

WARRANTY  
& COVER



CONSUMER  
CODE FOR  
HOME BUILDERS

[www.consumercode.co.uk](http://www.consumercode.co.uk)



Raising Standards. Protecting Homeowners

# Welcome to NHBC warranty and insurance

For homes registered from 1 April 2018

This document contains The Code Requirements, their Meaning and an Introduction to The Independent Dispute Resolution Scheme

# A guide to buying a new home with NHBC Buildmark warranty and insurance

**Whether you are a first-time buyer, a growing family or downsizing, buying a brand new home is an exciting time in your life. And, with your house builder working together with NHBC, you can be confident that your new home is benefiting from a wealth of building knowledge and experience.**

## Who is NHBC?

We were established in 1936, as the National House Builders Registration Council (NHBRC), to tackle the substandard building practices seen in the interwar years.

Renamed in 1973, the National House Building Council (NHBC) is now the UK's leading provider of warranty and insurance for new homes. We work closely with our registered house builders to help continually improve the construction standards of new build homes, benefiting homeowners and the house-building industry as a whole.

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

## What we do

With around 10,000 builders and developers on our register, NHBC currently provides warranty and insurance for over 1.5 million homes in the UK. Only builders registered with NHBC are able to offer Buildmark warranty and insurance.

Each home is inspected by one of our technical experts at key stages. So, even before you're handed the keys, we will have done our best to make sure your home has been built to a high standard and is ready for you to move into.

**Established  
in 1936**

**80%**

of all new homes built in the UK are covered by Buildmark.

**0**

**shareholders**

We invest in our purpose of raising standards.

# Your warranty and insurance with NHBC

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## What is Buildmark?

Buildmark is a joint agreement between your builder and NHBC to provide warranty and insurance on your newly built or converted home.

Protection is provided to you, the purchaser, from exchange of contract with deposit protection insurance. This is followed by a two-year post-completion builder warranty, supported by an NHBC dispute resolution service and guarantee. So, if you encounter any problems with your home during this time, contact your builder in the first instance and they should put things right. If you remain dissatisfied, you can contact NHBC for assistance.

- **The resolution service:** we contact the builder about the problems reported to us. If the builder does not deal with the matter to your satisfaction, we will investigate and decide what the builder must do to meet their responsibilities
- **The guarantee:** you are protected by the NHBC guarantee for what we or a court decides the builder should have done to meet their responsibilities. If the builder does not meet their responsibilities, we will do so on their behalf. Or, we will pay you what it would cost us to have the work done.

After the initial two-year builder warranty period, NHBC provide an eight-year insurance policy (years 3-10) against damage to the home caused by the failure of your builder to build specific parts of the main structure to NHBC Technical Requirements. NHBC will pay the cost or carry out remedial works for issues covered by the policy if the cost exceeds the minimum claim value (MCV).

## What does Buildmark cover?

- **Before legal completion:** Loss of your exchange deposit, or having to pay more to complete the build of your home, because the builder is insolvent
- **Builder warranty period:** Failure by the builder to meet NHBC Technical Requirements when building your home or preparing your land
- **Insurance after the builder warranty period:** Physical damage to your home because the builder failed to build specific parts of your home to meet NHBC Technical Requirements
- **Insurance for contaminated land:** Contamination on or in your land which could have resulted in a statutory notice being issued under the legislation or official guidance in force at that time
- **Extra insurance for Building Regulations:** Imminent danger to someone's physical health or safety because the builder failed to meet specific Building Regulations when building the main structure of your home (**this is only available if the home was registered prior to 1 October 2019 and NHBC undertook the Building Control service**).

## What's not covered by Buildmark?

Buildmark only protects you against the items outlined in your Buildmark policy document.

There are some things that are not NHBC's responsibility, such as, but not limited to:

- Wear and tear, neglect and failure to undertake appropriate maintenance
- Storms and other severe weather conditions
- Fire and smoke
- Damp, condensation and shrinkage which is not a result of the builder failing to meet NHBC Technical Requirements.

