The Chartered Institute of Building (CIOB)

submission to

The Levelling Up, Housing and Communities Committee

on the inquiry

Improving the home buying and selling process

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CIOB
The Chartered Institute of Building

Improving the home buying and selling process

Introduction

The Chartered Institute of Building (CIOB) is the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, and we have been doing that since 1834. Our members work worldwide in the development, conservation and improvement of the built environment. We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

Full response

Buying and Selling Homes

1. How efficient or effective is the existing process for buying and selling homes? How could this be improved?

1. When looking at the efficiency and effectiveness of the buying at selling process it may be useful to examine two factors, how many homes are sold per year and how many potential sales fall through.

2. In terms of sales, it is a difficult measure to rely on given the numerous factors that can impact on people's appetite to buy including inflation rates, time of year, etc. However, the number of new homes sold per month or per year has often been used as a metric to track economic health in the UK.

3. HM Revenue & Customs (HMRC) has consistently released data sets on monthly UK property transactions which is helpful to understand the current health of the buying and selling markets. The most recent data set, released in March 2024, showed that seasonally adjusted residential transactions in February 2024 represented a second consecutive increase in the number of homes sold and brought rising another 1% from January 2024 (81,930 to 82,940).[1]

4. Looking further into the HMRC data, the seasonally adjusted rate of residential property transactions shows a decline over the past three years from a high point in June 2021 to a steadier rate in 2024, beginning to climb as of December 2023.[2]

5. While mortgages are increasing due to the current UK housing crisis, fuelled by a bloated rental market and a serious under-supply of new homes, prices are slightly down and buyers appears to be choosing to occupy smaller homes to get on the property ladder. Regardless of this, there is a noticeable lack of support for those looking to purchase a home. While the most recent Chancellor's budget (March 2024), did announce some changes to property tax and stamp duty, organisations like Nationwide Building Society were frustrated that more was not done to stimulate the first-time buyer market and provide support for those looking to get onto the property ladder. Nationwide's Chair, Henry Jordan, has recently called for an independently-chaired review of the first-time buyer market with a view of producing a "sustainable long-term strategy" to support people into purchases.[3]

6. In terms of sales falling though, a 2022 survey by Home Selling Expert showed that around 30% of all house sales falls through at least once before completion, with the most common reasons for a sale falling through being "change of heart or circumstances" and "a break in the chain".[4] Data from property agent Quick Move

[1] HM Revenue & Customs (HMRC), UK Monthly property transactions commentary, 28 March 2024
[2] Ibid
[3] The Independent, 'Missed opportunities' to help first-time buyers in the Budget, 6 March 2024
[4] Home Selling Expert, What Percentage of House Sales Fall Through? (2022 Survey)

Now, suggests that 27.3% of property sales in England and Wales collapsed between July and September 2023.[5] While close to 30% is probably an acceptable number and is something that will be hard to improve, it must been acknowledged that this puts sellers in a very difficult position, especially if they have already invested in solicitors or legal advice as part of a purchase or sale which then falls through.

7. It will be useful to hear from organisations more deeply involved in the buying and selling process of how to improve its efficiency and effectiveness, however, we are aware that improvements in technology could help speed up the process of buying or selling a new home. One such proposal from HM Land Registry allows buyers to use their mobile phones to prove their identity, speeding up some of the often-lengthy aspects of purchasing.[6] Further technological improvements have been made to the conveyancing and estate agent process and we urge Government to continue to seek and adopt new ways of working that could help streamline the buying and selling processes.

8. When looking at what consumers are receiving when purchasing a new home, there is a clear issue in the way that quality is viewed in housebuilding. It is easier to define this view when looking at new-build homes, so for ease this is where we will focus our evidence.

9. In December 2023, CIOB published a report into the quality of new-build housing titled "*New-build housing – how regulation can improve the consumer journey".* As part of compiling the report, CIOB commissioned a poll of 2,000 UK adults, asking consumers directly about their sentiment and view of new-build housing in the UK.

10. Some of the key highlights include:

- Over half of respondents (55%) think that older properties are higher quality than new-build homes.
- 45% of respondents had either low or no level of trust that housebuilders would deliver new homes to a high standard.
- When given a choice of three words to describe new-build homes, the top three descriptors were "overpriced", "lacking character" and "modern".
- Well over half of respondents (63%) indicated that they were "very concerned" or "somewhat concerned" about potential issues in new-build homes.
- "Poor workmanship" came up as the biggest concern for respondents when buying a new-build home, higher than hidden costs in the purchasing process and a lack of support from external agencies.[7]

11. This demonstrates an overwhelmingly negative view about the quality of new-build housing, which in turn could have serious knock-on effects to the number of people looking to buy a new-build home, therefore impacting on the efficiency of the purchasing process as more people could look to the small available pool of older properties.

