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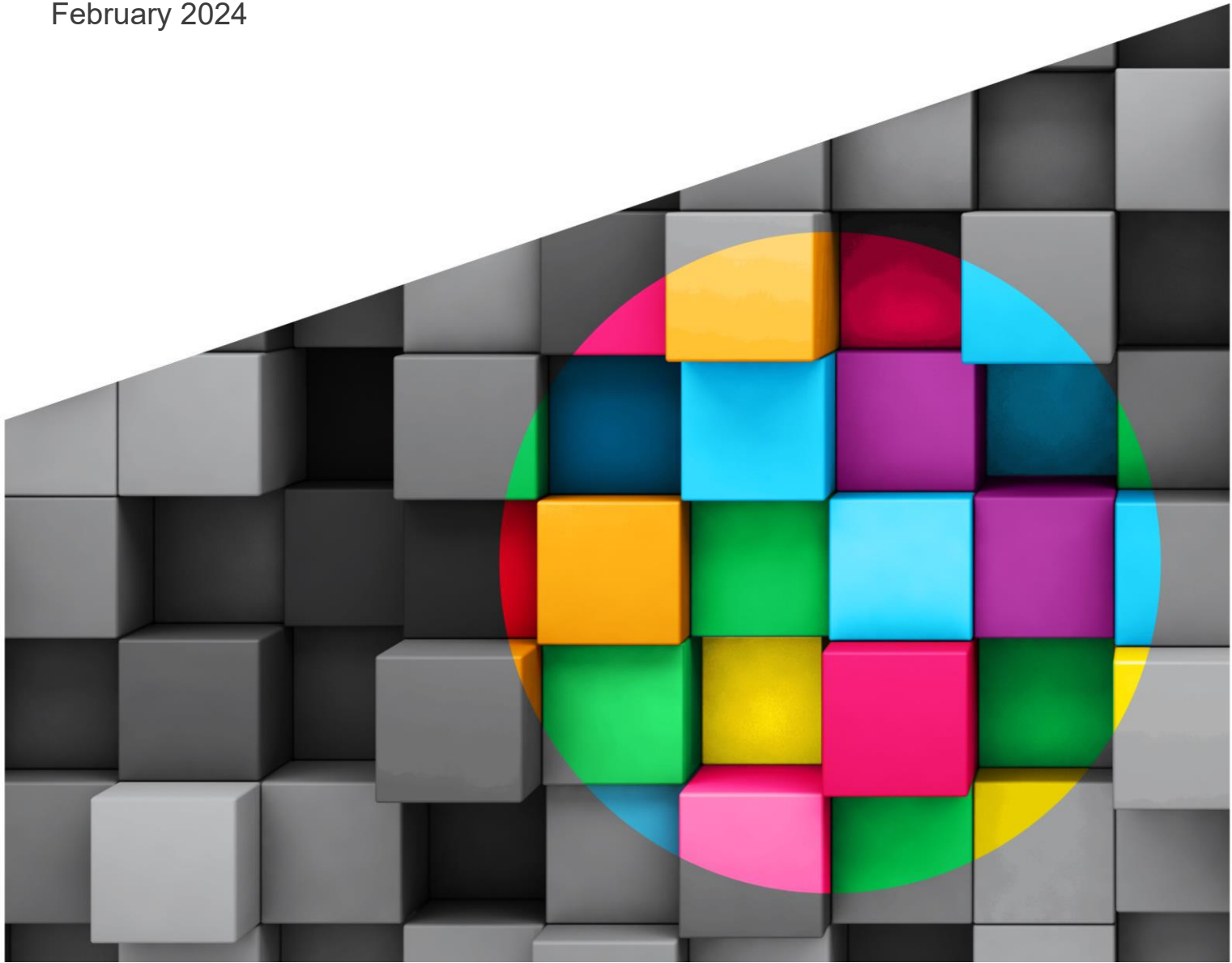


