit paid by the Buyer to the Developer at Contract Exchange that acts as part-payment towards the purchase of the New Home and demonstrates the Buyer’s legal commitment to buy it.
Contract Exchange	The term employed in England and Wales used to describe the formal stage at which the Contract of Sale is exchanged between the Developer and Buyer. In Scotland, it is known as Conclusion of Missives. In Northern Ireland it is known as Formation of Contract. Where this document uses the term for England and Wales, the terms for the other countries are implied.
Contract of Sale	A legally binding agreement between the Buyer and the Developer to buy or build the New Home. In Scotland, it is known as the Missive.

Term	Meaning
Cooling-off Period	The 14 days after the Reservation Agreement is signed, during which the Buyer can decide to end the agreement and have their Reservation Fee refunded in full.
Customer	A person making enquiries about buying a New Home but who has not Reserved a New Home.
Decision	The Adjudicator's written findings in the Dispute, with their reasons, as sent to the Buyer and the Developer.
Defective, Faulty or Incomplete Work	Work not completed, damage or faults (caused by the Developer or their Agents) in completed work that do not meet the quality or finish set out in the Contract of Sale, including the Structural Warranty Body's standards or the manufacturer's standards for that part of the building or New Home.
Developer	An individual or a company who: <ul style="list-style-type: none"> has registered the New Home with a Structural Warranty Body, and develops the New Home with the intention for selling to the public. This may be a subsidiary created by a parent company with a single purpose (known as a special-purpose vehicle or SPV).
Development	The extent and facilities in the Detailed Planning Consent under which the New Home is being constructed.
Dispute	A disagreement about a Complaint made by the Buyer to the Developer (under the Developer's published complaints procedure) where the parties do not agree on the outcome regarding matters covered by this Code.
Early Bird	Arrangements used by Developers whereby a Customer can register an interest in a New Home which has not yet been released for sale but which is likely to be released for sale within a defined period.
Emergency Issue	An issue that poses an immediate threat to safety, security, health, or well-being.
Event Fees	Fees payable under a term of, or relating to, a residential lease of a New Home on certain events such as resale or sub-letting. Event Fees may have various names including exit fees, transfer fees, deferred management fees, contingency fees, and selling-service fees.
Health & Safety File	As required by the Construction Design and Management Regulations, this is a collection of information appropriate to the characteristics of the project. It contains relevant health & safety information needed to allow the safe carrying out of future construction work, including cleaning, maintenance, alterations, refurbishment, and demolition.
Independent Dispute Resolution Scheme	An independently accredited process set up to deal with Disputes where a Buyer believes the Developer has failed to meet the Code's Requirements. (The process excludes items covered by the Structural Warranty or other dispute resolution schemes (or both).)
Leasehold	The owner of the New Home does not own the land the New Home is on, but leases it from the landowner for a fixed period.
Legal Completion	The point at which the New Home is transferred from the Developer to the Buyer. In Scotland, this stage is known as settlement.
Legal Completion Period	The time between the date the Developer gives the customer the notice to complete and the date of Legal Completion.
Long-Stop Date	The last date agreed by the Buyer and Developer (or their Agents) by which the New Home must be completed.

