

The New Homes Ombudsman Service (NHOS): Are you ready?

Prior to the passage of the Building Safety Act 2022, homebuyers faced with poor building work in new-build properties had no formal scheme through which to submit a complaint or seek redress. The creation of the NHOS intends to remedy that gap by supplying:

- A means of recourse for owners of defective new-build homes where a developer has failed to resolve a complaint.
- A system through which referrals can be made up to two years after the date of completion (or where the first complaint to the developer was made within two years after completion).
- A free service, the costs of which is covered by developers through an [annual variable registration fee](#).
- An online portal where complaints can be managed.
- Decisions that are final for both parties.

Where a complaint is upheld, a developer may be asked to provide one of four remedies:

- Apology.
- Explanation.
- Rectification.
- Compensation or goodwill payment (up to a proposed maximum of £75,000).





Background

The creation of the NHOS is the responsibility of the New Homes Quality Board (NHQB), an independent not-for-profit body, created by the Building Safety Act, in an attempt to better regulate the building industry and help close the gaps in consumer protection for buyers of new homes. The NHOS acts independently of NHQB and will review each case to decide whether a developer has breached the New Homes Quality Code (NHQC), which sets the standards for newly built private homes.

The intention of the NHOS is to improve the quality of new build homes across the UK and increase consumer protection for homebuyers. It is hoped that the NHOS will provide a cost-effective and less time-intensive form of alternative dispute resolution.



Do developers need to register?

Currently the need for developers to register with the NHOS is not underpinned by any statutory requirement. The earliest date that developers are expected to activate is **October 2022**.

However, it is expected that once the NHOS is live, then regulations will be laid by the Secretary of State marking the NHOS as the 'official' scheme, making registration and other steps compulsory for developers within scope of its powers. The NHQB expects all developers within the UK to register for the NHOS scheme by **December 2022**.

In light of this, it has been reported that all major developers have commenced their registration process, with details of the application process [here](#). Once developers confirm that their preparations are complete and that they are ready to move to the new arrangements the NQHB will work with them to activate them as Registered Developers. Adherence to the requirements of the new Code and the remit of the NHOS is expected for all reservations taken from that point.



What is the New Homes Quality Code?

The NHQC is a statement of fundamental principles which Registered Developers agree to apply, and sets out details of practical steps expected to be complied with at each stage of the new home sale process. The aim is to ensure that every aspect of a new home purchase is covered from reservation to two years after occupation.

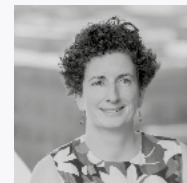
Developers need to manage the transition to the new code of practice and ensure that their processes meet the general principle of TCF - treating customers fairly. Avoidance of high pressure selling, a cooling off period and protected deposits are all fundamental elements. Buyers must be told all relevant information, such as any service charges, to allow for informed decisions about their purchase. New buyers are also entitled to have a suitable qualified inspector carry out a pre-completion inspection. Registered developers must also have an effective after-sales service to deal with snagging issues and complaints. If a buyer remains dissatisfied, a referral to the NHOS can be made within the first two years after purchase.

As for providers of structural warranty insurance, it is not yet clear how the warranty provider's standards will be viewed by the NHOS. Whilst the NHOS should take on the burden of the early complaints and reduce the number of claims made in the first two years, more serious issues with a new-build home which do not manifest themselves until after two years will still need to be considered under such policies.

It must be noted that whilst there is some house builder representation on the NQHB, there have been criticisms about the lack of anyone with a design background or training. Concerns have also been expressed about the extent of representation from BAME communities after the pandemic revealed the correlation between poor housing standards and deaths from COVID-19 among ethnic minorities.

Most developers of newly built private homes are expected to register with the NHOS, as it is likely to be a requirement of many new home structural warranty insurers and lenders. Under the Building Safety Act, the Government has reserved the power to require companies building and selling new homes to be part of the scheme.

Anyone wishing to learn more about the NHOS or structural warranty insurance should contact our Lyn Crawford:



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