Housebuilding

Consumer qualitative research

Final Report

February 2024



Contents

- 1. Executive summary 4**
- 1.1. Background 4
- 1.2. Research approach 4
- 1.3. Context 4
- 1.4. Quality 5
- 1.5. EMCs 6
- 2. Background, objectives, and approach 9**
- 2.1. Background to the research 9
- 2.2. Research objectives 9
- 2.3. Research approach 12
- 2.4. Sample structure 16
- 2.5. Methodological notes and glossary 18
- 3. Main findings 20**
- 3.1. Context 20
- 3.1.1. Participants who had bought new-builds 20
- 3.1.2. Nature of decision-making around buying a new-build 20
- 3.2. Quality 22
- 3.2.1. Key drivers of new-build purchases 22
- 3.2.2. Quality of the sales process 27
- 3.2.3. Quality issues with the property 33
- 3.2.4. Conclusions 43
- 3.2.5. Quality Case Studies 46
- 3.3. Estate Management Charges (EMCs) 51
- 3.3.1. Nature of estate management arrangements 51
- 3.3.2. Estate Management Charges (EMCs) 52
- 3.3.3. Estate management coverage 54
- 3.3.4. Residents’ Management Companies (RMCs) 55
- 3.3.5. Transparency of EMCs during home purchase process 57
- 3.3.6. Satisfaction with, and the perceived value for money of, EMCs 59
- 3.3.7. Issues in connection with EMCs 61

- 3.3.8. Choice and control over estate management companies..... 66
- 3.3.9. Nature of any restrictive covenants, additional fees, and rentcharges 67
- 3.3.10. Conclusions..... 69
- 3.3.11. EMC Case Studies 73
- 4. Homeowners’ suggested areas for improvement 77**
- 4.1. Quality improvements 77
- 4.2. EMCs..... 78
- 5. Appendix..... 79**
- 5.1. Advance letter to residents 79
- 5.2. Screener..... 81
- 5.3. Quality research 91
- 5.3.1. Quality: Participant pre-task..... 91
- 5.3.2. Quality: Interview discussion guide 92
- 5.4. EMC research 98
- 5.4.1. EMC: Participant Pre-task..... 98
- 5.4.2. EMC: Interview Discussion Guide..... 99

1. Executive summary

1.1. Background

On 28 February 2023, the CMA launched a market study into housebuilding in England, Scotland, and Wales focusing on the supply of new homes to consumers. The market study is considering how the housebuilding sector functions, how well it performs for consumers and other stakeholders, and how it might work better.

The CMA is investigating whether there are any aspects of the housebuilding market that may be harming consumers, such as whether the way in which the different stakeholders interact raises costs unnecessarily, whether there are any barriers to buyers exercising choice effectively, and whether there is effective competition between housebuilders.

As part of the market study, the CMA wanted to explore the experiences of owners of new-build residential properties through qualitative research.

1.2. Research approach

Jigsaw Research undertook qualitative research aimed at understanding consumer satisfaction with:

- **Quality:** The quality of the new-build properties that homeowners have purchased and the estates they live on.
- **Estate Management Charges (EMCs):** Periodic charges that homeowners pay towards maintenance costs on estates where the relevant authority has not adopted the roads and/or other public amenities.

Jigsaw carried out 100 in-depth interviews of up to 60 minutes in length with new-build homeowners, in their homes or online if this was not feasible. Half the interviews primarily focused on Quality, the other on EMCs. Interviews were carried out from 21 August to 17 October 2023.

The participants were randomly sampled and recruited from a starting sample of 9,386 new-build addresses in England, Scotland, and Wales, with a legal purchase completion date on or after 1 January 2018. The starting sample itself was also randomly drawn, sourced from address lists provided to the CMA by five new-build warranty providers.

