

# NEW HOMES OMBUDSMAN CASE STUDY



## The Issues

The customer complained that the developer gave misleading details about the property's nearby parking and greenspaces. These issues emerged after the 14-day cooling-off period ended; preventing a full refund for the reservation deposit and extras.

## Relevant section(s) of the New Homes Quality Code

Part 1  
Selling a new home

Part 2  
Legal documents, information, inspection and completion



## The Circumstances

- The customer paid a reservation fee for a property, and an additional 50% deposit for optional extras after the 14-day cooling-off period ended.
- At reservation, the customer was shown the development plans including parking and green/recreational areas. The customer asked specifically about parking and access arrangements, and were assured that it would not be possible for unauthorised parking to take place near the plot they were interested in.
- The customer later withdrew after becoming aware that the developer was unlikely to play an active part in managing covenants, such as parking and green spaces. The customer believed that they had been misled by the developer.
- Upon cancellation, the developer returned the main deposit, retaining £500 for legal fees and the 50% optional extras deposit as per the agreement.

## The Ombudsman decision

In the sales process, the New Homes Quality Code (the Code) requires developers to offer homebuyers information at an early stage to assist them in making more informed decisions. The decision to exchange contracts is, therefore, made after disclosing all essential details.

Although a marked area was defined as "Managed Accessways, Parking and Hardstanding" at the reservation stage, no misinformation was found. The specifics of what was verbally communicated remain unclear, but agreements such as parking covenants were disclosed later in the conveyancing process.

The Developer's decision to retain the deposits does not breach the Code, and the Ombudsman does not believe there has been inappropriate conduct under the Code.

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## Outcome

The customer complaint was **not upheld**.

## Learnings from this complaint



- Essential details, such as covenants, enforcement responsibilities, and potential issues, should always be clearly communicated and documented at the time of reservation. This case underscores how important it is to provide comprehensive information to customers and keep a record of all information that is passed to prevent misunderstandings.
- The cooling-off period should be used to address concerns promptly and provide any necessary clarifications. A proactive approach can help build trust and prevent issues from escalating.
- Customers may not fully understand the 'terms and conditions' related to optional extras and their refund policies. To better manage buyer expectations, it may be useful to reiterate these details or encourage customers to increase their awareness of specific policies.

## Recommendations

Disclose all relevant information at reservation or within the 14-day cooling-off period to address any concerns raised by buyers. This can include reclarifying important information and encouraging buyers to read all the details before committing to additional payments.



Encourage a 'double-check approach' when Sales Advisors are not 100% certain on a customer's question. It is preferable for team members to verify information they are not entirely certain about rather than risk providing inaccurate answers.



Create clear and easy-to-follow guidelines for optional extras and explain how refunds work if someone changes their mind. Making sure buyers know what they are getting into is good practice for building trust and ensuring a positive customer experience.