Term	Meaning
Major Change	A change that significantly and substantially affects the size, appearance, or value of the New Home (including the layout inside) from what the Buyer was shown in the Reservation Agreement or Contract of Sale.
Management Services	The maintenance, supply and service obligations and charges (including Event Fees and Leasehold charges), which (if applicable to the relevant New Home) the Buyer will be legally obliged to meet after buying the New Home.
New Home	The newly-built, or newly converted property (including its gardens, boundary, fencing, communal areas, and curtilage) sold by the Developer as set out in the Contract of Sale.
Notice to Complete	The formal notice issued by the Developer to tell the Buyer the date the New Home will be ready for Legal Completion.
Part-Exchange Scheme or Assisted-Move Scheme	Schemes offered by some Developers to help Buyers move by offering to buy their existing home.
Pre-Completion Inspection	An inspection of the New Home carried out by the Buyer or their appointed Professional Adviser before the date of Legal Completion.
Professional Adviser	A suitably qualified person requested, or appointed by, the Buyer to assist them with any or all aspects of the New Home purchase. This may include dealing with Complaints that arise and are made to the Developer. Such advisers may include: <ul style="list-style-type: none"> 🏠 conveyancing professionals appointed under a relevant professional institute’s rules such as solicitors, licensed conveyancers, financial advisers, or mortgage intermediaries 🏠 pre-inspection professionals such as qualified surveyors formally appointed under a relevant professional institute’s rules 🏠 complaint handling professionals such as trading standards departments, Citizens Advice, consumer centres and solicitors.
Reservation, Reserve, Reserved or Reservation Agreement	When a Buyer and a Developer jointly make a written statement of intent (subject to contract and whether or not a fee is paid) to buy and sell a New Home. Reserved and Reserve carry the corresponding meaning.
Reservation Fee	The fee payable by the Buyer on entering into a Reservation Agreement with a Developer.
Requirements	The obligations Developers must meet under the Code.
Snag or Snagging	A minor imperfection or fault (caused by the Developer or their Agents) in the New Home which does not meet the quality or finish as set out in the Contract of Sale. A snag is usually something that is damaged, broken, not fitted properly or that looks unfinished. Snags may be identified during a Pre-completion Inspection or after Legal Completion.
Structural Warranty	An insurance-backed warranty that a Structural Warranty Body issues for the New Home.
Structural Warranty Body	An organisation which supports Consumer Code for New Homes as a Code User. Details of Structural Warranty Bodies which are Code Users are available on the Code website: www.consumercodefornewhomes.com .
Tenure	The conditions under which land or buildings are held or occupied. This is usually freehold (where the owner of the New Home owns the land it is built on) or leasehold (where a third party owns the land and the Buyer pays to lease the land for a specified period).
Vulnerable or Vulnerable Customer	Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care. Vulnerability may come in many forms and may be temporary, sporadic, or permanent. It may need a flexible, tailored response from Developers.

Scope of the Code















This version of the Consumer Code for New Homes applies to all New Homes on a Development, for which the Developer has registered the plot with a Structural Warranty Body after 1 January 2024, subject to the exclusions below.

All Developers which are registered with Consumer Code for New Homes must fully comply with the Code.

The Code applies to the New Home from the date of signing the Reservation Agreement¹ until two years after the date of Legal Completion as set out in the Requirements.









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

-  new homes that are covered by any other Consumer Code in the new homes sector.
-  new homes bought under a shared-ownership scheme.²
-  second-hand properties (for example, homes taken by Developers in part exchange and re-sold, or new homes retained by the Developer and occupied prior to being sold for the first time – this does not include show homes which will be treated as New Homes under the Code, provided they have not been lived in as residential properties).
-  any new-build properties which were not sold by a Developer registered with the Code.
-  new-build homes which have not been registered with a Structural Warranty Body.
-  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 purchasers (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 acquired by a receiver and sold onto consumers.
-  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.
-  properties built under architects' certificates, unless a Structural Warranty Body has also issued a Structural Warranty.

¹ For customers who enter an Early Bird arrangement but who don't go on to reserve a new home, only Sections 2.2.5 and 5.2 apply.

² Complaints from Buyers who have purchased under a shared-ownership scheme may be considered under an existing statutory Ombudsman Scheme. However, this can be a complex matter. It will depend on the contractual relationship with the housing association (or landlord) and Developer or builder. Help may be sought from a Professional Adviser.

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

-  matters that are covered by the Structural Warranty.
-  damaged or faulty items not caused by the Developer or their Agents.
-  Snags not reported to the Developer within the Developer's stated timescales for reporting such matters.
-  claims that exceed the Independent Dispute Resolution Scheme's limits unless the complainant opts to restrict their claim to the Scheme limit.
-  personal injury claims.
-  loss of property value or blight.
-  claims about land conveyed or its registered title.
-  complaints already dealt with by an alternative dispute-resolution process including courts and ombudsman schemes.

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.

1. Complying with the Code



1.1 Adopting the Code

- 1.1.1 This Consumer Code is mandatory for all Developers registered with the Code.
- 1.1.2 Developers must comply with the Requirements.