1.3. Context

Qualitative research focuses on understanding underlying issues, experiences, and motivations rather than providing percentages or numbers. The findings are indicative of the market rather than representative. They are based on participants' recall, understanding, and interpretation post-purchase, which can be imprecise and to a degree post-rationalised.

As context, it is helpful to understand the types of people interviewed who had bought new-builds, and the nature of the purchase process, as a backdrop to their perceptions and choices:

- Buyers of new-builds who we interviewed tended to be more affluent than average, used to decision-making but time-poor.
- Buying a new-build home (or any property) was a big decision in most of the research participants' lives; it was exciting but time-pressured, complex, and the process was hard to pull back from once in train.

1.4. Quality

Most participants in the research enjoy their homes. There is no widespread buyer's remorse or regret over the overall quality of the new-build property they bought, and most are generally content, both in terms of the quality of the property itself as well as the estate and wider surroundings they live in.

However, there were a number of quality-related issues that many participants in the research had not expected and caused a lot of irritation and frustration, especially shortly after moving in.

Sales practices

A number of participants claimed that information about the property provided during the sales process turned out to be incorrect. When the estate was allegedly misrepresented, this often concerned its construction status/expected size, their location within the estate, and promised amenities that did not materialise. Perceived misrepresentations of the property related to specific descriptions such as the amount of space in the property, the size of the garage or garden, or the fixtures and fittings that would be included. Other types of reported misrepresentations pertained to usage of the property, i.e., what the contract does and does not allow the homeowner to do (for example, the way in which buyers could use their balcony).

Customisation

A considerable number of buyers were dissatisfied with the customisation process, specifically the extent of necessary 'upgrades', what they considered to be inflated costs, and, in some cases, the perceived limited options.

Amount of snagging

Snagging issues were often a cause for irritation but, in the main, they were dealt with to buyers' satisfaction; similarly, so-called 'liveability issues' at worst irritated buyers. However, the sheer quantity of snagging issues led many to believe that new-builds are often rush-jobs and developers (or their contractors) cut corners.

Structural issues

Considerably more distressing to a substantial minority in the research were more substantial structural issues, especially those relating to plumbing, drainage, roofs, unlevel floors, out-of-plumb walls, insulation, sound-proofing, poor quality and ill-fitting doors and windows, and parking spaces/driveways and garages. This is also where developers allegedly refuse responsibility more often and where the relationship with homeowners deteriorated. There was also a general perception amongst the research participants that new-builds are overall of a more 'flimsy' quality compared with older properties.

Outdoor spaces

Many respondents reported dissatisfaction about their garden. This was often due to a perceived overpriced and poorly implemented job, and the alleged reluctance of many developers to rectify subsequent problems.

Less common than garden issues, but also flagged by a handful of research participants, were issues surrounding parking, and particularly garages. This is an area where the property sometimes fell short of expectations, e.g., when the garage was smaller than participants envisaged, or did not come with fixtures that participants considered basics (e.g., a dividing wall between their garage and the neighbour's, a garage door, internal access to the house).

Getting things fixed

The majority of homeowners interviewed considered some need for “snagging” repairs as a standard part of the process of buying a new-build, with most developers demonstrating prompt issue resolution. However, the responsiveness of developers was not always seen to be consistent throughout the process, i.e., the responsiveness of individual developers varied throughout the process. For example, issue resolution was reported to be slower and less satisfactory after developers had completed and left the site and homeowners were asked to report issues to centralised customer care teams rather than the on-site manager, or when snags were identified after the 2-year builder warranty/defects insurance period, among other reasons. A small number of participants also reported difficulties in getting the developer to attend snagging issues within the 2-year time-frame. Participants were more likely to report difficulties in getting the developer to address more substantial structural issues. Only very few of the participants in this research reported having to make use of their new-build warranty. Those who did had a mixed experience with their warranty provider, with some reporting a lack of clarity as to what the policy actually covers.

1.5. EMCs

Estate management charges (EMCs)

EMCs are widespread on new-build estates, but they do not put off prospective buyers, as the cost can seem trivial compared with the overall purchase price of the property.

