New Homes Ombudsman Case Study: **Estate Agency Fees and Snagging Delays**

Issue

The customer complained that the developer was unclear about the scheme under which estate agency fees were paid, as they were deducted from potential cash incentives rather than paid upfront. They also raised concerns about multiple property issues, significant delays in resolving them, and poor complaint handling by the developer throughout the process.

Relevant sections of the New Homes Quality Code

Part 1: Selling a new home

Part 2: Legal documents, information, inspection and completion

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

Circumstances

- The customer entered a part-exchange agreement confirming the developer would cover estate agency fees upon legal completion of their existing home's sale.
- When reserving the new property, the customer accepted an incentive package that included a £6,336 estate agency fee and other contributions under the scheme's terms and conditions.
- The customer later complained that the developer had not clearly explained that the fees would be deducted from the total incentive amount, rather than paid separately in full. They felt this lack of clarity led to receiving a smaller incentive than expected.
- After legal completion, the customer reported multiple property issues, including defects previously identified during the developer's own inspection.
- Despite ongoing remedial work, the customer raised concerns about delays, poor communication, and inadequate complaint handling, escalating the matter to the Ombudsman later that year.
- The developer apologised for delays, citing contractor and material constraints, and stated that all valid defects were addressed through remediation or financial offers. They maintained that the customer received over 5% in total incentives.

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Outcome

Partially upheld. The customer was awarded a total of £12,028 in compensation.

Ombudsman's decision

After reviewing the part-exchange application and Reservation Agreement, the Ombudsman concluded that the customer was reasonably aware that the developer would cover £6,336 in estate agency fees as part of the agreed incentive. There was no evidence of incorrect deductions or misleading information. This part of the complaint is not upheld.

On snags and defects, the Ombudsman found that while some issues were resolved promptly, others were delayed or poorly addressed. Several pre-completion items were missed and later re-reported. The developer cited contractor and material delays but failed to provide consistent updates. Approximately 40% of reported issues exceeded expected timescales.

This part of the complaint is upheld. The developer is directed to reimburse the customer for agreed remediation costs: £3,500 for plastering and painting, £3,990.24 for flooring, £2,987.76 for the granite worktop, and £283.50 for cleaning. An additional £1,500 compensation is awarded for inconvenience and distress caused by poor workmanship, disruption, and delays.

The Ombudsman also found the developer's complaint handling inadequate due to untimely responses and missing documentation, awarding a further £50.

Learnings

- Be transparent about incentives. Even when terms are documented, unclear explanations can lead to misunderstandings about fees and payments.
- Delays and poor communication erode trust. Slow or inconsistent updates during defect resolution can quickly escalate customer dissatisfaction.

Recommendations for developers

Clarify incentive terms upfront. Provide clear written explanations and confirm customer understanding at the reservation.

Strengthen after-sales processes by setting clear timelines for defect resolution and complaint responses, keeping customers regularly informed.