



# THE NEW HOMES QUALITY CODE

“The **New Homes Quality Code** establishes mandatory requirements which must be adopted and complied with by developers and new homes builders who are registered with the **New Homes Quality Board**”





# THE NEW HOMES QUALITY CODE

**The New Homes Quality Board is an independent not-for-profit body, established to develop a new framework to oversee reforms in the build quality of new homes, and the customer service provided by developers.**

Its objectives are to deliver a consistently high standard of new home quality and service, and to strengthen complaints handling and redress for purchasers of new-build homes, where these high standards are not achieved.

In November 2021 the NHQB formally announced that the office of Ombudsman would be met by 'The Dispute Service' and, the following month, the New Homes Quality Code was published.

## **The Code has two parts:**

a) Statement of Fundamental Principles - that registered developers agree to apply in their business and their dealings with customers; and

(b) Practical Steps – a statement of what is expected at each stage of the process.

## **FUNDAMENTAL PRINCIPLES**

### **Fairness**

Treat customers fairly throughout the home buying and after-sales process.

### **Quality**

Complete all works to a good quality standard and in accordance with the specification for the new home and ensure that legal completion only takes place when a home is complete (as defined in section 2 of this Code).

### **Service**

Have in place systems, processes and training of staff to meet the customer service level requirements of the New Homes Quality Code and not use high-pressure selling techniques to influence a customer's decision to buy a new home.

### **Responsiveness**

Be clear, responsive and timely in responding to customers' issues by having in place a robust after sales service and effective complaints process as required by the Code.

### **Transparency**

Provide clear and accurate information about the purchase of the new home, including tenure and potential future committed costs such as those relating to leasehold or management services.

### **Independence**

Make sure that customers are aware that they should appoint independent legal advisors when buying a new home and that they have the option of an independent accredited pre-completion inspection before legal completion takes place.



### **Inclusivity**

Take steps to identify and provide appropriate support to vulnerable customers as well as to make the Code available to all customers, including in appropriately accessible formats and languages.

### **Security**

Ensure that there are reasonable financial arrangements in place, through insurance or otherwise, to meet all obligations under the Code, including timely repayment of financial deposits when due and any financial awards made by the New Homes Ombudsman service.

### **Compliance**

Be subject to, co-operate and comply with the requirements of the New Homes Quality Board, the New Homes Quality Code and the New Homes Ombudsman service.

### **TERM**

The Codes' remit covers the whole period from the marketing and sale of a property through to after-sales and complaints management for issues during the first two years of a new home purchase. Its primary purpose is to provide an independent service to consumers, free for them to access and use, which can impartially assess and adjudicate on issues that have arisen that fall within the Ombudsman's scope.

These are expected to be complaints around the sales, marketing and complaints management processes, or issues or defects that have arisen at or after occupation and which are not major defects. More serious and major defects are likely to be more suitable for legal, insurance or other more substantial redress than the

New Homes Ombudsman Service, or for referral to another body, such as the Building Safety Regulator.

All developers registered with the New Homes Quality Board must comply with the Code and agree to adhere to the adjudications of the New Homes Ombudsman service.

The Code will apply to each new home from the marketing for sale of the new home and for a period of two calendar years after the date of legal completion of the new home.

The Code has been designed for a consumer purchaser who is buying a newly built home for their own occupation, including their household or, for after-sales (section three) only, a subsequent purchaser for that home.

### **The Code does not apply to:**

Business purchases, whether individual or corporate entities, including for investment and/or renting, and which includes sales to a Housing Association, Registered Provider, or other party under a part-ownership scheme.

Other properties other than a new home, including homes accepted by a developer in part exchange and re-sold. Properties built by self-builders or under contract between a builder and an individual for their own occupation.



## FOUR SECTIONS TO THE CODE

### SECTION 1

This section deals with the sales and marketing of a new home.