What EMCs cover varies widely from estate to estate, with no discernible relationship between the scale of charges and the nature and extent of the amenities they encompass.

Charge amounts had increased for some of the research participants since they first moved into their homes, but these homeowners did not seem to be particularly worried by the rate or scale of increases so far. And with one or two exceptions, homeowners across the sample as a whole were relatively unconcerned about the possibility of future increases, although there was some concern that there appeared to be no restrictions on the amount that charges could increase by in the future. Perceptions of poor value for money related not to the amount charged but whether EMCs are considered fair or not in principle, and whether residents actually receive the services they pay for and/or whether those services are provided to a good enough standard.

However, some homeowners were concerned about the proportion of the overall EMC that was allocated to management fees/management overheads, with these homeowners considering the amount to be unjustifiable. When the management proportion was high, it led to perceptions of poor value and the sense that this was a money-making opportunity for the estate management company (and perhaps even the developer when they have appointed the estate management company).

Additional fees, rentcharges, and contractual restrictions

A small proportion of participants in the research were aware that the estate management company might charge additional fees to provide certain services to individual homeowners. For example, a few participants thought they would be charged for a ‘sales pack’ if/when they came to sell their property – but no one (by definition) had experience of this. A few also speculated that the estate management company might charge them an administration fee if they wanted to pay their EMC in instalments rather than in one lot annually (but had never asked whether this was the case). Otherwise, the incidence of additional fees did not appear to be widespread, although this may reflect low awareness amongst homeowners about the potential for such charges, or that homeowners had only been living in their properties for a short amount of time.

None of the participants in the research used the term 'rentcharge(s)'. However, homeowners on two estates did tell us about needing to pay "peppercorn rents" to the estate management company and this was very unsettling for them as it challenged their view of themselves as freeholders.

Almost everyone we interviewed reported some kind of contractual restriction ('restrictive covenant') that applied to their property. Very few homeowners voiced any dissatisfaction with these restrictions, although some did express mild concern that they could impact upon the future saleability of their property.

Transparency issues

There was no evidence that the buyers of new-builds in our sample went into the purchase without knowing that EMCs would be levied at some point post-sale. However, many were not at all clear about exactly what is covered by their charges. This led to perceptions of poor value for money in some cases.

There was a lack of clarity around when charges would become due: when the whole estate was finished; when the homeowner's phase was finished; or when the public amenities and infrastructure were of sufficient quality.

None of these issues were factored into buyers' decision-making at the point of purchasing their new-build homes. They only arose post-sale.

Enforcement

There was no evidence of enforcement of outstanding charges among our research participants. Although several had received 'final demand' letters, an example of which did make reference to further steps in collecting debt, these had tended to result in residents complying with the demand. In addition, on one estate, the cost breakdown of the EMCs included provision for court cases, so it is reasonable to conclude enforcement is happening.

Satisfaction with EMCs

The initial quality of the communal green areas and other public amenities on estates was generally felt to be good, although initial quality was sometimes patchy across an estate (with, for example, a lot of attention paid to the entrance area, but less attention paid to parts further in), and some issues, too, where estates are still under development and residents of the early phases are paying EMCs while subsequent phases are still being built and the amenities covered by the charges are not yet completed or available.

The quality of public amenities on estates could then drop off over time (though on many they are well-maintained). Where the standard of maintenance was low, or the amenities were apparently not being maintained at all, this had led to poor value perceptions and high levels of annoyance among homeowners.

Sometimes, infrastructure (roads; lighting; drains and sewers; pumping stations) was also not well-maintained, but here the responsibility for these amenities could be unclear. Resident frustration with this situation was apparent, but they were not at all sure how to go about resolving their concerns.

Disputes between estate management companies and residents seemed to be relatively infrequent. Residents were more likely to complain on Facebook/WhatsApp groups than withhold payment or make a formal complaint to their estate management company.

