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## Consumer Code for New Homes (CCNH)

### Desktop Audit January 2022

#### Background information

Consumer Code for New Homes Ltd was set up for the purpose of administering the Consumer Code for New Homes (CCNH). There are six warranty companies registered as CCNH Code Users.

- Q Assure Build Ltd
- Global Home Warranties Ltd
- Protek Group Ltd
- FMB Insurance Services Ltd (Federation of Master Builders)
- Building Lifeplans Ltd
- One Guarantee Ltd

These companies provide Warranty/Insurance for the new build sector and each are committed to raising standards both in terms of quality and consumer service. Code Users are competitors in the warranty market but collaborate in maintaining and improving standards in new build and enhancing consumer protection and satisfaction. Each Code User is represented on the CCNH Board.

CCNH has a Primary Authority Partnership with Kent Trading Standards Service and operates as the co-ordinator for a co-ordinated partnership, this means that any member can form a co-ordinated primary authority partnership with Kent Trading Standards Service.

CCNH reports that the Government is keen to adopt one Code in the new homes industry supported by a new homes ombudsman. CCNH is working with Government and industry leaders to support this process.

#### Audit Process

A qualified Chartered Trading Standards Practitioner from the Chartered Trading Standards Institute (CTSI) completed a desktop audit.

The audit focused on the following areas:

- Advice to members including general compliance and staff training.

- Marketing and advertising by member businesses - Terms and conditions and contracts including cancellation rights, deposits, delivery times, guarantees and warranties.
- Customer service provisions.
- Consumer complaints process including ADR
- Customer satisfaction and how this information will be used to develop and improve the code.
- Sanctions against members for non-compliance with the code.

## **Member Application Process/New members**

The code is open to all developers who apply for insurance from a Code User warranty body. There are currently 1814 members, rapid growth of membership continues. CCNH express no issues with handling the increase.

Developers approach the warranty bodies and they agree to work with them. The warranty body completes financial checks and these are recorded on the CCNH portal. The warranty bodies comply with financial services legislation as warranties are financial products. They are governed by strict rules re the vetting of new business. They complete these in house and record that the checks have been completed on the CCNH portal.

Once a new membership application is received CCNH completes additional pre approval checks searching on line for any evidence of consumer protection issues and negative feedback. If any issues are found, they are considered on a case-by-case basis, whether to accept the application, and if any additional conditions or monitoring requirements are necessary. CCNH has a list of banned companies and directors. The warranty bodies check this list before accepting to work with any developers.

Members are given a password to give them access to the Members Only portal on the CCNH website. This area provides various guides including checklists, complaint handling, Code and CTSI branding guidelines, vulnerable consumers, disciplinary procedures etc. Members are required to renew their commitment to the code on an annual basis.

## **Existing Member Inspections/Audit**

When a developer wants to work with one of CCNH's Code Users on a new homes development, they are informed that they must sign up to the Code. Developers are required to sign a contract directly with CCNH.

The build is overseen by the warranty provider, using either their own or subcontracted surveyors. There is a comprehensive checklist used by surveyors to ensure that the code is being complied with. All sites are required to have at least four inspections per plot.

All developers receive an onsite visit annually. These are carried out by the warranty bodies. Remote audits range from 10%-20% per year.

As advised at the last audit CCNH has changed the administration of the auditing programme and taken the lead on audits. CCNH now completes most of the remote audits centrally. Remote audits focus on high risk areas and are a combination of targeted audits and full audits. CCNH has added additional functionality to the portal and any audit follow up tasks are added with a target date. The system provides a prompt when these are due to ensure that they are not missed.

Five audit reports were viewed during the audit. One issue relating to non-refundable reservation fees was highlighted. The Code requires that reservations fees are refundable with deductions allowed for expenses incurred by the developer which must be explained to the consumer. CCNH confirmed that the issue has been resolved.

CCNH runs all training via the member portal and can easily check that members have completed all appropriate training.

### **Membership Withdrawal and Sanctions for Non-Compliant Member Businesses**

Members do not leave as such, their Code obligations run off. They simply don't renew if they are no longer building new homes or are working with a different warranty body/Code. These 'spent' memberships are marked on the CCNH system as dormant.

