

New code of conduct for warranty providers

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The new Office of Fair Trading Code of Conduct means that all warranty providers in the housebuilding sector must register their developers

Over the past 12 months the OFT has been conducting a review of new home warranties as part of its general concern about quality issues in the new homes sector.

LABC Chief Executive Paul Overall contributed to this review on behalf of LABC while the team at LABC New Home Warranty also contributed to the Steering Group.

As part of its review, the OFT produced the Consumer Code for Home Builders (CCHB), drafted in accordance with the guidance contained in the Office of Fair Trading's 'Core Criteria for Consumer Codes' document.

The Code requires that warranty providers register developers, and this is supported by LABC New Home Warranty, CML and other trade organisations, as well as other warranty providers in the housebuilding sector.

It means that warranty providers will register housebuilders, set standards for the construction of new homes and offer insurance-backed warranties on the homes built by their registered housebuilders.

The sponsors of the Code have made it a condition of registration that warranty providers will do their best to

encourage all their registered builders to abide by the terms of the Code.

Along with the warranty protection, home buyers will have a process to manage disputes that may arise within the terms of their policies plus a process to manage disputes that may arise under the terms of the Code and which are outside of the terms of that policy.

Originally LABC had stipulated that LABC New Home Warranty should not charge registration fees. But in the light of the OFT report and wider industry acceptance, we are now changing our policy so that customer rights are protected in an industry standard way.

The registration fee charges proposed by LABC New Home Warranty will not affect our competitive position. The fees were launched during the first week of February and are as follows:

- *New Homes*
£500 developer registration fee
- *Social Housing*
No registration fee
- *Self Build*
£150 administration fee with each application
- *Completed Housing*
£150 administration fee if the agent is a private individual and £500 if the client is a developer

"IN THE LIGHT OF THE OFT REPORT AND WIDER INDUSTRY ACCEPTANCE, WE ARE NOW CHANGING OUR POLICY SO THAT CUSTOMER RIGHTS ARE PROTECTED IN AN INDUSTRY STANDARD WAY"

This keeps LABC's competitive position with LABC New Home Warranty matching Premier Guarantee and below Zurich and NHBC. Clients do not need to be registered to request a quotation.

If fees are applicable, they will be added and clearly stated on each quotation.

What clients will get as part of the registration:

- Free initial developer assessments (usually £300)
- Free technical assistance and advice
- Free quotations – you do not need to be registered to receive a quote
- Free industry updates and reports
- Free consultation and advice on insurance and regulatory services
- Free copy of our Technical Manual CD
- Free claims and conciliation service
- Free marketing material and assistance

If you need further information, please contact any member of the LABC National Business Development Team. Contact details are below.

LABC Business Development Team National Coverage

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