### SECTION 2

This section deals with legal documents, information, inspection, and completion. - Complete New Home - Legal completion - Incomplete Work

### SECTION 3

This section deals with after sales, complaints management and the New Homes Ombudsman. - After sales service - After sales issues and complaint management - Snagging period and resolution of snagging issues - Complaint's process - Referrals to the New Homes Ombudsman Service

### SECTION 4

This section deals with solvency, legal and jurisdiction

At this stage After Build can help you with Sections 3 & 4. A strong, well-resourced aftercare programme is essential for today's housebuilder. Understanding your warranty obligations and being capable of following the standards set out in the NHQC are crucial.

The After Build team is 'warranty build standard trained' and has evolved a programme that supports the occupant from the first day of legal completion, through to the end of the second year.

We are working on adding services to assist with Section 1, in 2022.

## SECTION 2

### COMPLETE NEW HOME AND LEGAL COMPLETION COMPLETE NEW HOMES

Legal completion can only take place on a Complete New Home. It is a breach of this Code for legal completion to take place on a new home that is not a Complete New Home. A Complete New Home is one that:

- (i) has a new home warranty cover note issued in relation to it, and
- (ii) Either in relation to a house, may be considered complete if all rooms, spaces and facilities are in a finished condition for the purpose for which they are designed and intended and the property is safely accessible; with any further work to the home is to be solely decorative/corrective, or related to shared common areas, or related to transitioning from temporary to permanent utilities and services, and do not affect the owner's ability to live safely in the property and will not cause disruption or significant inconvenience to rectify;

Or, in relation to an apartment/flat may be considered complete if all rooms, spaces and facilities within the specific apartment/flat are in a finished condition for the purpose for which they are designed and intended and the unit is safely accessible; with any further work being solely decorative/corrective, related to shared common areas and facilities, or related to transitioning from temporary to permanent utilities and services which do not affect the owners' ability to live safely in the apartment/flat and will not cause disruption or significant inconvenience to rectify.



The developer must not offer a customer incentives (financial or otherwise) to move into, or complete the purchase of, a new home that is not a Complete New Home.

#### **SOLUTION QUALITY ASSURANCE INSPECTION**

Do not allow yourself to be caught out by insufficient attention to snags. This fixed-price service will provide you with everything you need to ensure you're as close to 'snag-free' as is practicable. Each property is inspected and a report with annotated photographs sent to you within 24 working hours, providing your site team all that they require to address overlooked snags, prior to occupation.

#### **COMPLETE NEW HOME AND LEGAL COMPLETION LEGAL COMPLETION**

At the point of legal completion, the developer must:

- have completed the construction of the new home to the standards agreed.
- have carried out their final quality assurance inspection of the new home and provide a customer with a schedule of any incomplete or defective items, and a statement of timescales for completing/remediating such items along with the need for access at suitable times to enable remediation.
- have provided an opportunity for the customer to inspect the new home and/or appoint a suitably qualified inspector to complete a pre-completion inspection
- have agreed or provided an appointment for a home demonstration.

#### **SOLUTION HOME DEMONSTRATION**

A professional tour of the purchaser's new property and explain everything that they need to know.

### **SECTION 3 AFTER SALES SERVICE**

The developer must provide a customer of the new home with a comprehensive and accessible after sales service for a minimum of two years following the date of legal completion.

#### **SOLUTION AFTER CARE PROGRAMME**

Don't underestimate how much skill, knowledge, resource and technology this takes to do well. It is far more than just answering the phone or responding to an email. Today's consumer expects a great deal more.

After Build is the single point of contact for the homeowner who needs to report a defect. The Occupant Portal provides a secure and convenient platform to upload a text description with pictures or video. A trained warranty coordinator will call the homeowner to clarify specifics and where necessary make arrangements for a contractor to rectify the issue.

We charge a single fixed-price per plot, regardless of the volume of defects reported. This is a national service and it starts at legal completion and runs for the first 2 years. We manage your warranty obligations and respond to defects reported via the Occupant Portal (a secure, cloud based portal).

