

The Build Zone Code of Practice for Home Builders (Sennocke International Insurance Services Ltd)

Audit October 2018

Background information

The Build Zone Code has been established in order to ensure that its members comply with standards of best practice before, during and after the construction and sale of a new home. Build Zone members are small businesses engaged in new-builds and major conversions such as barn conversions or a detached properties into two semi-detached homes. The purpose of the code is to ensure that homebuyers are treated in a fair and transparent manner when purchasing new homes from Build Zone Members. All Build-Zone registered homebuilders have agreed to comply with the code and are subject to disciplinary and sanctions procedures if they are found to be in breach of the code.

In the event of a dispute or complaint by the homebuyer regarding the homebuilder's conduct, Build Zone provides a mediation service. If mediation fails to resolve the homebuyer's complaint or dispute consumers can access an independent Alternative Dispute Resolution (ADR) service.

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
- Online self assessment questions and data collection
- The mechanisms in place for dealing with consumer feedback
- Support for vulnerable consumers
- Issues relating to pressure selling
- Protection of client monies
- Mediation and ADR
- The disciplinary & sanctions process

Audit Summary

Build Zone demonstrates commitment to the code but there are some serious issues that need to be resolved. No consumer feedback has been requested or Annual Report has been published since the code was approved in June 2016.

Notwithstanding the above, Build Zone members are aware of the requirements to comply with the code. They understand that if they are found to be non-compliant the consequences on their business, of non-supply of the new home warranty, are significant.

Member Application Process

Member applications begin with the applicant being provided with a copy of the Build Zone Rules of Registration which must be signed and returned. The application form is then sent for completion. This self-assessment form features a wide range of questions that cover all aspects of the code and can be completed online or hard copy. This process includes questions relating to:

- Vulnerable consumers
- High pressure selling
- Security of deposit
- Cancellation rights

The self-assessment is partly yes/no questions, it also requires some detailed answers.

The application is then assessed by the Build Zone team and scored out of 40. The assessment includes financial stability, organisation and structure, finances, workflow communication, Health and Safety practices and Quality Control processes. If the applicant does not satisfy the requirements to join Build Zone, they can be offered an alternative warranty. This warranty is not consumer code approved and is a lot more expensive (for the builder) as Build Zone, rather than the builder, covers the first two years of the defects warranty.

A number of applications were reviewed. One of the main issues that is a stumbling block for approval is the builder's policy on refunding consumer's deposits.

Recommendation:

Include the question in relation to the return of deposits (Point 5.9 of the Code) earlier on in the application process so that this can be tackled prior to the full assessment is performed.

Member Monitoring

Members are monitored via an annual questionnaire (no questionnaire is sent if no properties registered). All questionnaires were presented for examination and ten were reviewed. Very few issues have been highlighted during this monitoring process. Build Zone members are small businesses and are controlled centrally, allowing the business to better ensure that compliance is maintained.

Building work is subject to ongoing checks by Build Zone surveyors. The Build Zone Warranty is issued to the builder for each property upon satisfactory completion of the project. Warranties are not issued if the latest monitoring questionnaire is not completed.

Withdrawal from membership and non-compliant businesses

Build Zone has a disciplinary and sanctions panel assess complaints and (where necessary) sanction members.

The panel is independent and consists of a trading standards manager, an insurance industry representative and a building sector representative. The panel meets when required, it has not been called to consider any cases yet.

Marketing and Advertising by Member Businesses

The code requires that all marketing material complies with statutory legislation. Very little marketing is done by Build Zone members. The majority of members use local estate agents to market their properties.

Terms and Conditions and other Pre-Contractual Information

Terms and conditions and pre-contractual information was examined and no issues of concern were raised.

Customer Service Provisions

The code requires that members continue to provide consumers with support and assistance following the purchase of their property. This includes:

- An aftersales support contact will be given to the consumer during handover and their details will also be included in the sales literature provided with the purchase.
- The member will not use premium rate telephone numbers in the provision of its aftersales service.
- In the event of a problem with the property after purchase, the member will observe its legal obligations to consumers in line with consumer law and will handle complaints swiftly, following the agreed procedure.

Consumer Complaints Process

There is a comprehensive complaints process in place, backed up by CEDR as the ADR provider.

Just one complaint has been made about a member since code approval. The complainant was found to be disingenuous and the complaint closed.

No ADR requests have occurred since code approval.

Customer Satisfaction and Feedback

No consumer monitoring has taken place by Build Zone. The introduction of the General Data Protection Regulations in May 2018 was given as the reason for this. Build Zone state that consumers have not given permission to be contacted for this purpose. This is a significant failing in relation to the monitoring of this Code. Build Zone did not give details of any attempts that had been made to resolve this issue and commence collection of consumer feedback. The GDPR was subject to significant publicity for many months leading up to its implementation, which gave Build Zone sufficient opportunity to resolve this.

Recommendation:

As a matter of urgency, Build Zone must require that its members seek permission from their customers to be contacted for these purposes.

Conclusion

Due to the serious failings in relation to consumer satisfaction and the lack of Annual Reports, CTSI will revisit Build Zone in 90 days to assess compliance.