12. Looking at the current perception of new-build homes, it is not entirely the fault of consumers that expectations do not always match up to reality. The perception of new-build homes has not been helped by the tendency for housebuilders to use CGI imagery to advertise their schemes on pre-sale agreements and throughout the associated planning applications, creating an expectation that is often unrealistic and far removed from the final product. When unrealistic expectations are combined with consistently poor media coverage it only assists in driving down consumer confidence.

13. However, this is not to say that it is only bad news coming from the new-build housing industry. Results from the Home Builders Federation (HBF) and National House Building Council (NHBC) National New Home Customer Surveys indicate a year-on-year increase in customer satisfaction, with 89% saying they were very or fairly satisfied with their new home in 2021, a three-percentage point increase from the year before. In

[5] Property Reader, 1 in 4 property sales falling through before completion, 6 October 2023
[6] HomeOwners Alliance, How tech is improving the home buying & selling process, 1 April 2021
[7] Chartered Institute of Building (CIOB), New-build housing – how regulation can improve the consumer journey, December 2023

the same 2021 survey, 91% said they would recommend their builder to a friend, which represents a seven-percentage point increase from five years previously.[8]

14. Regardless of the fact that, in general, the quality of housing has increased (according to HBF and NHBC statistics), this has not impacted on the perception of new-build housing, decreasing confidence in what is likely to be the most significant purchases a consumer will make in their lifetime. To increase the efficiency and effectiveness of the buying and selling process of new-build homes we believe that more needs to be done by housebuilders to improve the consumer journey and bring back the confidence. We will outline our proposals for improve consumer confidence in the answer to the question below.

2. How could the consumer experience be improved during the process for buying and selling homes?

15. Improving the consumer experience is paramount to inspiring a greater confidence in the housing market. From CIOB's perspective, the consumer journey is one that should be of the highest quality at all points and should not just be based on the quality of the final product.

16. For ease of understanding we will split this section into two. Firstly, information on improving the quality of the consumer journey for existing homes and secondly, information on improving the consumer journey for new-build homes.

17. As will be highlighted in responses to questions later in this consultation, creating an informed consumer is very important to the success of the housing market. An informed consumer is able to make sound decisions based on real world information and is therefore more likely to be aware of the various details or issues around their purchase. Whilst this is ideal, this is not often the case in housebuilding. Having an understanding of the various complex aspects of construction is not easy to achieve and takes years of experience and training. Therefore, we cannot assume that everyone purchasing a home knows exactly what to look out for to make sure they are getting a good quality product.

18. When purchasing an existing home, sellers can opt to provide a Transaction Form, in the case of a property purchase a TA6 Property Information Form. According to HomeOwners Alliance, a TA6 Property Information Form "is completed by you when you're selling your house or flat. It's designed to give the buyer important information on the property".[9] This form covers a range of areas including the boundary of the property, information of any disputes relating to the property, information on any alterations and the associated planning consents and building control sign off, any guarantees or warranties associated with the property as well as information on related environmental matters such as previous flooding. It is worth noting that providing a TA6 form is not a legal requirement but will be expected by most, if not all, solicitors.

19. It is also important to note that a TA6 form is not a legally binding document in isolation but will become legally binding through the Contract of Sale. If a seller does not disclose certain information such as disputes, structural issues or flood risk then they will be open to legal action.[10]

20. The potential issue with TA6 forms is that many sellers do not have a comprehensive knowledge of the construction sector, so while a TA6 form, combined with the purchaser contracting a structural engineer and surveyor to examine the property may be useful in picking up any defects or potential issues, there is a risk that important information could be omitted from inclusion. When filling out a TA6 sellers are advised to speak to their solicitors if they do not understand any of the questions. However, this relies on the solicitor to decide what is or what is not an important issue from a construction perspective which is a risk.

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[8] National House Building Council (NHBC) and Home Builders Federation (HBF), National New Home Consumer Satisfaction Survey, March 2022
[9] HomeOwners Alliance, TA6 property information form explained
[10] Smooth Sale, TA6 Form – A Complete Guide, 4 October 2022

21. To properly understand the completeness of a TA6 form in identifying potential construction risks for consumers we advise that a more detailed consultation is undertaken by government into any improvements or issues that exist in the current system. We would like to note that upon the release of the most recent edition of the TA6 form (5th edition in April 2024), Deputy Chair of the Society of Licensed Conveyancers, Gareth Richards, noted "Whilst we are supportive of the material information requirements, their purpose is to ensure that there is greater disclosure of more property specific information during the marketing of a property, in order to allow potential buyers to be better informed before making an offer. The key words here are "before they make an offer" and given that the Protocol Forms are generally supplied as part of the Contract documentation received after the offer and acceptance stages of the process, this rather flies in the face of the "before offer" information".[11]