Where work is deemed necessary we manage the original contractor to organise works and an appointment. Out of office emergency cover is also a part of this service. As client you can, should you wish, track every issue reported via the Client Portal.



### **UNDERSTANDING THE SERVICE**

To make sure a customer understands how to access the after sales service, the developer must provide a customer with suitable information about the service which must include:

- a) a clear written statement of their after sales service procedures.
- b) an explanation of their responsibility for remedying any issues or problems (including snags and/or defects) arising in the property during the first two years, and that the customer should identify any issues or problems (including snags and/or defects) and report them to the developer promptly in order for the developer to meet their responsibilities.
- c) an explanation of how issues or problems and service calls will be managed, including timescales; how they should be reported and the names and contact information of the developer's staff to whom such issues should be reported and notified to.
- d) allowing the customer, the option to categorise any issue or problem (including snags and/or defects) as a formal complaint if they are unhappy with the developers proposed approach.

### **SOLUTION MANAGING YOUR NEW HOME**

Have access to our unique publication and website 'Managing Your New Home' where we explain the aftercare service to your customer.

### **EMERGENCIES**

e) an explanation of the process for reporting and handling emergency issues including clarity on what qualifies as an emergency issue and how the developer will deal with them. This must include issues relating to health and safety that could materially impact on health

and wellbeing or cause injury or loss of life.

### **SOLUTION OOH EMERGENCY COVER**

We provide out of hours emergency cover as a part of our aftercare service. Weekday evenings, weekends, and all bank holidays our team will take calls for legitimate emergencies and, where necessary, deploy your nominated contractor.

### **AFTER SALES ISSUES AND COMPLAINTS MANAGEMENT**

The developer must have a system and procedures for receiving, handling and resolving issues or problems raised by the customer for its after sale service, as well as complaints in line with the requirements, including time periods, set out in the Code. If a Customer is dissatisfied with the resolution of an issue or problem raised through:

Part One: Selling a New Home; Part Two: Legal Documents, Information, Inspection and Completion Part Three: After-Sales. A complaint may be made in accordance with the developer's complaints process. It is a requirement that the developer's complaints procedures must include the following mandated minimum steps from the date of the first complaint:

- a) Written acknowledgment
- b) Path to resolution letter
- c) Complaint assessment and response letter
- d) Eight week (56 day) letter
- e) Closure letter

### **SOLUTION COMPLAINTS POLICY**

Let us help you create a professional and robust complaints policy. Just sending the occasional letter is no longer sufficient - you need a process and well written templates to manage the process in accordance with new requirements.



### **SNAGGING PERIOD AND RESOLUTION OF SNAGGING ISSUES**

It is widely acknowledged that there are some finishing or other issues which need addressing on moving into a New Home and these are commonly known as "snags" and "snagging".

Developers and customers are expected to work collaboratively around identification, access and resolution of snagging following legal completion.

It is expected that in most situations a developer should be able to resolve an after sales issue or problem within 30 calendar days, other than where

there is a substantial reason for delay. Where there is such a delay, the reasons for that should be communicated clearly to the customer, with no less than monthly updates provided until the matter is resolved. If a customer is dissatisfied with the after sales service a complaint may be made under the formal complaints process of that developer.

**“Unresolved snags at legal completion are a burden that many housebuilders will ultimately pay a high price for.”**

Evidence shows that most new homeowners who are forced to occupy a property with snags will be unhappy and difficult to manage. They will almost always report a higher incidence of problems over the months ahead, than would an owner who occupied a snag-free property.

The developer must ensure that snags are covered by the after sales service and that, once agreed, they are resolved promptly.

Any snags, issues or problems raised through the after sales service process must be acknowledged promptly.

### **SOLUTION SNAG MANAGEMENT**

If you do find yourself in the unenviable position of having a lot of snags then you need a process with a skilled resource to drive it. We charge a management fee and work with your original contractors. We start by logging all snags on our system, so we have information against which to issue formal job instructions and then monitor progress.