

New Homes Ombudsman Case Study: **Progression of Purchase**



Issue

The customer complained that they were discouraged from proceeding with the exchange of contracts after they had reserved the property. They claim that they experienced various difficulties in progressing with the purchase. For example, the developer's portal was not fit for purpose, their emails were ignored or not adequately responded to, they were provided with incorrect information, and the developer tried to cancel the transaction.

Relevant sections of the New Homes Quality Code

Part 3: After-sales, complaints, and the NHOS



Circumstances

- During the purchase process, the customer experienced difficulties using the developer's online portal, poor communication, and no clear point of contact. When they escalated concerns to the CEO, the complaint was assigned to the same staff member involved.
- The customer claimed incorrect information and unexpected costs delayed the exchange of contracts. They also reported inconsistencies in incentives, including a lower deposit contribution, and alleged the developer had twice attempted to cancel the sale. The developer later offered £1,000 as a goodwill gesture.
- The developer provided an affordability schedule outlining tenure and management costs but excluding typical expenses such as utilities, which were the customer's responsibility to investigate.
- The customer paid a £186 legal document fee, and the Reservation Agreement referred them to the affordability schedule for other costs.
- The Reservation Agreement lapsed before contracts were exchanged.

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Outcome

Complaint **not upheld**.



Ombudsman's decision

The Ombudsman reviewed the evidence and found that while updates to the developer's online portal caused minor delays of up to 10 days, there was no indication that it was unfit for purpose. The developer generally responded promptly, often the same day, with no ignored emails or critical delays. There was no evidence that the customer was promised a single point of contact or that this is standard practice.

The Reservation Agreement clearly outlined the legal document fee, which the customer queried, received clarification on, and accepted before proceeding. The developer also provided information on water service charges from the supply company and its contractor.

An email copied to the developer's CEO was treated as a complaint. Although the staff member approving the customer's package acknowledged the complaint, they did not name it as the subject and did not respond. The customer understood the deposit contribution, and the developer's responses were found to be courteous and relevant.

The Reservation Agreement expired per its terms, as contracts were not exchanged. There was no evidence of an extension or that the sale failed due to any action by the developer.

Learnings

- Developers should provide clear and consistent communication regarding all parts of the purchasing journey.
- Present all fees transparently in Reservation Agreements, and respond to all queries in a timely manner.

Recommendations for developers

Reinforce cost details and encourage buyers to seek independent financial advice. The developer could show evidence that accurate information was given to the customer before the reservation.

Ensure all customer interactions are professional, respectful, and well-documented.