22. Overall, there is a great deal of technical information that is dealt with when purchasing and/or renting a home. There is a general expectation that consumers understand the meaning of much of the information that is provided, what questions to ask or comprehend various implications and risks in the process. This issue is further exacerbated for individuals who have more specific barriers to understanding, such as people with lower levels of literacy or numeracy, health issues or if English is not their first language. There could be further progress to help consumers navigate the homebuying and selling process beyond solicitors and conveyancers making sure that legal obligations can be filled. Some potential examples could include comprehensive, but simplified, advice that is sign posted by agents. Solicitors or conveyancers could also be required to actively check that a buyer/seller has understood key risks or implications in the buying process, such as the risks of not carrying out a survey or incorrectly providing incorrect information on TA forms.

23. On new-build housing, it is not uncommon for new regulations to be introduced to address long-standing issues in sectors such as construction. This technique has often been used to address areas such as the sustainability of new housing in the advent of the Future Homes Standard. Another example is the introduction of the New Homes Quality Board (NHQB) and New Homes Ombudsman (NHO) which were brought in to address serious concerns about the quality of new-build housing and help to improve the customer journey.

24. For information, the NHQB is an independent body formed to introduce and oversee a framework that governs the quality of new homes in the UK as well as the customer service provided by housebuilders.[12] The overarching purpose of the framework is to "ensure consistently high standards of new home quality and service, improve developer behaviour, and provide redress for buyers if these standards are not met".[13]

25. To underpin the work of the NHQB, a New Homes Quality Code (NHQC) has been published which provides housebuilders with a series of requirements and overarching principles to abide by. These cover every aspect of a new home purchase, from initial sale through to two years after the home has been occupied.

26. The NHQC is reliant on housebuilders registering voluntarily with the system and agreeing to follow the principles of both the NHQB and the NHO. Once registered, housebuilders are required to accept the decisions of the NHO in any future contact with customers. If a registered housebuilder fails to comply with an NHO decision, or consistently fails to meet the standards set out by the NHQC, it will be referred to a discipline and sanctions committee, which will decide what actions can be taken against the housebuilder. These range from one-off fines to mandatory retraining for employees or removal from the list of registered housebuilders. A housebuilder being registered with the NHBQ will be a mark of quality and a guarantee of protection for purchasers.

27. On the NHO, it is the independent service set up as part of the NHQB to establish whether a registered housebuilder has met the requirements of the NHQC in relation to a complaint raised by a customer.

[11] Today's Conveyancer, Readers have their say on updated protocol forms, 10 April 2024
[12] New Homes Quality Board (NHQB), About Us
[13] NHQB, About Us

28. While the NHO is ultimately a punitive mechanism, a key aspect of its role is to act as a mediator between housebuilder and customer to agree a solution without needing a formal decision. If this is not possible, the NHO will examine available evidence and provide a judgment as well as what remedies it proposes, if any. Some of the remedies could include an apology and explanation, putting the matter right, payment of compensation or taking any other action in the interests of the complainant as the NHO may specify.[14]

29. While some of the cases that come to the NHO cannot be judged on as they predate the existence of its service or relate to unregistered developers the NHO team will try and provide advice to complainants on what they can do next. Crucially, as the service evolves and grows in age the number of unapplicable cases will reduce. Since formation, it has been reported that receives around 450 enquiries a month.

30. Importantly, both organisations have been set up with learning in mind. Their actions are designed to help guide their future and they are built to evolve and adapt to changing circumstances in housebuilding and quality. The relationship they have had with housebuilders so far is a positive one, as of 11 April 2024 over 50% of all new homes sold in England, Scotland and Wales are now covered by the NHQC and this number is only growing.[15] Alongside this, according to the NHQB, they have 82% of the 'top 50 housebuilders' signed up to the NHQC as well as over 150 SME housebuilders.

31. The concept of a NHO was first introduced by the former All Party Parliamentary Group for Excellence in the Built Environment in their report, *Better redress for homebuyers*, published in June 2018. This report built on a previous inquiry which identified high levels of frustration and disappointment from consumers on the number of defects and the level of quality of housebuilders products on handing over the keys.

32. Ultimately, the report found that housebuilders were often handing over poor-quality homes with little to no consequences and that this could not continue. The report recommended a series of measures to provide consumers with a fairer deal and "to improve transparency in homebuying".[16] This included the introduction of a free-to-consumers ombudsman service which would oversee the new-build housing sector and provide resolutions to consumer disputes for issues in the purchasing, occupation and post-sale processes.

