

# Proposed New-Build Homes (Buyer Protection) (Scotland) Bill

## Introduction

A proposal for a Bill to establish standard missives for the sale of new-build homes, including redress for purchasers in respect of defects in construction. The consultation runs from 5 April 2019 to 27 June 2019. All those wishing to respond to the consultation are strongly encouraged to enter their responses electronically through this survey. This makes collation of responses much simpler and quicker. However, the option also exists of sending in a separate response (in hard copy or by other electronic means such as e-mail), and details of how to do so are included in the member's consultation document. Questions marked with an asterisk (\*) require an answer. All responses must include a name and contact details. Names will only be published if you give us permission, and contact details are never published – but we may use them to contact you if there is a query about your response. If you do not include a name and/or contact details, we may have to disregard your response. Please note that you must complete the survey in order for your response to be accepted. If you don't wish to complete the survey in a single session, you can choose "Save and Continue later" at any point. Whilst you have the option to skip particular questions, you must continue to the end of the survey and press "Submit" to have your response fully recorded. Please ensure you have read the consultation document before responding to any of the questions that follow. In particular, you should read the information contained in the document about how your response will be handled. The consultation document is available here: [Consultation document](#) [Privacy Notice](#)

I confirm that I have read and understood the Privacy Notice attached to this consultation which explains how my personal data will be used

## About you

Please choose whether you are responding as an individual or on behalf of an organisation. Note: If you choose "individual" and consent to have the response published, it will appear under your own name. If you choose "on behalf of an organisation" and consent to have the response published, it will be published under the organisation's name.

on behalf of an organisation

Which of the following best describes you? (If you are a professional or academic, but not in a subject relevant to the consultation, please choose "Member of the public".)

*No Response*

Please select the category which best describes your organisation

Representative organisation (trade union, professional association)

**Optional: You may wish to explain briefly what the organisation does, its experience and expertise in the subject-matter of the consultation, and how the view expressed in the response was arrived at (e.g. whether it is the view of particular office-holders or has been approved by the membership as a whole).**

Please select the category which best describes your organisation

UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

Please choose one of the following:

I am content for this response to be published and attributed to me or my organisation

Please provide your name or the name of your organisation. (Note: the name will not be published if you have asked for the response to be anonymous or "not for publication". Otherwise this is the name that will be published with your response).

UK Finance

Please provide details of a way in which we can contact you if there are queries regarding your response. Email is preferred but you can also provide a postal address or phone number. We will not publish these details.

## Aim and Approach

Q1. Which of the following best expresses your view of establishing statutory standardised clauses for builders' missives?

Partially supportive

**Please explain the reasons for your response.**

Lenders would be supportive, in principle, of moves to standardise builders' missives that give greater protection to consumers. Standardisation would enable consumers (and their representatives) to better understand what they are purchasing and to obtain suitable advice. It is important, however, that standardised clauses do not introduce practices which create undue commercial difficulties for developers which would ultimately harm consumers. For example, the provision for buyers to obtain a full survey of the property and pull out of a sale could be misused if not carefully designed.

Q2. Which of the following best expresses your view of providing a statutory route for home buyers to obtain redress for major failings on new-build property?

Partially supportive

**Please explain the reasons for your response**

UK Finance is supportive of a system of redress for new build homes in the UK. We have been working with the Home Builder's Federation and Homes For Scotland on the development of a voluntary New Homes Ombudsman scheme that would provide more support for home buyers in the UK. It would be useful if there was a consistent approach across the UK so that consumers understand the process and so that lenders and others can ensure a consistent approach within their own systems. The option to place a New Homes Ombudsman scheme on a statutory basis should be retained and any system of redress must

Q2. Which of the following best expresses your view of providing a statutory route for home buyers to obtain redress for major failings on new-build property?

be: free for consumers to use, be independently-run, and have real powers to drive up standards across the home building industry.

Q3. What do you think would be the main practical advantages and disadvantages of the proposed Bill?

A focus on protection for new homes buyers and building quality is welcome. UK Finance members would prefer a consistent approach across the UK that ensures all developers know what is expected of them and drives up standards across the whole industry.

Q4. What length of time do you think is most appropriate for a builder's warranty for a new-build home?

Other (please specify)

**Please explain the reasons for your response.**

10 Years: The industry standard is 2 years supported by a further 8 years of insurance (i.e. a 10 year new home warranty). This gives sufficient comfort for lenders to provide mortgages on new build homes.

Q5. Which of the following best describes your view of having standard missives that provide a right for buyers to carry out a full survey of the property within a specified period, and a right to pull out of the purchase if severe or very serious defects are discovered?

Neutral (neither agree nor oppose)

**Please explain the reasons for your response**

Please see our response to Question 1. We would support the right of a buyer to carry out a full survey of the property but, providing that problems are resolved, a consumer ought to go through with a purchase. A system that allows a consumer to pull out of a sale could be misused if not carefully designed. In the Scottish context, this could undermine the irrevocable binding nature of the missives themselves.

Q6. If you have bought a new-build home in the past, please tell me about your experience, taking care not to name individuals/companies or the location of the property/development.

Not applicable

## Financial Implications

Q7. Taking account of both costs and potential savings, what financial impact would you expect the proposed Bill to have on:

	Significant increase in cost	Some increase in cost	Broadly cost-neutral	Some reduction in cost	Significant reduction in cost	Unsure
Government and the public sector		X				
Businesses (including housebuilders)		X				
Individuals (including new-build house buyers)		X				

Please explain the reasons for your response.

The Bill as proposed would involve some systems changes for lenders which would have a cost for them.

## Equalities

Q8. What overall impact is the proposed Bill likely to have on equality, taking account of the following protected characteristics (under the Equality Act 2010): age, disability, gender re-assignment, maternity and pregnancy, marriage and civil partnership, race, religion or belief, sex, sexual orientation?

Neutral (neither positive nor negative)

## Sustainability

Q9. Do you consider that the proposed Bill can be delivered sustainably, i.e. without having likely future disproportionate economic, social and/or environmental impacts?

No

## General

Q10. Do you have any other comments or suggestions on the proposal?

No, not at this stage in the development of the proposals.