Full details and definitions of key words and phrases can be found in the Buildmark policy booklet. If you are unsure about what is covered, you can contact NHBC to check, or go to [www.nhbc.co.uk](http://www.nhbc.co.uk).

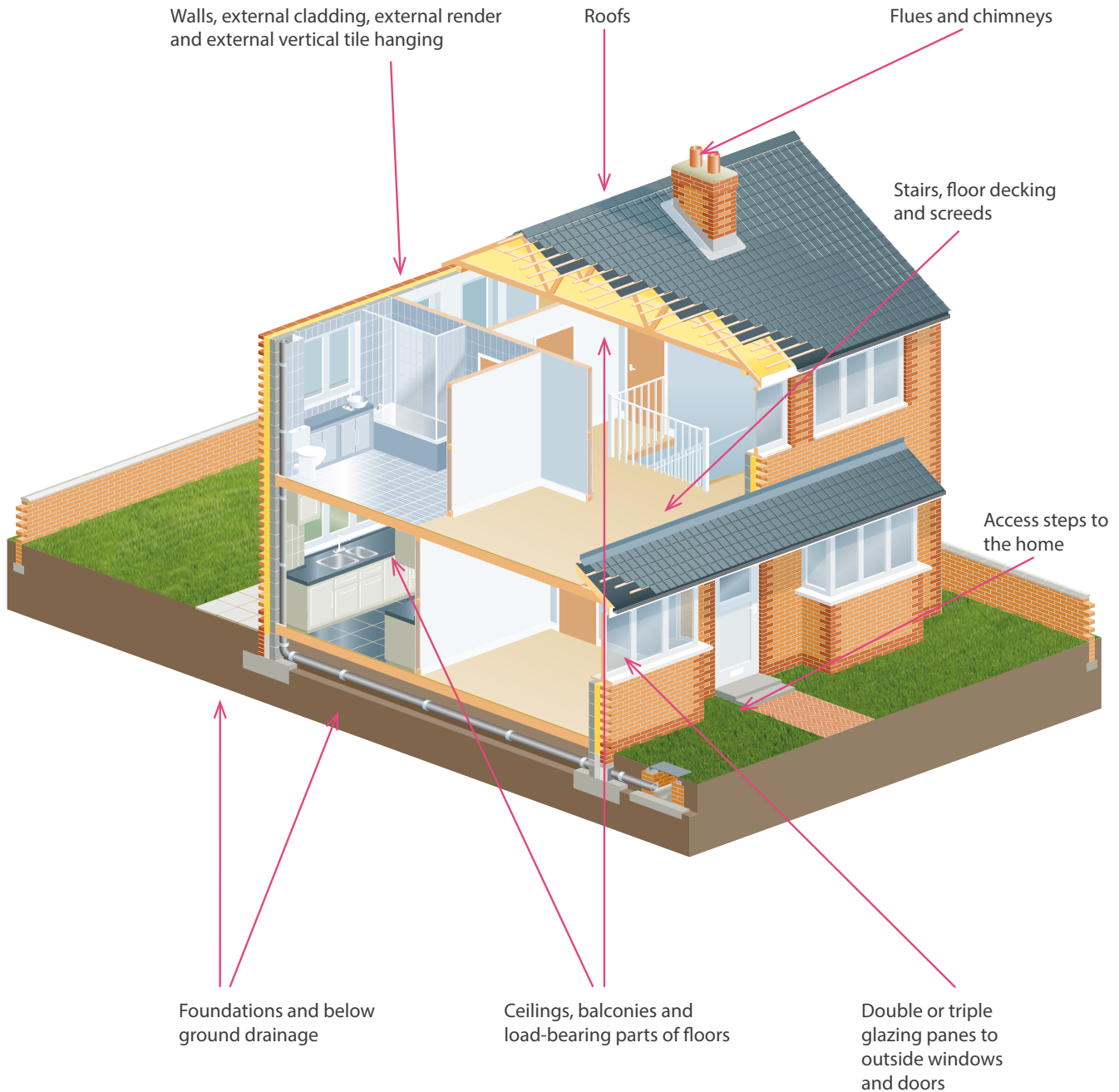
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Visit [www.nhbc.co.uk](http://www.nhbc.co.uk)  
or call **0800 035 6422**