33. The initial intention on the formation of the NHO was that they should act as a mandatory system for all housebuilders in the UK. However, this was altered to make the system voluntary at its outset, with powers established in the Building Safety Act 2022 to change this later if necessary.

34. CIOB's report on new-build quality included interviews with both the NHQB and NHO. During these interviews it was highlighted by both organisations stated the importance of progressing the functions of the NHQB and the NHO to make compliance a mandatory process for all housebuilders. The NHQB specifically stated that they "think that we are at the point where this needs to become statutory, with the NHQC at the heart of it."[17]

35. Once statutory, there will be a better understanding of future budgets which can then be allocated to increase the work that the NHQB is doing on consumer advice. This certainty in the future income stream will give the NHQB and NHO the freedom to expand its role to raise awareness of its services and to dedicate more time to providing housebuilders with advice on how to ensure their sales processes do not fail consumers.

36. We support the calls from the NHQB and the NHO to undertake a review of the frameworks to consider making registration mandatory for all housebuilders as a way to monitor, act on and improve the consumer journey. The review could assess how the systems are working, identify any ways in which they could be improved, and establish whether it is financially viable to make registration mandatory for housebuilders.

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[14] New Homes Ombudsman Service (NHO), An Introduction to the New Homes Ombudsman, 15 May 2023
[15] NHQB, LinkedIn post, 11 April 2024
[16] APPG for Excellence in the Built Environment, Better redress for homebuyers – How New Homes Ombudsman could help drive up standards in housebuilding and improve consumer rights, June 2018
[17] CIOB, New-build housing – how regulation can improve the consumer journey, December 2023

Quality in housebuilding should not be an option, and consumers should always have access to recourse if their purchase is faulty or does not operate as intended. Therefore, we recommend that the Government explores triggering the power to make signing up to the new frameworks' mandatory as part of the evolution of the Building Safety Act 2022.

3. Is the reliance on voluntary initiatives adequate to improve the buying and selling process, or should improvements be made mandatory through legislation?

37. CIOB firmly believes that the reliance on voluntary systems within the buying and selling process is failing consumers.

38. In the previously mentioned APPG for Excellence in the Built Environment report, *Better redress for homebuyers*, it was noted that the current consumer protection system (through a plethora of voluntary consumer codes) posed a confusing landscape for consumers, exacerbating the already stressful process of buying a new home. At the time of writing, the APPG noted that there were seven varying consumer codes covering 15 to 16 warranty providers which all operating to different standards.[18]

39. Ultimately the APPG recommended that a single, mandatory code be drawn up in consultation with government, trading standards and industry which all housebuilders and warranty providers must operate under.

40. Whilst progress was made towards this in the advent of the NHQB and NHO and their associated NHQC, we were disappointed to see that the system was also made voluntary with powers enshrined in the Building Safety Act 2022 to make registration mandatory through secondary legislation.

41. We believe that voluntary consumer codes do not go far enough to protect consumers and the fact that housebuilders can opt out or not sign up at all puts the power in their hands rather than in the hands of those making the financial investment in a new home. This view was shared by the APPG for Excellence in the Built Environment who stated that "A chronic undersupply of homes means that, as things stand, normal market forces do not come into play and the power between buyer and seller is strongly weighted in favour of the seller". With that in mind they stated that witnesses to their inquiry into improving the quality of new homes felt that whatever solutions were provided should be mandatory instead of voluntary.[19]

42. More recently, the Competitions and Markets Authority (CMA) published its housebuilding market study final report. Within the report they outline their concerns with some of the existing voluntary consumer codes and show apprehension with the level of protection that some of these provide "including whether the protection goes any further than existing legislation, how much a consumer is able to pursue a complaint, the inability to recover legal costs, how well compliance with the code is monitored, and the effectiveness of sanctions for non-compliance". Ultimately, the CMA report recommended a single mandatory consumer code covering the quality of new homes and the service provided by housebuilders.[20]

43. The CMA felt that a single mandatory code "will ensure that all housebuilders are held to account to a consistent set of quality standards. This will eliminate the risk that consumers are afforded differing levels of protection and are left to undertake their own assessment of the quality of a housebuilder. Further, we would expect to see a reduction in the number of complaints from consumers on the basis that housebuilders are held to a higher quality standard". It should also be noted that this could make the process simpler for housebuilders who, in some instances, are having to comply with multiple different codes with differing criteria.[21]

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[18] APPG for Excellence in the Built Environment, Better redress for homebuyers – How New Homes Ombudsman could help drive up standards in housebuilding and improve consumer rights, June 2018
[19] APPG for Excellence in the Built Environment, More homes, fewer complaints, July 2016
[20] Competitions and Market Authority (CMA), Housebuilding market study final report, 26 February 2024
[21] CMA, Housebuilding market study final report, 26 February 2024

44. CIOB strongly supports these calls for a single mandatory consumer code and suggest that an assessment is undertaken to see whether the NHQB and NHO have the capacity and ability to own, manage, monitor and adjudicate this through the NHQC.

