
Consumer Code of Practice

Advantage Home Construction Insurance (AHCI) Ltd

Structural Defects Insurance

Desktop Audit - 18 January 2023

Background information

AHCI Limited was formed in 2014 and provides Structural and Latent Defect Warranties to the building trade. AHCI achieved Stage One approval for its Consumer Code in February 2016 and from May 2016 new members who fall within the scope of the Code must sign up to it to obtain insurance cover. AHCI believe the code ensures that their members provide the highest levels of customer service and protection with their structural defects insurance policies.

AHCI have members across the UK. In 2022, AHCI had a total of 1677 policies, of that, 959 were Code members, 699 were new members and 262 were renewed members.

Audit Process

The focus of the audit was on:-

- Code management, processes and procedures
- Guidance to support members to implement the code
- Documents provided by members relevant to the code
- The mechanisms in place for dealing with consumer feedback
- Support for vulnerable consumers
- Issues relating to pressure selling
- Mediation and ADR
- The disciplinary and sanctions process

Summary

AHCI members are keenly aware of the requirements to comply with the code. Their members understand that if they are found to be not compliant with the Code, the buildings insurance is not provided and the consequences on their business of non-supply of the new home warranty, is significant.

Member Application Process

All applications are assessed by the AHCI team. The application process includes checks of the validity of the company with HMRC, a company report is requested from Credit Safe – if the company score is below 25 then company accounts are requested for examination and assessment of fluidity, AHCI records are checked for behaviour in relation to previous projects. The same checks are made each time the member applies for insurance for a new project.

Prior to issue of final certificate(s) the developer is required to provide evidence of sufficient financial resources to meet claims for defects during the excess period. If these cannot be evidenced, further security will be required that may include Personal Guarantees (PGs) (with Asset and Liability (A&L) statement evidencing adequate assets) and/or Cross Company Indemnity (CCIs) from related entities with sufficient assets.

Some members of AHCI, due to the type of project they are working on e.g., build-to-let, projects covered by an Architects Certificate, investment properties (not for sale) are exempt from compliance with the Consumer Code.

Member Monitoring

Since 2019, the members Consumer Code audit is wholly on-line. Each time AHCI are notified that a build is complete and the Home Construction Insurance is agreed, the member is made aware of the requirement to complete the audit and the log-in details for the audit are sent out by email. In 2022, approximately 216 audit requests were sent to members with completed projects. AHCI estimate that that they have had a return of 52%.

If the member claims to be exempt from compliance with the Code and, therefore, does not have to complete the audit, they are prompted to call the Compliance Team for this to be assessed and agreed.

As the member progresses through the audit, it is possible for them to 'Save and Continue Later'. The compliance team have sight of how the audit is progressing and has a process in place to chase members to ensure completion. The audit includes the up-loading of up to seven documents.

If a member fails a remote audit, an on-site audit is required to confirm compliance with the Code.

AHCI employ 16 surveyors and 16 independent surveyors, all with appropriate Professional Indemnity Insurance, experience, and qualifications. The surveyors carry out five site visits during the period of the build. The five stages are foundations; ground floor oversight, first floor joist/roof; pre-plaster and completion. If all these inspections are satisfactory then the insurance documentation can be issued.

Withdrawal from membership and non-compliant businesses

AHCI has a Disciplinary and Sanctions Panel to take responsibility for considering allegation of a serious breach of the Consumer Code. In the event of cancelled membership, the policy remains in place to leave the consumer protected.

Marketing and Advertising by Member Business

Code promotion is essential to the success of the Code as it informs the consumer of their enhanced protection.

AHCI are currently developing their website further since the rebrand launch of AHCI in 2022. The new developments will include a dedicated Consumer Code page to sections for both developers and consumers. Within the developer's section, it will contain marketing guidelines of how to include mention of the CTSI and Consumer Code within their existing advertising and provide new information materials for distribution to consumers.

The new consumer section will include information of what to look out for when choosing their property in terms of the Consumer Code and questions that they may wish to ask. AHCI also have a video Q&A in production with helpful information for both developers and consumers.

Terms and Conditions and other Pre-Contractual Information

The Code requires that terms and conditions and pre-contractual information must be supplied for assessment. Template Ts&Cs are provided, different documents are supplied for different insurers.

Customer Service Provisions

Providing support for vulnerable consumers is a key requirement of the Consumer Code Approval Scheme. The AHCI Code includes this requirement and the new audit regime gives the example of someone who does not have English as their first language to assist members. AHCI are prepared to support any members who have any such issues, but no support has been requested to date.

Recommendation:

In relation to the identifying and looking after consumers in vulnerable situations, it is recommended that members are signed posted to the CTSI Guidance [consumer-vulnerability-guidance.pdf \(tradingstandards.uk\)](https://www.tradingstandards.uk/consumer-vulnerability-guidance.pdf).

Consumer Complaints Process

AHCI are currently in the early stages of becoming an approved ADR provider. If successful, further amendments to the Code relating to the complaints and mediation process will be necessary.

Currently, if a complaint is received within the scope of Code and the AHCI warranty, the claimant will be advised that they can contact either Trading Standards directly, seek legal advice or be referred to ADR.

Reference to snagging, this will be revisited where the snagging items are not included within the AHCI warranty i.e., plastering, flooring, pipework etc. The only snagging issues which would have AHCI involvement, would be structural as covered under the warranty policy.

Customer Satisfaction and Feedback

AHCI has adopted a new process for consumers to leave feedback.

Upon completion of a name change request for the property (from the developer to the homeowner) via the buyer's solicitor, an email will be sent to the buyer with the amended policy certificate. The email also includes a request for the questionnaire to be completed at <https://ahci.co.uk/consumer-code/>

Upon receipt of any completed questionnaires, AHCI will check to ensure that the form relates to a code member and review the answers submitted. If the questionnaire contains negative feedback, the developer will be reviewed and cross reference with their remote audit answers if completed and appropriate action taken.

Conclusion

AHCI are now back on track following the impact of the pandemic and lockdowns. They have a new process in place for seeking consumer reviews that can be assessed at the next audit.