## An illustration of what's covered

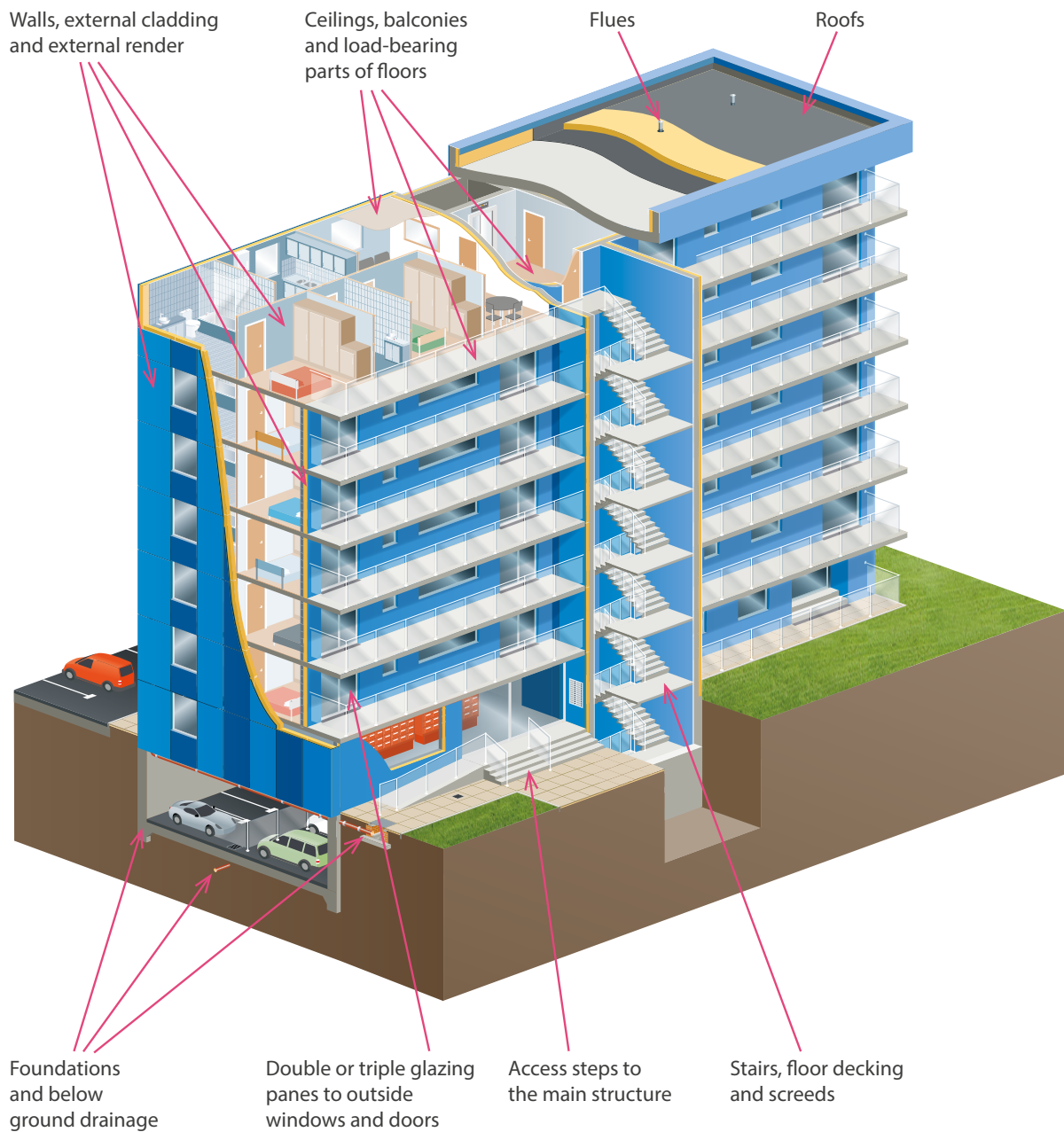
During the insurance period after the initial builder warranty period has expired, Buildmark is designed to insure your home against damage caused where specific parts of the property have not been built to NHBC Technical Requirements. These diagrams show you the parts of the home that are typically covered.