45. Whilst our primary concern in relation to this question is the lack of mandatory protections for consumers purchasing a new-build home, we would like to highlight one additional point for consideration, that of the potential pitfalls of optional surveys for house buyers. It is common practice for those purchasing a new home to commission one or more property surveys prior to completion, for new-builds these could be snagging surveys that look for defects in the construction of the property, for older properties these could be structural surveys or condition reports. Commissioning a property survey is something that CIOB would strongly advocate for potential buyers to do as it will identify defects that can they be remedied or made right.

46. However, while it is commonplace, it is certainly not something that all consumers commission as part of the purchase. In 2020, Direct Line Group, conducted an analysis of the frequency in which consumers commission a survey of their new home prior to the completion of a purchase. The analysis found that nearly 100,000 homes in the 2019/20 financial year were completed without a survey.[22] The study also found that 42% of property surveys uncover issues with the property and at the same time around a quarter (25%) of homebuyers who did not commission a survey were hit with an average bill of £3,767 for property repairs.[23]

47. We believe that this demonstrates the importance of commissioning property surveys as nearly half identified issues that can be remediated upfront and those purchasers who did not commission surveys were often hit with unexpected bills. Whilst we are not suggesting that commissioning a property or snagging survey should be a mandatory step when purchasing a home, we feel that more can be done to inform consumers of the potential benefits of having a competent built environment professional assess a property prior to completion.

48. To this end, CIOB has produced a succinct Consumer Advice Guide the focuses on providing consumers purchasing new-build homes with advice, including advice to employ a reputable snagger to conduct a survey of the property prior to move in. It would be useful for similar advice for older properties to be produced and provided to those looking to buy a home to avoid consumers being handed unexpected repair bills later down the line.

Information Provision

4. Do buyers have the right information available at the right time during transactions?

49. It is difficult to comment on the type of information that buyers are provided as it can be heavily dependent on the type of property purchased or the type of sale. In best case scenarios buyers are provided with a concrete suite of accurate and informative documents relating to all aspects of the purchase, however, this might not always be the case.

50. It is worth considering that, while well intentioned, certain information provided, might not always be the most helpful or accurate. An example of this can be seen in the current Energy Performance Certificate (EPC) system.

51. While EPC ratings are commonly used and allow a comprehensible snapshot of a building's carbon footprint, the measurement is far from perfect. There have long been concerns about the accuracy and consistency

[22] Direct Line Group, An estimated 100,000 home purchases completed with no property survey last year, 7 October 2020
[23] Direct Line Group, An estimated 100,000 home purchases completed with no property survey last year, 7 October 2020

of EPC ratings. A survey of 16-member companies conducted by the Better Buildings Partnership found that only 17% of respondents believed that EPCs are useful in identifying energy efficiency upgrades.[24]

52. Many of these concerns derive from the interpretation of the values. The wide use of default values and poor assessment practice have all contributed to significant inconsistencies and variations in assessments.

53. This can be demonstrated by the weight that is placed on property size as contributor to an overall EPC rating. A study from property marketing company Spec has estimated that around 2.5 million EPCs are being inaccurately rated due to poor size measurements. The study also finds that property area is one of the largest contributing factors to ratings, however, this tends to be one of the least accurate measurements with around 1 in 4 EPC ratings mis-measured by at least 10% of their size, and of those, 1 in 4 are out by at least 100 square feet.[25]

54. Additionally, the current EPC measurement system has not adapted well to technological advancements. Part of the calculation for determining an EPC is the cost of heating and powering a home, so the actual impact of more efficient systems such as air source heat pumps, which can be more expensive to run, could be that EPC ratings are lowered creating a negative perception of a property with a more efficient heating system.

55. As EPCs are required to be provided when selling a property, it is unhelpful that they are often a rushed and represent a quick analysis of estimated fabric performance, rather than a deep dive into the sustainability and energy efficiency of an entire property and its associated systems. Therefore, many properties are likely being sold with estimations of how it should perform based on hypotheticals which do not take into account build quality or how a property has been maintained over time.

56. With rising energy bills, there is a new-found interest from owners, sellers and buyers in every home's energy performance. The purpose of EPCs to be produced for all new buildings and those being sold or rented out is fundamentally sound and should serve to drive improvements in energy performance, and/or help consumers make decisions about purchasing or renting properties.