There are various sanctions for non-compliance ranging from an improvement programme to include training or retraining, financial penalties, suspension of the member from the registered members list and ultimately removal from the code members list. Should a member be suspended or removed the Warranty Body Code User must also suspend or remove them from their members list. All code sponsors in the new homes sector will be notified.

Where required a Disciplinary and Sanctions Panel can be convened with members relevant to the alleged breach of the code. Since the last CTSI audit there has been no hearings by the Disciplinary and Sanctions Panel.

### **Marketing and Advertising by Member Businesses**

The code requires all marketing material to be in plain English, in compliance with all relevant law on misleading advertising and with both the CAP and BCAP codes on media and broadcast advertising.

Members are provided with a log in to the CCNH members' only portal. This provides guidance and advice on how to comply with the Code, plus template documents. Members can use the CCNH logo and several versions of this are available for marketing and advertising purposes. There is also guidance on what Code information to put on their website.

CCNH and warranty bodies monitor this information via the onsite audits, plus spot checks/desktop audits.

## **Terms and Conditions and other Pre-Contractual Information**

The CCNH code requires that terms and conditions and other pre-contractual information must be assessed for compliance. A number of template documents have been produced and approved as assured advice by Kent Trading Standards Service. CCNH acts as the Co-ordinator for a Primary Authority Partnership with Kent Trading Standards Service which enables members to 'sign up' to a partnership if they wish to.

## **Customer Service Provisions**

CCNH has an online training system for members to use, plus estate agents selling properties on their behalf. There are different videos/training for different roles eg sales or aftersales. Members can access the training via their member log-in to the CCNH portal. The member can then add their employees to the training portal, who will receive a personalised email link to their own training dashboard. The member can view a training dashboard which details their progress via the portal. Training is required to be refreshed on an annual basis. CCNH monitors the take-up of training and requires members to keep up-to-date.

The CCNH website contains comprehensive information for both members and consumers. The section of the code on vulnerable consumers is a particularly important part of the on-line training. This defines vulnerable consumers, assists with recognising vulnerable consumers and gives guidance on how to deal with them appropriately.

CCNH has introduced an early warning system that holds the site's anticipated date for sales activity to commence. This enables CCNH to monitor that at least one of the member's employees has been trained on sales. The development of the early warning system had some issues initially but is now functioning successfully.

Both CCNH and the warranty bodies provide face to face and telephone advice to members. For example, Code User Q Assure Build Ltd regularly provides face to face training sessions for its clients who are members of the Code. They have shared their training presentation with the other warranty bodies.

## **Consumer Complaints Process**

Members are required to have systems and procedures for receiving, handling and resolving buyers service calls and complaints.

CCNH provides advice to consumers about their complaints, confirming what is and isn't within the scope of Code. CCNH does not mediate between Code members and consumers.

If an amicable resolution cannot be reached, the complaint is moved to the dispute phase where the buyer can either refer the complaint to the Warranty Body (if it relates to issues covered by the warranty) or to the CCNH Dispute Resolution Scheme. The Member is required to provide the buyer with full details of the CCNH Dispute Resolution Scheme which is operated on CCNH's behalf by CEDR (Centre for Effective Dispute Resolution) which is independent of both member and Warranty Body. In 2021, 19 complaints have progressed to ADR. 7 have been decided on, 6 have been withdrawn and 6 are on-going.

Since 1 January 2020 the ADR service has been free to consumers. The maximum award is 25% of the contract price or £50,000.

### **Customer Satisfaction and Feedback**

When a new home is sold, the buyer's email address is added to the plot details on the portal and a customer feedback questionnaire is sent to them, very few are returned. However buyers regularly approach CCNH or the warranty body if they have issues. Vulnerable buyers tend to either ask their conveyancing solicitors or parents/children where issues arise.

### **Conclusions**

CCNH continues with its steady growth. The code is well written, comprehensive and fully complies with the requirements of the CCAS Consumer Codes Approval Scheme.