If your home is in a continuous structure, protection provided by Buildmark may differ from responsibilities under your lease agreement for maintenance and repair.



**Whether your new home is a house or an apartment, there are some things which you should be aware of:**

- These images are for illustration purposes only
- The Buildmark policy does not take the place of buildings or contents insurance
- There are certain conditions, limits and exclusions that apply; different periods and conditions also apply to common parts
- Please read your policy schedule and booklet for full details about your cover.





## Are there financial limits?

Limits that apply to new build properties for claims under Buildmark are as follows:

- Pre-completion: the exchange deposit paid in part payment of your home, up to 10% of the original purchase price or £100,000, whichever is lower
- Post-completion: the original purchase price, up to a maximum of £1m.

Limits are different for conversions and continuous structures: see your policy schedule and booklet for more details.

## What is minimum claim value?

We do not require policyholders to pay the first part of any claim. Instead, we operate a minimum claim value (MCV).

If the cost of the work you are claiming for is below the MCV, we will not do the work or pay anything towards the cost. If it exceeds the MCV, we will complete the work or pay the cost in full and you will not have to make a contribution.

The MCV applies to claims made to NHBC after the builder warranty has expired. This applies in years three to 10 but please refer to your policy schedule and booklet for more details.

## Helping you before, during and after your move

Your conveyancer will give you your Buildmark policy documents, including your Buildmark certificate and policy schedule, when you buy your new home. You should read these carefully to check for specific details about the cover, conditions and exclusions.

NHBC has a wealth of information to support you before, during and after your move. Our website [www.nhbc.co.uk](http://www.nhbc.co.uk) is a great starting point for helpful information and guidance.

## NHBC Home User Guide

Your new home comes with a free NHBC Home User Guide (HUG), a secure online portal that holds all the information you need about your Buildmark warranty and insurance policy.

HUG also provides lots of useful guidance about living in your new home, and enables you to add user manuals for your appliances, as well as setting up important reminders, such as dates for servicing your boiler or when insurances are due for renewal. All you need is your Buildmark policy number and activation code (which you can get from your builder) to register.

Simply go to [www.nhbc.co.uk/homeowners/hug](http://www.nhbc.co.uk/homeowners/hug)

# What our customers say

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## **Mrs. Sarah Perkins** Homeowner, Derby

A mother of two young children, Sarah Perkins had lived in her three-storey townhouse for over eight years when issues with her staircase started to occur. "The staircase became so noisy that it was unbearable," she says. "A gap had started to appear between the stairs and landing, and my young son was posting cards and toys through the space. It turned out the staircase was not correctly supported." Sarah contacted NHBC to investigate, and an approved contractor was appointed to carry out the necessary repairs. Sarah told us that: "Communication was great and we were kept in the loop at all times, which gave us great confidence. The work was of a high standard, and NHBC even came back afterwards to check we were satisfied."



## **Mr. and Mrs. Munro** Homeowners, Matlock

Mr. and Mrs. Munro had a number of problems with their new home, the most concerning of which was a persistent drain blockage. "We got NHBC involved as we knew we needed advice and didn't know what to do next. We felt looked after at every turn. We were so panicked, but got great help and support from the NHBC investigators, the office staff and the amazing contractors. NHBC helped us to organise and stay in dog-friendly temporary accommodation with internet access, which was essential for work, and made sure disruption was kept to a minimum. We cannot recommend NHBC highly enough and tell people that, if they buy a new home, they must not be without NHBC Buildmark."