57. However, in Scotland and England, the method by which EPCs are produced are fundamentally flawed. In particular, this is due to the reliance on using modelled energy consumption data rather than measured data.

58. This causes two issues, firstly (and what has happened in Scotland) is that EPC ratings are a driver for Government policies on energy efficiency, including proposals to mandate home and building owners to upgrade their properties to achieve higher ratings. Secondly, and most important in this context, is that it may be giving potential buyers/renters misleading information about energy performance.

59. Looking at a specific case study from 2023 showing the often-flawed nature of EPC ratings, a property owner in Bristol invested around £40,000 in thermal and sound insultation, an electric boiler and water heating system as well as other more sustainable measures. Once all measures were in place the owner applied for a new EPC certificate and was downgraded from an EPC rating C to rating D. Despite replacing an old, outdated electric boiler with a new one, the formulaic nature of EPC ratings ignored the improved efficiency of a new boiler to the detriment of the property owner.[26]

60. On EPCs, we recommend that the assessment should be based on real-world data rather than the assumed characteristics of properties by individual assessors. We believe that there is an opportunity to use smart meters and other sources of data, including 3D modelling and thermal heat mapping, to feed into the modelling process and improve its accuracy. With a more accurate system in place better recommendations could be made on how to improve energy efficiency in the home.

[24] Better Buildings Partnership, Energy Performance Certificates for Buildings – Call for Evidence, October 2018
[25] Spec, Risks and costs of mismeasurement in residential property, 8 March 2019
[26] Your Money, Landlord despair: 'I spent £40k making my flat more energy efficient but my EPC was downgraded', 23 October 2023

61. On the information provided to buyers, there is a need for consistent, accurate information to be provided and EPCs are just one example of how this is not necessarily happening during the sales process. Therefore, when discussing the types of information provided to buyers it may be more useful to talk about what information is useful and accurate rather than discussing whether buyers are provided with enough variation of information. We recommend that an assessment is carried out into the types of information that would be useful to buyers at varying points of a home sale and what can be done to improve that information to make it relevant and informative to the decision to purchase a home.

5. What effect would it have on the transaction process if sellers were required to provide set information about a property when it was marketed?

62. Important to the understanding of what a consumer is purchasing is ensuring that they are provided with the right information at the right time. Creating an informed consumer is paramount to avoiding complications and issues further down the line. However, it must also be acknowledged that the purchasing process can be stressful for consumers, and they are likely to be overwhelmed by documents and terms that they are unfamiliar with. With more than eight in ten prospective British buyers in 2020 saying they would be willing to purchase a home in need of moderate to significant renovation, it is important that these consumers are as aware as possible of what works may need to be done to their prospective properties.[27]

63. While we support the idea of creating informed consumers, we urge caution when suggesting that specific information must be provided when a property is marketed. Of course, while certain information such as ground rent or service charges, ownership history and maintenance records would be useful to create a full picture of a property and help a purchaser understand what they are getting into, these are ultimately questions that should be asked during the process of purchasing a property. Alongside this, some of this information may not be available from sellers and mandating its existence might hinder the housing market by shutting out those who do not have access to maintenance records from previous owners.

64. There must be a balanced approach to providing information that is in scope. For example, if a property was forced to declare that it had used buildings insurance to remedy an issue (e.g. subsidence) this could create an environment where the property is deemed ‘unsellable’ due to concerns from house buyers. This could also lead to bids being received considerably under market value.

65. Often, many issues relating to homes are not black and white. A more appropriate mechanism would be for estate agents/managing agents to declare this early in the process should potential buyers be found. This way all queries relating to any historic issues can be discussed, prior to formal bids and the buying process taking place.

66. Given that one of the primary issues that emerged when producing our report into new-build housing was the quality of the product, it may be beneficial for consumers to have a better understanding of the state of the home they are purchasing prior to making an offer. Information such as the history of any damp, mould of condensation could be useful for purchasers to understand how to maintain property correctly or what to look out for when occupying the property. Similarly, a report on the current condition of the property could be useful. However, we understand that these come with a cost and should be undertaken by professionals who are trained in construction so may not be feasible before an offer is made or secured. Therefore, it is likely that these costs will be passed onto the consumer through an inflated cost for purchasing the home. While useful, it may not be feasible for all properties, so we urge caution again when mandating information further to what is already being provided as part of the purchasing process. Ultimately, there is always an element of risk attached to purchasing both older and newer properties and any future regulation should be geared towards reducing or minimising this risk.