1.2 Making the Code Available

- 1.2.1 The Developer must make the Code available, free of charge, to any Customer interested in buying a New Home and it must be made available in appropriate formats when requested.
- 1.2.2 The Code must be readily accessible to Customers from the Developer's website, and on any software applications that may be used and referred to in sales literature.
- 1.2.3 The Developer's must prominently display the Code logo in public areas related to the New Home sales process (including areas such as sales offices and offices of appointed selling Agents), and in sales brochures and on websites.
- 1.2.4 In making the Code available, the Developer must consider the needs of, and comply with, guidance on Vulnerable Customers in [Section 1.6 – Customer Vulnerability](#).












1.3 Customer Service Standards

- 1.3.1 The Developer must 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. This includes being able to comply with any awards (including financial) made under the Code's Independent Dispute Resolution Scheme.

1.4 Training of Customer Service Staff

- 1.4.1 The Developer must provide training on the Requirements to all staff (including those employed by any Agents used) who deal with Customers.

1.5 Sales & Advertising

- 1.5.1 The Developer must ensure that the content of any sales and marketing material relating to the New Home is clear and truthful and uses plain English. The content must comply with all relevant codes of advertising and the law.
- 1.5.2 The Developer must state in their sales and marketing literature that they subscribe to and comply with the Code.
- 1.5.3 The Developer must not mislead Customers or Buyers, including on the following matters:
- | | |
|---|---|
|  Size of property. |  Legal completion date. |
|  Leasehold. |  Structural Warranty provisions. |
|  Specification of property. |  Management Services. |
|  Energy-performance ratings. |  Future phases of the Development. |
|  Pricing of property. |  Costs, coverage, or benefits of any additional products such as insurances or warranties and guarantees. |
|  Mobility adaptations. | |
- 1.5.4 The Developer must not use high-pressure selling techniques to influence a Customer or Buyer's decision.
- 1.5.5 If the Developer receives any commission for recommending certain products or services, this must be declared to the Buyer (see also [Section 2.3.3](#)).













1.6 Customer Vulnerability

- 1.6.1 The Developer must acknowledge and cater for the needs of Vulnerable Customers and help them make informed decisions.



















2. Pre-Contract






2.1 Pre-Contract Information

- 2.1.1 The Developer must give Buyers or their Professional Adviser (or both) enough pre-contract information to help them make suitably informed purchasing decisions.
- 2.1.2 In all cases this information must include:
-  a written Reservation Agreement.
 -  an explanation of the cover provided by the Structural Warranty and contact details of the Structural Warranty Body providing it.
 -  a description of any Management Services and organisations to which the Buyer will be committed and an estimate of the associated costs.
 -  the nature and method of assessment and calculation of any Event Fees whether the New Home is Leasehold or freehold.
 -  the Detailed Planning Consent reference number under which the New Home is being built and details of any future build phases of, and the facilities on, the expected completed Development if this is known and for which there is Planning Consent.
 -  a list of contents in the New Home that are included in the price, including white goods, curtains, carpeting, wall tiling, door-entry systems, power points and sanitary-ware fittings .
 -  a specification for the New Home including the type of materials forming the building's main structure (masonry, timber, steel frame or other).
 -  information about the standards the New Home is being built to, including confirmation that it will meet the UK Building Regulations, the relevant Structural Warranty Body's standards and the New Home's expected energy-performance standards.
 -  any exceptional restrictions on using, living in or the appearance of the New Home and its grounds. This does not include standard terms covered in the title deeds, plot transfer of ownership or equivalent document. The Developer must recommend that the Buyer asks their appointed Professional Adviser about any exceptional restrictions that apply.
 -  details of any services, facilities and responsibilities that may not immediately transfer from the Developer to the Buyer on Legal Completion (for example, responsibility for the water and drainage systems and utilities). If these will transfer to the Buyer on a later date, the Developer must explain this in full and give the Buyer written details.
- 2.1.3 If the New Home is not yet complete, the Developer must also give the Buyer:
-  the Developer's provisional estimate of when the New Home will be ready for occupation
 -  a brochure or plan showing the size, specification, general layout, plot position and orientation of the New Home.
- 2.1.4 The Developer must inform Buyers, in writing, how their questions will be addressed and who to contact (with names and contact numbers) during the sale, purchase and transfer of ownership of the New Home.
- 2.1.5 The Developer must give the Buyer a copy of the Developer's Complaints Procedure (see [Section 5.2 – Complaints and Disputes](#)).