Visit [www.nhbc.co.uk](http://www.nhbc.co.uk)  
or call **0800 035 6422**



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# The Consumer Code Scheme

This document contains  
The Code Requirements,  
their Meaning and an  
Introduction to The  
Independent Dispute  
Resolution Scheme



FOURTH EDITION / JUNE 2019



# Meaning of words

In this document, the following words have special meanings:

- **Agent** – a person, firm or company used by a Home Builder to deal with any matter on their behalf (for example, an estate agent or contractor)
- **Consumer Code Scheme or Code Scheme** – the set of Requirements adopted by Home Builders along with the Meaning of words, Introduction, Scope of the Code, and the Introduction to the Consumer Code Independent Dispute Resolution Scheme, all as set out in this document
- **Consumer Code or Code** – a set of Requirements adopted by Home Builders
- **Contract of Sale, Contract Exchange, Legal Completion** – the terms employed in England and Wales for the legal document used and the formal stages that occur during the sale of a property
- **Home Buyer** – a Customer who goes on to Reserve or buy a Home, excluding those properties listed in the Scope on page 5. For Homes Reserved or bought jointly by two or more people, the Home Buyer's rights will be joint
- **Home Warranty** – an insurance-backed warranty that a Home Warranty Body issues to protect Home Buyers
- **Home Warranty Body** – any organisation that:
  - Has agreed to support the Consumer Code for Home Builders Scheme
  - Maintains a register of builders and developers
  - Provides Home Warranty cover
  - Has undertaken to enforce the Code.

In Scotland these documents and stages are known respectively as **Missive** (or **Builder's Missive**), **Conclusion of Missive** and **Settlement**. In Northern Ireland they are known respectively as **Contract of Sale**, **Formation of Contract** and **Completion**. Where this document uses the terms for England and Wales, the terms for the other countries are implied

- **Customer** – a person making enquiries about buying a Home but who has not Reserved a Home
- **Home** – a property that a Home Builder registers with a Home Warranty Body to obtain Home Warranty cover, excluding those properties listed in the Scope on page 5
- **Home Builder or you** – a builder or developer of a new or newly converted Home for sale to the public, and who is registered with a Home Warranty Body
- **Independent Dispute Resolution Scheme** – an independent process set up to deal with disputes where a Home Buyer believes the Home Builder has failed to meet the Code's Requirements
- **Reservation** – when a Home Buyer and a Home Builder jointly make a written statement of intent (subject to contract and whether or not a fee is paid) to buy and sell a Home. **Reserved** and **Reserve** carry the corresponding meaning
- **Vulnerable Customer** – someone whose personal circumstances make them especially susceptible to detriment.

Details of participating Home Warranty Bodies are available from the Consumer Code web site: [www.consumercode.co.uk](http://www.consumercode.co.uk)

# Introduction

1. The Consumer Code came into force on 1 April 2010. This edition applies to all Reservations signed on or after 1 June 2019. It sets mandatory Requirements that all Home Builders must meet in their marketing and selling of Homes and their after-sales customer service.
2. The purpose of the Code is to ensure that Home Buyers:
  - Are treated fairly
  - Know what service levels to expect
  - Are given reliable information upon which to make their decisions
  - Know how to access speedy, low-cost dispute-resolution arrangements if they are dissatisfied.
3. The Code applies to all Home Buyers and Homes as set out in the Scope on page 5.
4. The Home Warranty Bodies have agreed to require all their registered builders to adopt and comply with the Code as a registration condition. If a Home Builder is found to be in serious breach of the Code, Home Warranty Bodies can apply a range of sanctions. These include removal from the relevant Home Warranty Body's register and exclusion from all registers run by other Home Warranty Bodies that take part in the Code scheme.
5. Home Buyers who think they have a dispute because a Home Builder has failed to meet the Code Requirements, may refer their dispute to an Independent Dispute Resolution Scheme.
6. The Consumer Code Management Board will arrange for surveys to check how well the Code is working and measure consumer satisfaction. In carrying out the surveys, the relevant sections of the Data Protection Act will be complied with.
7. To encourage Home Builders to adopt the Code and to enable the Consumer Code's Management Board to check how well it is being applied, or whether it needs to be amended or updated, the following activities may be carried out:
  - Research
  - Audits, which may include audits of Home Builders' systems and documents
  - Mystery-shopping surveys
  - Annual returns or reports from Home Builders
  - Reviews and assessments of customer satisfaction feedback and complaints
  - Training for Home Builders.
8. Nothing in this Code affects Home Buyers' existing legal rights.