[27] Property Reader, Renovation nation: Over 80% of British buyers would be prepared to buy a home in need of major work, 16 March 2020

67. The one area that we would be keen to see more regulation on in terms of what information is provided is when purchasing a new-build home and ensuring that consumers are fully aware of the coverage they have from independent, external organisations, what that coverage means and how it can help them should quality fail. In this instance, we are referring to the coverage provided by the various voluntary consumer codes that housebuilders have signed up to as a mark of quality for their product. While we are aware that it is mandatory for housebuilders to advertise the codes they are signed up for, we believe more can be done at the outset to make it clear what this means to consumers. At present, housebuilders are often housing logos of voluntary consumers codes and providing information on what this means once the purchasing process has already begun. We believe that this information should be provided to those viewing properties prior to the start of the purchasing process to ensure that they are aware of what certain codes provide them at all stages of the purchase.

68. Should the conclusion of this inquiry be that more information should be provided to consumers when properties are marketed, we would be very keen to understand what the mandatory information should be, what costs would be associated with its provision for those selling homes and what impact these costs might have on the overall cost of the home.

69. If no further information is made mandatory, we would be keen to see existing resources from organisations such as Citizens Advice, HomeOwners Alliance and Which? who have all created useful checklists of questions for purchasers to ask, advertised on estate agent's websites or through housebuilders sales sites.[28] [29] [30]

6. How much data associated with housing transactions still needs to be digitised and how can the digitisation process be accelerated or prioritised?

70. Given that CIOB and the majority of its members are not involved in the purchasing process there is little insight that we can provide on the specific documents or details that need to be digitised. However, as an organisation, we were deeply involved in the formation of the Building Safety Act 2022 and its associated secondary legislation.

71. A key aspect of the Act is the establishment of a "golden thread" of information relating to building safety. The golden thread was suggested by Dame Judith Hackitt in her report "Building a Safer Future", which introduced a single digital source of information to support dutyholders in designing, constructing and managing their buildings while taking into account building safety at all stages in the lifecycle.[31]

72. This principle could be carried over into the purchasing process so that prospective buyers who have entered into a purchase and are at the point of exchange can access information about a property to understand the upkeep necessary as well as what works have been carried out to the property. This would need to be fully explored by government and tested to understand its feasibility as it is likely to be very complex and onerous to store and maintain. Further details will be provided in the answer to the question below on some of the potential issues that could occur if a golden thread style system was implemented for purchasing a home.

7. What challenges are there to digitisation or providing information at listing?

73. As mentioned, while a digital record of a house would be useful for owners to understand its history and any potential issues that may come up after purchase, some important information may not be accessible for certain homes.

[28] HomeOwners Alliance, 25 questions to ask when viewing/buying a house
[29] Citizens Advice, Buying a home
[30] Which?, House viewing checklist, 13 January 2023
[31] Dame Judith Hackitt DBE, Building A Safer Future: Independent Review of Building Regulations and Fire Safety: Final Report, May 2018

74. This may be especially challenging for some of the older homes currently on the market in the UK. According to data from the Office for National Statistics (ONS) in 2022, 15% of homes in England were built before 1900, while homes in England and Wales were "most commonly built between 1930 and 1982 (46% in England and 39% in Wales)".[32] Comprehensive records of these homes are unlikely to be available and patchwork data may only hinder consumers rather than help them.

75. It will be much easier for new-build properties to come with a record of any alterations or changes made since construction, alike the golden thread of information mentioned in the previous question.

76. While we support the principle of creating a form of golden thread for new-build homes, we hold concerns about how it will be maintained. The onus will be on the occupier to upload relevant information on alterations which may be hard to monitor and police. It will also be difficult for occupiers to understand what information may be relevant to store digitally without a background or training in construction. Careful consideration must also be given to understanding how far back any future golden thread should go and whether it would be best to begin with new-build homes before progressing to older properties if successful.

77. Therefore, if this is to be created then a comprehensive and easy to understand list must be created with accompanying guidance on how and what to store digitally and whether storing surveying data from previous property purchases may be one way to kick start a future home buying golden thread.

Conveyancers

8. Do consumers have sufficient information to determine which conveyancer to use? How could information provision on conveyancing be improved?

78. CIOB is not best placed to comment on this aspect of the purchasing process. We understand that there is a separate and ongoing inquiry into whether a new regulator for estate agents should be formed. We would only add that whatever actions are taken any future regulator must act for the benefit of consumers.

9. What effect would a mandatory professional qualification for estate agents have?

79. As a professional body for the construction sector, CIOB is keen to see the built environment professionalised across the whole supply chain from design, planning, construction, through to the transaction process and post occupancy.