2.2 Reservation Agreements

- 2.2.1 The Developer must give the Buyer a Reservation Agreement, written in plain English, which has been signed by both parties (digitally or in person) and which sets out clearly the terms of the Reservation, including:
-  the company name or the legal title of the seller of the New Home.
 -  the amount of the Reservation Fee.
 -  the Buyer's right to cancel within the Reservation period and the range of possible monetary costs the Developer may retain.
 -  the terms under which the Reservation Fee is refundable and non-refundable and any administration fees or similar that the Developer may deduct.
 -  that it is "Subject to Contract".
 -  details of the New Home including the property type, plot number, Development name, postal address (if available), parking arrangements.
 -  the purchase price of the New Home.
 -  how long the price and the Reservation Agreement remain valid.
 -  how and when the Reservation Agreement will end.
 -  date by which Contract Exchange must take place.
 -  any dependent or conditional matters for example 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 (Scotland: 'factoring') and other costs that the Buyer must pay, as specified in [Section 2.1 – Pre-Contract Information](#).
 -  whether the New Home is freehold or leasehold.
 -  the nature and method of assessment of any Event Fees.
 -  scope and process for administering changes to the New Home (such as paint colour, design changes, specification changes).
 -  how the Buyer can cancel the Reservation Agreement, including as a result of a Major Change (as set out in [Section 3.3](#)).
 -  that there is a 14-calendar-day Cooling-off Period, during which the Buyer can cancel the Reservation Agreement and receive a refund of the full Reservation Fee.
- 2.2.2 The Developer must refund the Reservation Fee (less any stated deductions if appropriate) within 14 calendar days of the date of any notice of cancellation given by the Buyer.
- 2.2.3 The Reservation Fee must be fully refunded if the Buyer wishes to cancel the Reservation for any reason within 14 calendar days of signing the Reservation Agreement. Refer to [Section 3.4 – Protecting Buyer Deposits and Pre-Payments](#).
- 2.2.4 While the Reservation Agreement remains valid, the Developer does not have the right to terminate the Reservation Agreement and must not enter into a new Reservation Agreement or sale agreement with another customer on the same New Home.

2.2.5 If a Developer offers an Early Bird arrangement and charges a fee, they must:

-  not charge more than £150 (or any future maximum set under the Code), and
-  make it clear to the Customer before any fee is paid, how long they have to accept the Early Bird offer and how long they will have to change their mind and still receive a full refund of the fee they have paid, and
-  tell the Customer of any administration fees or similar that may be deducted.

2.2.6 Subject to any data protection requirements, at the end of the Reservation Agreement period, the Developer should give the Structural Warranty Body full details of the Buyer and the New Home they have reserved if the Structural Warranty Body requires this.

2.3 Appointment of Professional Advisers

- 2.3.1 The Developer must make Buyers aware that they should seek and appoint independent legal advice when carrying out the legal formalities of buying the New Home.
- 2.3.2 The Developer must not restrict the Buyer's choice of legal representative, financial adviser, mortgage intermediary, or qualified inspector. However, the Developer may recommend a practitioner from a panel.
- 2.3.3 The Developer must inform the Buyer if they receive any fee, commission or any other reward or advantage for introducing any adviser (see also [Section 1.5.5](#)).

2.4 Structural Warranty Cover

- 2.4.1 At Reservation and before Contract Exchange, the Developer must give the Buyer accurate and reliable information about the Structural Warranty provided for the New Home.

2.5 Health & Safety for Visitors to Sites under Construction

- 2.5.1 The Developer must ensure their sites meet all relevant health & safety legislation and guidance.
- 2.5.2 The Developer must inform Customers and Buyers about the health & safety precautions they should take if permitted to visit a live construction site.

2.6 Part-Exchange Schemes







- 2.6.1 When a Developer offers Buyers a Part-Exchange Scheme, the terms must be fair, transparent and must not be used to pressure a sale. The Developer must give the Buyer, particularly if they are a Vulnerable Customer, adequate time to consider the information provided.