## Further Information

You can get more information, including copies of the Code documents and advice on frequently asked questions and the results of audits, surveys and adjudications from the Consumer Code web site:

**[www.consumercode.co.uk](http://www.consumercode.co.uk)**

You can contact the Consumer Code for Home Builders secretariat by emailing:

**[secretariat@consumercode.co.uk](mailto:secretariat@consumercode.co.uk)**

## Scope of the Code

**Please bear in mind the following provisions and limitations:**

1. This edition of the Code applies to all Home Buyers who have signed a Reservation agreement for a new or newly converted Home on or after the 1 June 2019 and that has been built by a Home Builder registered with one of the Home Warranty Bodies.
2. The Consumer Code Scheme covers complaints made in writing to the Home Builder by Home Buyers who have signed a Reservation agreement and believe the Home Builder has failed to meet the Code's Requirements. The Code Scheme applies to complaints made up to two years from the date on the Home Warranty Body's insurance certificate, which defines the start of the period of cover, about defects or damage caused by a breach of its technical requirements.
3. Second or subsequent Home Buyers benefit from the Code Requirements but only on aftersales matters they report within two years from the date of the Home Warranty Body's insurance certificate, as in 2 above.

#### 4. The Code does not apply to:

- Second-hand properties (for example, homes taken by Home Builders in part exchange and re-sold)
- Properties acquired by registered social landlords for rent
- Properties acquired by corporate bodies, partnerships and individuals buying more than one property on the same development for investment purposes
- Properties built by self-builders for their own occupation
- Homes assigned or sub-sold by an investor to a third party before Legal Completion
- Personal injury claims
- Loss of property value or blight
- Claims about the land conveyed and its registered title
- Claims that exceed the Independent Dispute Resolution Scheme limits.

5. Matters better dealt with by other dispute resolution or ombudsman schemes should be referred to the relevant organisation. In such cases, these other schemes will take precedence over this Code and associated Independent Dispute Resolution Scheme.

## The Consumer Code Requirements

### 1 Adopting the Code

#### 1.1 Adopting the Code

Home Builders must comply with the Requirements of the Consumer Code and have regard to good practice guidance.

#### 1.2 Making the Code available

The Consumer Code for Home Builders' Scheme logo must be prominently displayed in Home Builders' sales offices, those of appointed selling agents, and in sales brochures.

All Home Buyers who reserve a Home should be provided with a copy of the Code Scheme with the Reservation agreement.

#### 1.3 Customer service: before legal completion

The Home Builder must have suitable systems and procedures to ensure it can reliably and accurately meet the commitments on service, procedures and information in the Code.

#### 1.4 Appropriately trained customer service staff

The Home Builder must provide suitable training to all staff who deal with Home Buyers about their responsibilities to them and what the Code means for the company and its directors.

#### 1.5 Sales and advertising

Sales and advertising material and activity must be clear and truthful.

### 2 Information – pre-contract

#### 2.1 Pre-purchase information

Home Buyers must be given enough pre-purchase information to help them make suitably informed purchasing decisions.

In all cases this information must include:

- A written Reservation agreement
- An explanation of the Home Warranty cover
- A description of any management services and organisations to which the Home Buyer will be committed and an estimate of their cost
- The nature and method of assessment of any event fees such as transfer fees or similar liabilities.

Also, if a Home is not yet completed, the information must include:

- A brochure or plan illustrating the general layout, appearance and plot position of the Home
- A list of the Home's contents
- The standards to which the Home is being built.

#### 2.2 Contact information

Home Buyers must be told how their questions will be dealt with and who to contact during the sale, purchase and completion of the Home.



## 2.3 Warranty cover

Home Buyers must be given accurate and reliable information about the insurance-backed warranty provided on the Home.

## 2.4 Health and safety for visitors to developments under construction

Home Buyers must be informed about the health-and-safety precautions they should take when visiting a development under construction.

## 2.5 Pre-contract information

Home Builders must advise Home Buyers to appoint a professional legal adviser to carry out the legal formalities of buying the Home and to represent their interests.