80. Professional qualifications are a mark of integrity. They show that someone has been trained and accredited with the skills necessary to perform a role to the best of their ability. They also show that someone has put the necessary time in to equip themselves with the knowledge and competence required to elevate themselves above others without professional qualifications.

81. There are innumerable benefits to someone becoming a chartered professional member including access to large networks of other accredited individuals who can help develop their knowledge further as well as access to training courses and Continuous Professional Development (CPD) which can provide them with insight into sector specific learning. A CIOB professional qualification is also a mark of trust that shows their clients and potential contractors that they have a code of conduct and ethics that they stick to throughout their day-to-day work.

82. Whilst we are supportive of efforts to professionalise important sectors or industries, we must urge caution on any proposals to introduce a mandatory professional qualification of any sort. Professionalism cannot be seen as a tick box exercise that all must go through in order to begin working in a sector. It should instead be seen as something that those who really want to make a difference can do in order to upskill themselves

[32] Office for National Statistics (ONS), Age of the property is the biggest single factor in energy efficiency of homes, 6 January 2022

and stand out from the competition. Alongside this, professionalising should not be seen as a punishment for industries that are failing. It should instead be an incentive for industries looking to improve their working practices, so while we support the concept of professionalising industries like estate agents, we are concerned that making it mandatory could dimmish the value of a professional qualification.

83. Additionally, there are a number of potential issues that we would like thought to be given to when seeking to train, accredit and professionalise industries like estate agents.

84. Firstly, we are concerned about the realistic nature of making estate agents pursue a professional accreditation. Estate agency, to many, is seen as a revolving door industry with staff consistently changing jobs or leaving the industry entirely. In 2023 a number of studies were conducted about the turnover rate and retention rate for estate agents. One study, conducted by estate agents Nested, measured the industry turnover rate compared to other major industries. While it was not as high as the arts, entertainment or manufacturing, it still sat at an annual turnover rate of staff of 27.8%. The same study found that 81% of responding estate agents believed that the turnover rate was due to employees "jumping ship" rather than being driven by organisations laying off staff.[33] Similarly, a report from recruitment agency Manpower Group found that the more than 80% of estate agencies are struggling to find skilled staff.[34] Training and accrediting staff takes time and struggles to recruit or retain staff could act as a disincentive for estate agents to make the financial investment necessary to upskill their workers if they are not confident that they are able to keep them long enough to see tangible benefits.

85. Secondly, there is the issue of the cost of accreditation. It is undoubtable that upskilling staff comes with both a time and financial cost. We are concerned that given the fees that estate agents charge to property owners, that the resulting costs of accreditation may be passed onto those looking to sell their properties.

10. Should there be a single, legally enforceable Code of Practice for property agents?

86. As mentioned in response to question 3, CIOB has historically been supportive of mandatory consumer codes that govern areas such as quality in service provision and quality in final product, specifically the NHQC. Consumer codes of practice can have a number of interesting effects and it has become more common for these to exist in industries related to the built environment.

87. CIOB has its own code of practice for its members (Rules and Regulation of Professional Competence and Conduct). This Code sets out standards that all members are bound to as part of their chartered membership and covers areas of competence such as that members shall not undertake work for which they lack professional or technical competence, members shall ensure that all work undertaken is in accordance with good practice, members shall act in the best interest of the client at all times and deliver good customer care and service as well as that members shall treat others with respect, fairness and equality at all times. These are important steps in ensuring that those operating within the built environment act with professionalism and integrity, and we feel that these binding principles are important to try and emulate in other industry where possible.

88. Therefore, we are supportive of a unifying, single code of practice for property agents. However, we have a number of questions and concerns that will need to be thought through prior to implementing any future code.

89. Firstly, it is important that a code of practice is managed and enforced by an independent body that is not accountable to those that the code governs, so it will need to be decided who takes ownership of the code, who is responsible for updating the code as the industries needs and practices evolve and who will be responsible for enforcing actions against individuals or organisations who breach any of the rules set out in the code. Likewise, there needs to be clearly defined routes available to consumers to learn about such a

[33] The Negotiator, Staff turnover in property industry hits 30% as agents demand better pay, 31 March 2023
[34] The Negotiator, Talent shortage hits estate agencies, reveals major report, 28 March 2023

code, i.e. property agents should be required to inform customers that they have signed up to a code. There also needs to be an independent service available to judge whether breaches of the code have taken place and enforce sanctions or fines, as is the case with the NHO.

90. Secondly, content will be very important to ensure effectiveness. The key to codes of conduct or practice is that they are prescriptive and clear but not constraining. The wording of the code must be broad enough to cover areas such as ethics and standards but also work within the reality that industries in the built environment need to be flexible to adapt to changing circumstances.