3. Contract Exchange



3.1 The Contract of Sale

3.1.1 The Developer must ensure that the Contract of Sale terms and conditions:

-  are clear, fair and written in plain English.
-  comply with all relevant legislation.
-  define the Legal Completion notice period, which is from serving a Notice to Complete until Legal Completion.
-  clearly state the circumstances in which the Buyer can terminate the Contract of Sale as set out in [Section 3.3 – Contract of Sale Termination Rights](#).
-  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 stated by the Developer.
-  clearly explain how Contract Deposits are to be protected as set out in [Section 3.4 – Protecting Buyers' Deposits and Pre-Payments](#).



3.1.2 The Developer must formally consult the Buyer and get their agreement to a Major Change that occurs after Contract Exchange to the design, construction, or materials to be used in the New Home, if this significantly and substantially alters the size, appearance, or value of the New Home from what was shown to the Buyer in the Reservation Agreement and Contract of Sale.

3.1.3 The Developer must tell the Buyer of their right to terminate the Contract of Sale and the specific circumstances when they could use it, if the Major Change is unacceptable to the Buyer, before Legal Completion. The Buyer must have the right to terminate the Contract of Sale and be refunded their Contract Deposit and Reservation Fee and any other pre-payments without deductions. (See also [Section 3.3 – Contract of Sale Termination Rights](#))

3.1.4 The Developer must formally consult the Buyer about any Major Changes to the design, construction or materials of the New Home occurring after the Reservation Agreement. It is not sufficient for the Developer to simply put these Major Changes in the Contract of Sale. The Developer must make the Buyer aware of the Major Changes in writing and obtain the Buyer's agreement to them.

3.2 Timing of Construction, Legal Completion and Handover

3.2.1 The Developer must give the Buyer reliable and realistic information about:

-  when construction of the New Home is scheduled to be finished
-  the date at which ownership of the New Home will transfer from the Developer to the Buyer on Legal Completion.

3.3 Contract of Sale Termination Rights

- 3.3.1 The Developer must inform Buyers about their right to terminate the Reservation Agreement and Contract of Sale.
- 3.3.2 The Developer must repay the Contract Deposit, Reservation Fee, and pre-payments in full without deductions within 28 calendar days if the Buyer terminates the Contract of Sale because of Major Changes to the New Home or for an unreasonable delay, as defined in the Contract of Sale.

3.4 Protecting Buyer Deposits and Pre-Payments












- 3.4.1 The Developer must have in place and explain to the Buyer the arrangements for protecting Contract Deposits and any pre-payments paid by Buyers, including Reservation Fees.

4. Legal Completion



4.1 Legal Completion

4.1.1 At the point of Legal Completion, the Developer must:

-  have completed the construction of the New Home to the standards identified in [Section 2.1.2](#).
-  have carried out their final quality-assurance inspection of the New Home and given the Buyer a schedule of any Defective, Faulty or Incomplete Works, and a statement of timescales for completing /remedying them along with the need for access at suitable times to enable the problems to be put right.
-  have agreed or given the Buyer an appointment for a New Home demonstration.
-  give the Buyer the Structural Warranty documents showing that cover is in place.
-  have given the Buyer, or their Professional Adviser, the opportunity (in writing) to visit and carry out a Pre-Completion Inspection.
-  give the Buyer a copy of the Developer's Complaints Procedure (see [Section 5.2 – Complaints and Disputes](#)).
-  give the Buyer the Health and Safety File for the New Home in compliance with relevant legislation.
-  give the Buyer a statement of incomplete works, not being a part of the New Home, but which serve it and directly affect it, as part of the Development under the relevant Planning Consent, and indicative timescales for their completion. (Examples include utilities, roads, open spaces, recreational areas, landscaping.)
-  give the Buyer an explanation of how the appliances included in the New Home operate.
-  give the Buyer full details of any guarantees and warranties that relate to the New Home and appliances.
-  give the Buyer a copy of the Building Regulation Control Certificate and Inspection Records if requested ('Habitation Certificate' in Scotland).

4.1.2 The Developer must not offer a Buyer incentive (financial or otherwise) to move into, or complete the purchase of, a New Home that has not been completed to the standards in [Section 2.1.2](#).