## 2.6 Reservation

Home Buyers must be given a Reservation agreement that sets out clearly the Reservation's terms, including, but not limited to:

- The amount of the Reservation fee
- What is being sold
- The purchase price
- How and when the Reservation agreement will end
- How long the price remains valid
- The nature and estimated cost of any management services the Home Buyer must pay for
- The nature and method of assessment of any event fees such as transfer fees or similar liabilities.

The Reservation fee must be reimbursed if the Reservation agreement is cancelled. The Home Buyer must be told of any deductions that may be made.

While the Reservation agreement is in force, the Home Builder must not enter into a new Reservation agreement or sale agreement with another customer on the same Home.

# 3 Information – exchange of contracts

## 3.1 The contract

Contract-of-sale terms and conditions must:

- Be clear and fair

- Comply with all relevant legislation
- Clearly state the contract termination rights.

## 3.2 Timing of construction, completion and handover

The Home Buyer must be given reliable and realistic information about when construction of the Home may be finished, the date of Legal Completion, and the date for handover of the Home.

## 3.3 Contract termination rights

The Home Buyer must be told about their right to terminate the contract.

## 3.4 Contract deposits and pre-payments

The Home Builder must clearly explain how Home Buyers' contract deposits are protected and how any other pre-payments are dealt with.

# 4 Information – during occupation

## 4.1 After-sales service

The Home Builder must provide the Home Buyer with an accessible after-sale service, and explain what the service includes, who to contact, and what guarantees and warranties apply to the Home.

## 4.2 Health and safety for Home Buyers on developments under construction

Home Buyers must be told about the health-and-safety precautions they should take when living on a development where building work continues.

# 5 Complaints and disputes

## 5.1 Complaints handling

The Home Builder must have a system and procedures for receiving, handling, and resolving Home Buyers' service calls and complaints.

The Home Builder must let the Home Buyer know of this, and of the dispute resolution arrangements operated as part of this Code, in writing.

## 5.2 Co-operation with professional advisers

The Home Builder must co-operate with appropriately qualified professional advisers appointed by the Home Buyer to resolve disputes.

# Introduction to the Consumer Code Independent Dispute Resolution Scheme

A dispute may arise where a Home Buyer believes the Home Builder has failed to meet the Code's Requirements but it falls outside the Home Warranty Body's resolution scheme for defects or damage. If so, the dispute may be resolved by the Home Buyer applying to the Consumer Code's Independent Dispute Resolution Scheme. This means a trained Adjudicator will review written submissions from both parties and issue a decision based on his or her conclusions. The Adjudicator will decide whether or not a Home Buyer has a legitimate dispute and has suffered financial loss because their Home Builder has breached the Consumer Code's Requirements.

The following is a summary of this process. More detailed information will be given with each application for adjudication.

## Complaint and response

1. A Home Buyer must first complain to their Home Builder and give the Home Builder the opportunity to investigate and put things right.
2. If the Home Buyer is not satisfied with the Home Builder's response, the Home Buyer should contact the Home Warranty Body that issued the warranty on their Home.

## Action by Home Warranty Body

3. The Home Warranty Body will, if appropriate:
  - 3.1 deal with the complaint under its Home Warranty policy; or
  - 3.2 if the complaint falls outside its own dispute resolution scheme for defects or damage, offer the Home Buyer the opportunity to refer the complaint to the Independent Dispute Resolution Scheme. The Home Buyer can refer their complaint to the Independent Dispute Resolution Scheme only after 56 calendar days have passed since first raising it with the Home Builder and no later than 12 months after the Home Builder's final response.

