

**ECONOMY, ENERGY AND FAIR WORK COMMITTEE****CONSUMER SCOTLAND BILL****SUBMISSION FROM: HOMES FOR SCOTLAND**

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**1. What are your views on the Bill overall? How far do you think the Bill will achieve what it sets out to do? Are there gaps in the support currently available to consumers? How would Consumer Scotland fill these gaps? What priorities should Consumer Scotland have?**

- 1.1. Homes for Scotland (HFS) fully supports the overall functions and ambition of the Consumer Scotland Bill to reduce consumer harm and increase the confidence of consumers in dealing with businesses. As the major representative body of home builders in Scotland, we are responding to this call for views solely on the basis of how consumers and home builders interact, the consumer protections currently available to them and the steps currently being taken to enhance these protections.
- 1.2. HFS and its members currently provide 95% of all new homes built for sale in Scotland and are fully committed to improving customer satisfaction in relation to the purchase of new build homes. Indeed, improving customer satisfaction and build quality are core objectives that are engrained throughout the Homes for Scotland Strategy that clearly sets out how HFS will work with our members to ensure they strengthen their existing processes in relation to customer protection and satisfaction.
- 1.3. Currently there are robust protections in place for consumers of new build homes. The vast majority of all new build homes in Scotland come with the protection of:
  - Comprehensive warranty schemes through one of the four main providers in NHBC, Premier Guarantee, LABC and Checkmate, providing cover for structural defects for the first 10 years of occupation.
  - Consumer code coverage; the Consumer Code of Home Builders and Consumer Code for New Build Homes have clear guidelines that a home builder must adhere too. They set out what is expected of the home builder throughout the sales process and how they should remedy any defects. For example, the codes set out that a home builder must remedy any defects that occur within the first two years of occupation in a timely and efficient manner.
  - Both the consumer codes and warranty bodies also provide alternative dispute resolution services to consumers, in the event that they believe that the solutions to complaints offered by home builders are not satisfactory.

- 1.4. The annual National New Homes Survey operated by NHBC has demonstrated consistently high levels of satisfaction, customers of new build homes have with their purchase:

	2017/18		2016/17		2015/16		2014/15	
<b>Response %</b> (weighted by Builder size)	<b>Scotland</b>	<b>All UK</b>	<b>Scotland</b>	<b>All UK</b>	<b>Scotland*</b>	<b>All UK</b>	<b>Scotland</b>	<b>All UK</b>
<b>Recommend</b>	<b>88.9</b>	86.8	<b>89.9</b>	86.1	<b>88.9</b>	84.3	<b>89.3</b>	85.0

- 1.5. However, in recent years there has been an increased focus on the quality of new build homes and the protections afforded to purchasers of them, and how they can access remediation to any complaints they may have either with defects or sales processes. This is evidenced by recent consultations throughout 2019:

- Proposed New Build Homes (Buyer Protection) (Scotland) Bill: Graham Simpson (CON) MSP Private Members Bill. (HFS Response can be viewed [here](#))
- Redress for Purchasers of New Build Homes and the New Homes Ombudsman: Ministry of Housing, Communities and Local Government. (HFS Response can be viewed [here](#))

The most common issues cited in the above consultations relate to how quickly defects or minor snagging issues are rectified within the first two years of occupations. They also highlight the confusing landscape for consumers to access remediation services and any perceived gaps in protection.

- 1.6. Whilst the industry believes that purchasers of new build homes have numerous protections available for them to seek redress over any complaints they have with their new home, the industry is committed to addressing any gaps in protection. Over the last two years HFS has been working in collaboration with the Home Builders Federation (HBF), Consumer Codes, Warranty Providers, Mortgage Providers and MHCLG in Westminster to:

Create one single, unified, consumer code

In acknowledgement of the confusion arising from the numerous consumer codes for purchasers of new homes, the home building industry is now in the final stages of combining the main consumer codes; Consumer Code for Home Builders (CCHB) and the Consumer Code for New Homes (CCNH). It should also be noted that the warranty provider Checkmate which operated its own code until recently, has now joined the CCHB. A new unified code will include additional clauses that clearly address two of the main issues identified by consumers:

- set out clear timescale requirements for home builders to address any snagging or defects that may arise
- the right for purchasers to inspect the property before they purchase and move in.

One set of mandatory warranty standards

The industry has been meeting regularly over the last two years with the largest nine warranty providers who cover approximately 95% of the new homes market to develop one set of mandatory warranty standards. This is required to bring the warranty providers under the umbrella of a future unified consumer code.

New Independent Code Body

Once the new single consumer code has been established, it will be taken forward by a new fully independent Code Body. Significantly here, whilst there will be representatives from industry on the new Code Body, they will no longer form the majority, ensuring true independence.

Whilst the UK Government has recently consulted on the establishment of a New Homes Ombudsman, we believe that as outlined above, the industry is best placed to take forward a new voluntary ombudsman service, operating to the standards set up by the Ombudsman Association and Trading Standards Institute.

**2. The Scottish Government recognises that there are already many organisations working with consumers in Scotland. The Bill would therefore require Consumer Scotland to work in collaboration with other bodies where appropriate. How does Consumer Scotland fit in with other bodies operating in this sector? How could Consumer Scotland help streamline services? Will the legislative provisions ensure Consumer Scotland does not duplicate existing work?**

2.1. No response.

**3. The Bill would provide Consumer Scotland with powers to provide advice; represent the views of consumers; collect information; organise research; and carry out investigations. Scottish Ministers are able to add to, vary or remove functions as required. Do you think Consumer Scotland has the necessary powers to make a difference to consumers in Scotland?**

3.1. No response.

**4. Consumer Scotland would have a duty to consider the interests of vulnerable consumers, including disabled, older, low income and rural consumers. Do you think the creation of Consumer Scotland will make a difference to your consumer problems, or the problems of the consumers that your organisation deals with?**

4.1. No response.

**5. Most consumer protection powers are reserved to the UK Parliament. Consumer Scotland won't be able to change reserved laws or require UK-wide bodies to do anything. Will this limit how effective it can be? How should Consumer Scotland tackle consumer issues which are affected by reserved powers**

5.1. HFS has advocated that any consumer protection mechanisms for purchasers of new build homes should be UK wide. This is to make it simple and straightforward for consumers to understand the protections afforded to them regardless of whether they buy a new home in Scotland or England. In this specific case we believe that once all forthcoming changes to the customer protection in relation to new build home purchasers have been completed, it would only be confusing for a new consumer body to try and change protections on a Scotland only basis.

**6. The Scottish Government intends that information about consumer problems will be widely shared between organisations so that action can be prioritised (see the Policy Memorandum, paragraphs 21 and 22). There are legal and organisational barriers to this sort of information sharing. Do you think it can be achieved in practice?**

6.1. No response.

**7. The Bill creates a new duty on public bodies to consider the impact of their policies on consumers. How can Consumer Scotland ensure that this makes a practical difference to consumers? How do you think the duty should operate?**

7.1. No response.

**8. Are there any other aspects of the Bill you would like to comment on?**

8.1. HFS fully welcomes the establishment of Consumer Scotland, and is well placed to work with it in the future to help spread awareness and understanding of the protections afforded to consumers of new build homes in Scotland.