



Championing quality new homes & *better consumer outcomes*

*Housing Market Intelligence Conference
6 Oct 2022*

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Chair
New Homes Quality Board*

Why is the New Homes Quality Board needed?

Media storm 2016/17

Political backlash

APPG reports: *'More homes fewer complaints'* (2016); *'Better redress for homebuyers'* (2018)

Government commits to overseeing introduction of a New Homes Ombudsman in 2017



How did we get here?



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The New Homes Quality Board

Constitutionally independent body, guided by the principles of independence and transparency that will champion arrangements with regards to new home quality and consumer redress

Three key objectives:

- Oversee the introduction of a new industry code of practice – **The New Homes Quality Code**
- Appoint a **New Homes Ombudsman Service** to provide independent redress
- Require the **registration of all builders** of new homes



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New Homes Ombudsman

Procurement

- Following a public procurement process, The Dispute Service was selected as the preferred partner

Accreditation

- Application approved by the Ombudsman Association in Feb 22

Mobilisation

- Work underway to setup all the systems, procedures, training and finalise scheme rules

Launch

- Operational from 4th October 2022 (first developers activating under the new framework)



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The New Homes Quality Code



Developed following extensive engagement over 4/5 years



Builds on existing Consumer Codes



Fills gaps in the current arrangements



Scope is initially private homes for owner occupation only



Principles based approach – treating customers ‘fairly’



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Ten Guiding Principles



Key changes – Sales & Marketing:

-  Protects vulnerable customers
-  No high-pressure selling
-  Display the Code logo
-  14 day cooling off period
-  Information provision, incl anticipated ongoing / maintenance costs
-  Early bird – max £150. Customer has 24 hours to cancel



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Key Changes - Pre Completion Inspection:

'Finishing'
survey

Qualified
professional

After CML

Standard
inspection
checklist

Customer
expense

May be
accompanied
by Site Manager

Snags resolved
within 30 days



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Key changes - Aftersales Service:

Snag/defect resolution

- Builder must have effective after sales service in place;
 - Work with customer to identify snags
 - Resolve snags within 30 days
 - Publish procedures & timescales

Complaints process

- Builder must have a published complaints process with mandatory communications;
 - 5 days – acknowledgment
 - 10 days – path to resolution
 - 30 days – assessment
 - 56 days – closing response

Remit and funding

Scope

- Ongoing positive engagement with Westminster, Welsh & Scottish Governments. Initial discussions started with NI officials

All builders of new homes to register

- Homes England making it a requirement of First Homes scheme
- Working with lenders / warranty providers to require registration

Building Safety Act enables Government to put statutory arrangements in place

- Royal assent received in April 2022.
- Gov can determine when to make it a legal requirement for builders to be part of an Ombudsman scheme

All arrangements to be paid for by industry via;

- Annual registration fee
- In future this will shift to a fee for referrals to the Ombudsman

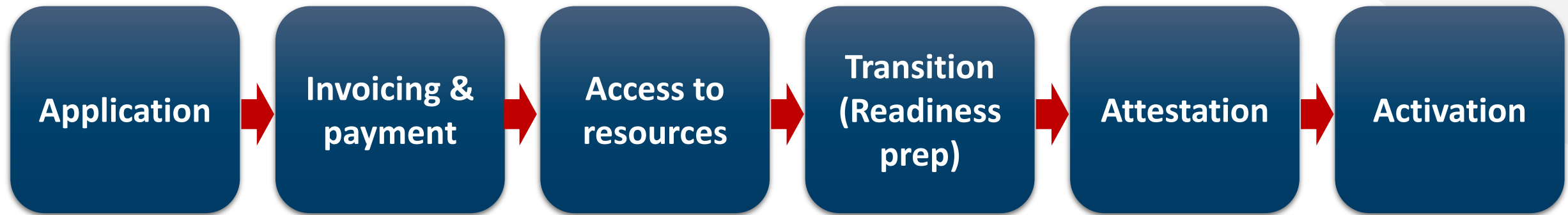


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Fees

- Annual fee that covers registration with NHQB and access to the Ombudsman
- Fee is based on turnover from **private plots in your last financial year**
- The largest developers will pay £200k per year and the smallest, just £1k
- Initially there is the ability to pay either one single payment up front, two payments six months apart, or quarterly
- Also setting up an alternative option of monthly direct debit
- Payment in full within 30 days will get a prompt payment discount

Registration Process



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NHQB Registration Progress

December 2022
All developers expected to apply



October 2022
First developers 'activate'



July 2022
Portal open for all builders



May 2022
Mid caps invited to apply



Feb 2022
Majors invited to apply



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Assets available following registration

- Access to online training module for employees/agents
- Logo files and brand guidelines
- Template reservation form
- Template pre-completion inspection checklists
- Template complaints responses
- Template statement of incomplete works
- Template Complaints Handling Procedure
- Template Statement of Aftersales Procedures
- Template Affordability Guide
- Template invitation to pre-completion inspection
- T&Cs for Sales Agents
- Developer readiness checklist

New Homes Ombudsman Service



NEW HOMES
OMBUDSMAN
SERVICE

Principles

- Independent
- Impartial
- Investigative
- Fair
- Free to consumers

Jurisdiction

- NHQB Registered Developer
- Issue occurred AFTER developer became a Registered Developer
- Issue is an alleged breach of the new Code
- Issue is not a Major Defect



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New Homes Ombudsman Service



NEW HOMES
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SERVICE

Exclusions

- Customer has not contacted the Registered Developer
- Complaint is frivolous or vexatious
- Issues best dealt with through other means (such as Court)
- Complaint has previously been determined by another Ombudsman, ADR or Court

Remedies

- There are no fines or penalties!
- Making an apology
- Providing an explanation
- Requiring the Registered Developer to put things right
- Compensation/goodwill
- Payment up to £75,000

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Conclusions

Arrangements expected to deliver a step change in behaviours

Some challenges ahead as new arrangements bed in

Ultimately will improve industry reputation and perception for all audiences



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