

## Consumer Code for New Homes (CCNH)

### Desktop Audit July 2019

#### Background information

Consumer Code for New Homes Ltd is a company set up for the sole purpose of administering a new Consumer Code for New Homes (CCNH). There are now six warranty companies that are registered as CCNH Code Users.

- Q Assure Build Ltd
- Global Home Warranties Ltd
- Protek Warranty Ltd
- FMB Insurance Ltd
- BLP Insurance Ltd
- One Guarantee Ltd

All 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 developer 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. Currently there are no firm timelines to achieve this, but Government wants to see progress, there are likely to be firmer timelines later in the year.

#### 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.

## **Audit Summary**

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

The code is open to all builders/developers who apply for insurance from a Code User warranty body. There are currently 930 members, this is a rapid growth since the last audit. CCNH expressed no issues with handling this rapid increase.

When the builder/developer applies for warranty insurance cover for their new building project from a Code User Warranty Body they are vetted by their respective Warranty Body, who undertakes checks on the business. These include Companies House, Experian and Sanctions search. Checks on directors CCJs & criminal activity are also carried out. CCNH believes their Code User warranty bodies have good and ongoing relationship with many of their clients and they are more cautious with new unknown applications. If the builder/developer meets the warranty bodies' thresholds on these checks, they are put forward as new applicants for the Code.

CCNH then makes sure the agreement is correct (eg in sole name if sole trader trading as etc) and signed by right people. They also check if this is a company/director that they have issues with or are banned. CCNH checks the warranty body has done all the appropriate checks. In effect the warranty body do these on behalf of the Code. CCNH believes there is no value in repeating the process.

Builders/developers 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.

Builders/developers are required to renew their commitment to the code on an annual basis.

### **Existing Member Inspections/Audit**

Builder/developers who have requested warranty insurance cover by one of the five companies supporting the code will have effectively signed up as a member. The build is overseen by the warranty provider, using either their own or subcontracted surveyors. There is a comprehensive checklist to be used by surveyors to ensure that the code is being complied with. All sites are required to have at least four inspections per plot.

Two audit reports were viewed during the audit. Neither showed much awareness of the Code. CCNH explained that this is common as the first onsite inspections occur very early on, before the houses are marketed for sale. The developers are advised about the Code and given a copy. This is followed by establishing whether sales are on-site, or are they being handled by an Estate Agent. CCNH find that Estate Agents are accustomed to being regulated and want to get it right. Most have printed copies of the Code and train staff in house. CCNH wants to automate and run all training via the member portal as this will be easier to manage.

The estate agents audit sheets (provided for review in the audit) are used as one of the follow ups to the site visits where it is clear the responsibility for marketing has been passed to the agents. Consideration is being given to making the CCNH training available to Estate Agents, who are not currently marketing new homes on behalf of a Code Member, for a fee.

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

In practical terms, members don't leave CCNH. They are either live, dormant or banned. Even if a member is dormant or banned, they may have obligations to buyers as the Code protection lasts two years post completion. The Code member agreement makes this clear.

Where required a Disciplinary and Sanctions Panel can be convened with members relevant to the alleged breach of the code.

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

No complaints had yet been received so the panel has still not met.

### **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.

CCNH has a members' only portal with comprehensive download material, such as Code logo and various standard templates members can use to demonstrate that they are a member of the Code. 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 code requires that terms and conditions and other pre-contractual information must be assessed for compliance with the code, 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 developers to 'sign up' to a partnership if they wish to.

## **Customer Service Provisions**

CCNH has developed an online training system for members to use, plus estate agents selling properties on their behalf. This is currently being rolled out. There are different videos/training for different roles eg sales or aftersales. Members can access this via their member log into the CCNH portal. On request CCNH can facilitate staff training sessions by emailing a link to a personalised online training dashboard. Training is required to be 'refreshed' on an annual basis.

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

The CCNH IT team is working on improvements to the portal. They are developing an early warning system, linking up sites with their anticipated sales date and ensuring at least one person has been trained on sales. If this doesn't happen a month before the key sales start date the warranty body will get an action notification to follow this up.

Both CCNH and the warranty bodies provide face to face and telephone advice to developers eg Q Assure regularly provide face to face training sessions for their clients who are members of the Code. They have shared their training presentation with the other warranty bodies.

## **Consumer Complaints Process**

No complaints have yet been received due to the 'newness' of the code however there is a well-defined process in place. Developers are required to have systems and procedures for receiving, handling and resolving buyers service calls and complaints.

CCNH will provide advice to consumers about their complaints process and confirm 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 Developer 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.

A fee of £120 is paid by the buyer and will be returned if the dispute is found in the buyer's favour. The maximum award is 25% of the contract price or £50,000.

### **Customer Satisfaction and Feedback**

Once a new home has been sold the buyers email address is provided by the member and is entered onto the CCNH portal. An email containing a questionnaire is sent to the buyer automatically. Low individual question scores or an overall score of less than average triggers an automatic notification to CCNH.

The CCNH Code is still new. A few questionnaires have gone out following the completion of sales, but none have been completed and returned.

### **Conclusions**

This is a relatively new code with rapid growth. The code is well written and comprehensive and fully complies with the requirements of the CCAS Consumer Codes Approval Scheme.

2019 will be the first year with anything to report on. CCNH's financial year ends December 2019 so they intend to provide their first report this year.

Now the portal is built, and CCNH can collect data by building in reporting tools, so they can provide quarterly reports to the CTSI Codes Board after summer 2019.