

## Consumer Code for New Homes (CCNH)

### Desktop Audit November 2020

#### Background information

Consumer Code for New Homes Ltd is a company set up for the sole purpose of administering the 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 Group Ltd
- FMB Insurance Services Ltd (Federation of Master Builders)
- Building Lifepans 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 member can form a co-ordinated primary authority partnership with Kent Trading Standards Service.

CCNH report that the Government is keen to adopt one Code in the new homes industry supported by a new homes ombudsman. CCNH are 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 1475 members, rapid growth of membership continues. CCNH express no issues with handling the increase.

When a 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. If the developer meets the warranty bodies' thresholds on these checks, they are put forward as new applicants for the Code.

CCNH make sure the agreement is correct (e.g. in sole name if sole trader, 'trading as' etc) and signed by right people. CCNH also check if this is a company/director that they have previously had issues with or are banned. CCNH check that the warranty body has done all the appropriate checks. CCNH then complete open source checks on the company and if deemed necessary, the Directors. They look for unfavourable online reviews, and negative press articles etc. These additional checks may result in extra assessments being made on the company and/or written assurances being sought before a developer is admitted to the Code.

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 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.

Currently the warranty bodies complete onsite audits for every developer and conduct remote audits throughout the year. CCNH are in the process of changing the administration of the auditing programme and taking the lead on audits.

Two audit reports were viewed during the audit. No particular issues were highlighted by the audits. CCNH now 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**

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 remaining 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 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.

Since the last CTSI audit one member has been subject to a Disciplinary and Sanctions Panel hearing. In October 2019 a panel meeting was held in relation to a member who had resisted all approaches from CCNH to resolve outstanding issues with home buyers and had neglected to settle payment of a financial award decision made by CEDR. The company was removed from the Code with immediate effect. However considering the previous behaviour of the developer, the panel judged that imposing a fine was futile. CCNH noted that the company filed a petition to wind up the business in August 2019. The company and its director are now on the CCNH banned list.

### **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 have 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 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 have developed an online training system for members to use, plus estate agents selling properties on their behalf. There are different videos/training for different roles e.g. sales or aftersales. Members can access the training via their member login 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 monitor the take-up of training and require 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 an 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 have proposed an early warning system that will link up sites with their anticipated sales date and ensure at least one person has been trained on sales. The development of the early warning system has hit some teething problems, but these are being resolved.

Both CCNH and the warranty bodies provide face to face and telephone advice to members e.g. Code User 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**

Members 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 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. Since the last audit 13 complaints have progressed to ADR, with several more in the pipeline.

The ADR service is free to consumers. The maximum award is 25% of the contract price or £50,000.

## **Customer Satisfaction and Feedback**

CCNH use Survey Monkey to send out questionnaires once the house sale is complete. This is sent out automatically via the portal once the buyers email address has been added. Response rates are very low. 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 it's rapid growth. The code is well written, comprehensive and fully complies with the requirements of the CCAS Consumer Codes Approval Scheme.

CCNH have produced their first comprehensive Annual Report.

They continue to evolve their monitoring systems, with a view to taking the lead on audits in the near future.