

# Housing Secretary clamps down on shoddy housebuilders

- A New Homes Ombudsman will protect homebuyers from rogue developers
- Under new rules, rogue builders will have to pay compensation for shoddy work
- The Ombudsman will be independent and enforced in law as soon as possible
- Housebuilders must join the Ombudsman so all homebuyers see swift action to resolve issues
- Builders must also put quality first to sell homes under the government's new Help to Buy scheme

Homebuyers who are faced with shoddy building work in their new homes will be protected by a new, independent Ombudsman, Housing Secretary Robert Jenrick has confirmed today (24 February 2020).

The New Homes Ombudsman will step in to help homebuyers with issues from sloppy brick work to faulty wiring – and will have statutory powers to award compensation, ban rogue developers from building, and order developers to fix poor building work.

Where people are in dispute with developers, the new Ombudsman will act swiftly and independently to resolve any issues – ending the injustice of people facing long waits and costly court cases trying to sort out problems with their new homes.

New laws will also require all developers to belong to the Ombudsman, giving all homebuyers access to swift redress.

As part of the government's wider work to raise the standard of homes across the country, new measures have also been confirmed that make sure all homes sold under the future Help to Buy scheme meet higher standards – and ensure developers put quality first.

Housing Secretary Rt Hon Robert Jenrick MP said:

It's completely unacceptable that so many people struggle to get answers when they find issues with their dream new home.

That's why the Ombudsman will stop rogue developers getting away with shoddy building work and raise the game of housebuilders across the sector.

Homebuyers will be able to access help when they need it, so disputes can be resolved faster and people can get the compensation they deserve.

Currently, homebuyers who purchase new builds have no independent way of challenging developers' service or poor workmanship.

Today's news will give people buying a new home the confidence they need that when they get the keys to their home, they are getting the quality they expect.

This is the latest in a series of policies the government is putting forward to build better homes across the country – including developing a new National Model Design Code; consulting on the Future Homes Standard to tackle climate change; and introducing a new Building Safety Regulator to bring fundamental change to the sector.

## **New Homes Ombudsman**

Legislation will require developers to belong to the New Homes Ombudsman, underpinning a code of practice for developers and enforcement of requirements.

The New Homes Ombudsman will provide a clear route for purchasers of new build homes to complain when things have gone wrong and provide effective redress through alternative dispute resolution, avoiding the need to go to court.

It will be free for the consumer and independent of industry.

The legislation will for the first time provide consumers with the right to access redress for their new build home as developers will be required to belong to the New Homes Ombudsman.

Other parts of the housing market already have mandatory redress requirements set out in legislation – e.g. social housing, and property, lettings and estate agents. A new code of practice will have higher standards that developers need to meet in their services for sales, marketing and build.

Where disputes cannot be resolved early, we will ensure the New Homes Ombudsman has the ability to act, so that new build issues are dealt with swiftly and effectively. These include:

- the ability to make awards for compensation to the homebuyer
- requesting developers to undertake or refrain from undertaking work
- directing developers to improve their service
- publishing details and reasons for expulsion of a developer
- ability to make recommendations to resolve disputes and timescales for rectifying disputes
- requesting apologies and explanations from developers

Today's Ombudsman announcement comes after a 3-month long consultation held last year. The consultation covered a wide variety of issues including:

- legislation to require developers to belong to the New Homes Ombudsman

- the design and delivery of the New Homes Ombudsman
- a Code of Practice for developers building and selling new homes
- enforcement of requirements

View the [full consultation](#).

## Help to Buy

The government has also announced further details on the new Help to Buy scheme that will run from 2021 to 2023. This scheme is more targeted at those who need help onto property ladder:

- It will be restricted to first time buyers, defined in line with stamp duty land tax exemption, as someone who has never owned a property before.
- It will include regional property price caps based on average first time buyer prices in each region. The published caps take average first time buyer prices for the region (inflated to account for property price growth) and add a further 50% to ensure there is good availability of the scheme.

Further, as part of the government's work to raise the standard of homes across the country, developers wishing to use the Help to Buy scheme must adhere to a range of new quality measures to improve consumer experience and safety, including:

- builders must be subject to adjudication provided by the New Homes Ombudsman and the preceding voluntary scheme (when established)
- builders with a Home Builders Federation star rating must clearly communicate that rating on Help to Buy related communications and advertisements
- all buyers will be entitled to view the actual home being purchased (with their own surveyor if desired) before legal completion of sale
- homes built from May 2020 must comply with the most recent energy efficiency requirements
- builders must sign up to the Building Safety Charter (when launched), if selling residential units under Help to Buy in blocks above 18 metres (or 6 floors whichever is lower)
- any ground rent on the sale of leasehold properties through the scheme must be restricted to a peppercorn rent

## Help to Buy regional price caps:

Region	Price cap for properties eligible for Help to Buy Equity Loan scheme from April 2021 to March 2023
North East	£186,100
North West	£224,400

Yorkshire and The Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000