## The Independent Dispute Resolution Scheme Adjudication process

4. If a Home Buyer decides to refer a complaint to the Independent Dispute Resolution Scheme, the following adjudication process happens:

- 4.1 The Home Buyer must complete an application form and send it to the Independent Dispute Resolution Scheme with their statement of evidence. The Home Buyer's statement must contain all the information relevant to the complaint and identify the Consumer Code Requirement(s) they allege has/have been breached. The Home Buyer must also provide copies of receipts or other evidence of expenditure if making a financial claim.
- 4.2 The Independent Dispute Resolution Scheme will ask the Home Builder to respond to the Home Buyer's statement. At this stage the Home Builder may resolve the complaint without a formal adjudication – this is called 'early settlement' and costs the Home Builder a reduced case fee of £100 plus VAT(1).
- 4.3 If early settlement does not happen, the Home Builder must submit their response to the Home Buyer's statement along with a payment of £400 plus VAT(1). The Home Buyer will be given a copy of the Home Builder's response and asked to respond if they wish. At this stage, the Home Buyer may not make any further new complaints about this adjudication.
- 4.4 The Adjudicator will consider both submissions and decide whether or not the Home Buyer has suffered financial loss as a result of the Home Builder's alleged failure to comply with the Consumer Code. Both parties will be expected to have acted reasonably and to have controlled their costs.
- 4.5 The Adjudicator will make a decision and send it to both parties. The decision may be a performance award (where the Home Builder has to do something) or a financial award (where the Home Builder has to pay the Home Buyer money) or a combination of the two. The maximum value of the combined award available under this adjudication scheme is £15,000 including VAT.

(1) Case fees are subject to annual review.

**4.6** The Adjudicator may make a discretionary award for inconvenience, up to a maximum of £500. They will do so if, in their sole consideration and opinion, the Home Buyer has been caused more than minor inconvenience as a result of the complaint and/or how the Home Builder handled it. The Home Buyer may not receive an award for inconvenience alone if the Adjudicator does not find a breach of the Code. The Home Buyer may not receive an award for emotional upset and stress as awards will be judged as a matter of fact and on the resulting financial loss. The £15,000 maximum award includes any award for inconvenience.

**4.7** The Adjudicator's decision cannot be appealed; it can only be accepted or rejected by the Home Buyer.

### **Awards: acceptance, refusal and liability**

- 5.** Under the rules of registration, the Home Warranty Bodies require each registered builder to honour any award made against them under the Independent Dispute Resolution Scheme. If the Home Buyer accepts the award, the courts will usually recognise this as evidence that the Home Buyer's claim was valid.
- 6.** If the Adjudicator makes a financial award and the Home Buyer unconditionally accepts it in writing, the Adjudicator must give the Home Builder written notification of this. The Home Builder must pay the award to the Home Buyer within 20 working days of the date of the Adjudicator's written notification.
- 7.** If a Home Buyer refuses to accept the award, any subsequent legal action is likely to take account of the adjudication decision.
- 8.** A Home Builder remains liable for an award, even if they are removed from a Home Warranty Body's register.
- 9.** The Consumer Code's Independent Dispute Resolution Scheme is independent of the Home Warranty Bodies. Adjudication decisions made under the Consumer Code's Independent Dispute Resolution Scheme are not insured under the Home Warranty Bodies' Home Warranty schemes.

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# Who to contact and when

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## Before you move in

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In the first instance, contact your builder for assistance. If you want to talk to NHBC, contact our Customer Services team:

Call NHBC: 0800 035 6422 or 0344 633 1000  
(Monday to Friday 8:30 to 5:30pm)

Visit: [www.nhbc.co.uk](http://www.nhbc.co.uk)

## First two years

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The builder - their contact details will be on your Buildmark certificate. If you can't find these details, or if you need to use our resolution service, please contact us.

Call 0800 035 6422 or 0344 633 1000

## Next eight years

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Call NHBC: 0800 035 6422 or 0344 633 1000  
(Monday to Friday 8:30 to 5:30pm)

Visit: [www.nhbc.co.uk](http://www.nhbc.co.uk)

Email: [claims@nhbc.co.uk](mailto:claims@nhbc.co.uk)

## General enquiries

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Email for general enquiries: [cssupport@nhbc.co.uk](mailto:cssupport@nhbc.co.uk)

Email for complaints about NHBC: [consumeraffairs@nhbc.co.uk](mailto:consumeraffairs@nhbc.co.uk)

Write to:

NHBC, NHBC House,  
Davy Avenue, Knowlhill,  
Milton Keynes,  
Bucks, MK5 8FP