4.2 Health & Safety for Buyers living on Developments under Construction

4.2.1 The Developer must tell Buyers about the health & safety precautions they should take when living on a Development where building work continues and the measures that the Developer applies to protect them.







5. After Occupation Starts





5.1 After-Sales Service and Defects Resolution

- 5.1.1 The Developer must give the Buyer a comprehensive and accessible After-Sales Service for at least two years after Legal Completion.
- 5.1.2 This service should include the following things:
-  Dealing with Snags that the Buyer notifies to the Developer during the two years after Legal Completion.
 -  Rectifying Defective, Faulty or Incomplete Works in the New Home that the Developer becomes aware of during the two years after Legal Completion.
 -  Repairing or replacing appliances and mechanical and electrical equipment provided by the Developer that develop faults (excluding wear and tear, lack of maintenance, misuse etc.) during the two years after Legal Completion.
 -  Remedying problems associated with any fixtures and fittings (excluding wear and tear, lack of maintenance, misuse etc.) provided by the Developer. This includes items not supplied as standard with the New Home but for which the Buyer paid the Developer.
- 5.1.3 The Developer must ensure that Snags or Defective, Faulty or Incomplete Works covered by the After-Sales Service are resolved as soon as possible and within a mutually agreed timescale.
- 5.1.4 To make sure the Buyer understands how to access the After-Sales Service, the Developer must provide the Buyer with suitable information about the service. It must include:
-  a written statement of their After-Sales Service procedures.
 -  an explanation of their responsibility for remedying any Defective, Faulty or Incomplete Works arising in the property for at least two years after the date of Legal Completion, under the terms of the Structural Warranty.
 -  an explanation of how Snags and Defective, Faulty or Incomplete Works and service calls will be managed, including timescales; how they should be reported and the names and contact information of the Developer's staff to whom such issues should be addressed.
 -  an explanation of the process for reporting and handling emergencies, including what qualifies as an emergency that the Developer will deal with.
 -  a written explanation of what constitutes Defective, Faulty or Incomplete Works during the first two years after Legal Completion and the Developer's liability to remedy them, giving references to the relevant Structural Warranty Body's standards.
 -  an explanation of what is normal maintenance and 'running in', which are the Buyer's responsibilities, particularly for maintaining such things as boilers and appliances.
 -  details of how the Buyer can make a formal Complaint about any issue or problem (including Snags and Defective, Faulty or Incomplete Works) if they are unhappy with how the Developer proposes to deal with it.

5.2 Complaints and Disputes

- 5.2.1 The Developer must have, and keep to, a system and procedures for receiving, handling, and resolving Buyer's Complaints and Disputes (see Section 5.2.4).
- 5.2.2 The Developer must give the Buyer a written statement of the process for making a formal Complaint and for resolving Disputes if the Developer and the Buyer fail to agree on the resolution. It should include details of how the Buyer can escalate such an issue to the following:
-  The Developer.
 -  The Structural Warranty Body, regarding any matters that fall under the Structural Warranty Body's dispute resolution service or warranty cover.
 -  The Independent Dispute Resolution Scheme.
- 5.2.3 The Developer's Complaints Procedure must be given to the Buyer and made available on the Developer's website.
- 5.2.4 The Developer's Complaints Procedure must clearly state the following:
-  That the Developer will provide a written acknowledgement of the Complaint to the Buyer within five working days of the Complaint being made.
 -  That the Buyer can expect a more detailed response from the Developer within 20 working days of a Complaint being made. Where applicable, the response should include one or more of the following:
 - An acceptance of the Complaint and what action the Developer is going to take to resolve the issue(s) raised.
 - An estimated timescale for the work required to resolve the issue(s) raised.
 - The time may vary depending on, for example, the nature of the issues raised, investigation work needed, the lead time for sourcing materials, and the preparation work needed.
 - A rejection of the Complaint and details of the reason(s) why the Complaint is rejected.
 - Details of any further investigation work necessary to determine the outcome of the Developer's decision to either accept or reject the complaint, including timescales.
 - That a written final response will be provided as soon as possible after any further investigation has been carried out and that it will set out what part(s) of the Buyer's Complaint the Developer agrees with as well as (where appropriate), what part(s) the Developer disagrees with and why.
 -  That if the Complaint becomes a Dispute, the Buyer may refer it direct to the Independent Dispute Resolution Scheme:
 - if the Buyer does not receive any response from the Developer within 20 working days of a Complaint being made.
 - if the Buyer cannot reach an amicable resolution to the Complaint with the Developer within 56 calendar days of the Complaint being made.
 - if the Defective, Faulty or Incomplete Works or issues arising are not resolved within timescales agreed between the Buyer and the Developer.

-  That using their Complaints Procedure or the Independent Dispute Resolution Scheme does not affect the Buyer's normal legal rights. If the issue is not covered by the Structural Warranty, the Structural Warranty Body may give the Buyer details about the Code's Independent Dispute Resolution Scheme. (See also [Section 5.1 – After-Sales Service and Defects Resolution](#))
-  That a Dispute may be brought to the Independent Dispute Resolution Scheme after 56 days have passed since the Buyer first raised the Complaint with the Developer, and no later than 12 months after the Developer's final response to the Complaint.

5.3 Co-operation with Professional Advisers

- 5.3.1 The Developer must co-operate with appropriately qualified Professional Advisers (or agreed intermediary) appointed by the Buyer to help with the purchase of the New Home, any pre-inspection and in the resolution of any Complaints before they become a Dispute.
- 5.3.2 The Developer must provide the same level of co-operation to an agreed intermediary representing the Buyer (e.g., a family member or friend) as they would to the Buyer.

Independent Dispute Resolution Scheme



The Code is underpinned by an Independent Dispute Resolution Scheme operated through CEDR Limited (CEDR).

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.

A Dispute may arise if a Buyer believes the Developer has failed to meet the Code's Requirements and it falls outside the Structural Warranty Body's resolution scheme for defects or damage. If so, the Dispute may be resolved by the Buyer applying to the Code's Independent Dispute Resolution Scheme.

This means a trained adjudicator will review written submissions from both parties and issue a Decision based on their conclusions. The Adjudicator will decide whether or not a Developer has breached the Consumer Code for New Home's Requirements and if so, whether or not the Buyer has been caused detriment or suffered financial loss (or both) as a result.

The following is a summary of this process. More detailed information is available in the 'How are complaints dealt with?' section of our website.

Complaint and Response

1. A Buyer must first complain to their Developer and give the Developer the opportunity to investigate and put things right.
2. If the Buyer is not satisfied with the Developer's final written response, the Buyer should contact the Consumer Code for New Homes.
3. If the Buyer refers the complaint to the Code, it will discuss the nature of the complaint with the Buyer and, if appropriate, give the Buyer information about the Independent Dispute Resolution Scheme. The Buyer can then decide if they want to refer their Complaint to the Independent Dispute Resolution Scheme.

The Independent Dispute Resolution Scheme Adjudication Process

The below is a summary setting out the key steps in the process used by the Independent Dispute Resolution Scheme (IDRS), operated by Centre for Effective Dispute Resolution (CEDR) on behalf of the Consumer Code for New Homes. This summary is intended to act as guidance only. It is CEDR's Service Rules that apply to Disputes that are referred to the IDRS. In the event of a conflict of information between the Service Rules and this summary, the Service Rules will prevail.

4. If a Buyer decides to refer a Dispute to the Independent Dispute Resolution Scheme (IDRS), the following adjudication process happens:
 - 4.1. To use the IDRS, the Buyer must contact Consumer Code for New Homes, which will provide an IDRS Referral Notice to the Buyer.

- 4.2. The Buyer has 12 months from the Developer's final response to the Complaint, or 12 months from the last written contact with the Developer if no final decision has been reached, to submit an application to CEDR. *Please note that being provided with an IDRS Referral Notice does not guarantee access to the IDRS. The process and scope of the IDRS is governed by a set of Service Rules. It will be at the sole discretion of the IDRS to determine if the Buyer's complaint is eligible to use the Service.*
- 4.3. The Buyer must complete an application form (available at www.cedr.com/consumer/ccnh/overview) and send it to CEDR with any evidence they wish to rely on. The Buyer's application form should contain all the information relevant to the Dispute and, where possible, identify the Requirements they allege have been breached. The Buyer should also provide copies of receipts or other evidence of expenditure if making a financial claim.
- 4.4. CEDR will ask the Developer to respond to the Buyer's application and supporting evidence. At this stage the Developer may challenge the eligibility of the Buyer's complaint ('object') or resolve the Dispute without a formal adjudication ('early settlement'). An early settlement costs the Developer a reduced case fee.
- 4.5. If early settlement does not happen, the Developer must submit their response to the Buyer's application along with payment of the required fee. CEDR will give the Buyer a copy of the Developer's response and will be invited to respond if they wish. At this stage, the Buyer cannot add any new complaints or issues to the Dispute.
- 4.6. An Adjudicator will be appointed by CEDR to consider both parties' submissions and decide whether or not the Developer has breached the Consumer Code for New Homes Requirements and, if so, whether or not the Buyer has been caused detriment or suffered financial loss (or both) as a result. Both parties will be expected to have acted reasonably and to have controlled their costs.
- 4.7. The Adjudicator will prepare a written proposed conclusion to the Dispute, with reasons for that proposed conclusion ('the Proposed Decision'), and CEDR will send it to both parties. The parties will be invited to provide comments on any factual inaccuracies and/or errors in law.
- 4.8. The Adjudicator will consider any comments made and has the power to make any amendments they consider appropriate to the Proposed Decision before making their Final Decision.
- 4.9. The Final Decision may be a performance award (where the Developer must do something, such as apologise to the Buyer) or a financial award (where the Developer must pay the Buyer money), or a combination of the two. The maximum value of the combined award available is £50,000 including VAT. *Please note – where the Decision relates to a Common Area, the Adjudicator cannot make a financial award for this to the Buyer.*
- 4.10. The Adjudicator may make a discretionary award for upset and inconvenience, up to a maximum of £2,000. They will do so if, in their sole consideration and opinion, the Buyer has been caused more than minor inconvenience as a result of the Dispute or how the Developer handled it (or both). The Buyer will not receive an award for distress and inconvenience if the Adjudicator does not find a breach of the Code. The £50,000 maximum award includes any award for inconvenience.
- 4.11. The Final Decision cannot be appealed; it can only be accepted or rejected by the Buyer.

Awards: Acceptance, Refusal, and Liability

5. The rules of Consumer Code for New Homes registration, and the registration requirements of the Structural Warranty Bodies, require each registered Developer to honour any Decision made against them by the IDRS. If the Buyer accepts the Final Decision, the courts will usually recognise this as evidence that the Buyer's claim was valid.
6. If the Final Decision requires the Developer to make a financial award and the Buyer unconditionally accepts it in writing, the IDRS will give the Developer written notification of this. The Developer must pay the financial award to the Buyer within 20 working days of the date on which the IDRS informs the Developer that the Buyer has accepted the Final Decision.
7. If the Final Decision requires the Developer to take any other action and the Buyer accepts that Final Decision, the Developer must complete the necessary action within 20 working days, or within any other timescale the Adjudicator gives. The Developer must tell the IDRS that they have done so.
8. It may be that the Developer cannot do what is directed in the Final Decision within 20 working days, or any alternative timescale that the Adjudicator gives. If so, the Developer must tell the Buyer and the IDRS why and give a date for the actions to be completed.
9. If the Buyer does not permit the Developer to carry out the actions necessary to comply with the Final Decision, the IDRS will consider the Final Decision to have been complied with by the Developer.
10. A Buyer should understand that if they refuse to accept the Final Decision, any subsequent legal action is likely to take account of the Final Decision.
11. A Developer remains liable to comply with the directions made in a Final Decision that has been accepted by the Buyer, even if they are removed from the Consumer Code for New Homes register.
12. The Consumer Code for New Home's Independent Dispute Resolution Scheme is independent of the Structural Warranty Bodies. Decisions made under the Code's Independent Dispute Resolution Scheme are not insured under the Structural Warranty Bodies' schemes.



A reassuring presence for new home buyers



Code Supporters



Consumer Code for New Homes

11 Milbanke Way, Bracknell, Berkshire, RG12 1RP

T: 0333 900 1966 E: admin@ccnh.co.uk

www.consumercodefornewhomes.com