Disputes between estate management companies and developers seemed to be more common, although a feature still of only a minority of estates covered in the research. These generally involved disagreements over who is responsible for what and seem to be left unresolved for some time, with

residents unclear as to whether or how they would reach a resolution. Many homeowners would prefer the relevant authority to adopt the roads, drains, and sewers (and, where applicable, sewage pumping stations) on their estates, but a lack of clarity as to who is currently responsible for them, along with the fact that these amenities are not always built to adoptable standards, were considered to create barriers to adoption.

Service levels varied widely. Most minor issues relating to estate management did get resolved eventually, but this could take a long time (months), which homeowners found frustrating. Some estate management companies are very responsive though.

Switching

Homeowners felt that estate management companies are imposed on them by the developer, with no say from the residents. It was unclear to most homeowners whether they can switch or remove an estate management company.

RMCs

Very few of our research participants had considered setting up a residents' management company (RMC) or knew whether that option was potentially open to them. When the idea was put to them, they liked the apparent control over estate management and transparency over costs that an RMC would give them.

However, there was very little appetite to set one up for a variety of reasons: the expertise required in estate management (especially on large estates); the potential to be dominated by residents with specific issues/time on their hands; and too many unresolved responsibility issues which residents do not want to deal with.

It should be noted that while very few participants believed they lived on an estate where an RMC was in place, it is possible that their understanding was mistaken. However, their perceptions inform their views, and it is these perceptions upon which this report is based.

2. Background, objectives, and approach

2.1. Background to the research

On 28 February 2023, the CMA launched a market study into housebuilding in England, Scotland, and Wales focusing on the supply of new homes to consumers.

The market study is considering how the housebuilding sector functions, how well it performs for consumers and other stakeholders, and how it might work better.

The CMA is investigating whether there are any aspects of the housebuilding market which may be harming consumers, such as whether the way in which the different stakeholders interact raises costs unnecessarily, whether there are any barriers to buyers exercising choice effectively, and whether there is effective competition between housebuilders.

As part of the market study, the CMA wanted to explore the experiences of owners of new-build residential properties through qualitative research. As well as gaining a general understanding of the purchase journey, the CMA wished to focus on two potential ways in which sector issues may manifest themselves:

- Lower quality of new housing available to consumers than would be delivered were the market working well.
- Insufficient information on aspects of the consumer’s purchase before they commit to buying a new-build property, in particular around any ongoing charges for estate management.

2.2. Research objectives

There were two areas of focus for the research: Quality and Estate Management Charges (EMCs).

Quality

Understanding consumer satisfaction with the quality of properties they have purchased and the estates they live on.

Whether there is any difference by size of developer.

Specifically, to understand:

1. Owners’ reasons/main reasons for purchasing a new-build property (including their reason(s) for buying a new-build property rather than a “second-hand” property).
2. Owners’ reasons/main reasons for choosing a particular type of builder/developer.
3. Quality of service from/ease of dealing with the builder/developer and their responsiveness (i) before moving in; (ii) after moving in.
4. Importance, in the purchasing decision, of:
 - the quality of finishing work in the property
 - the quality of construction work on the property
 - the quality of fixtures and fittings in the property

- the property's sustainability/energy efficiency
 - the appearance/attractiveness of the property
 - the size/"liveability" of the property
 - the quality of estate roads and other amenities
 - the appearance/ attractiveness/ size of the estate
1. Satisfaction with (versus expectations of):
 - the quality of finishing work in the property
 - the quality of construction work on the property
 - the quality of fixtures and fittings in the property
 - the property's sustainability/energy efficiency
 - the appearance/attractiveness of the property
 - the size/"liveability" of the property
 - the quality of estate roads and other amenities
 - the appearance/ attractiveness/ size of the estate
 2. Experiences of the property, including:
 - Number and nature of minor faults (snagging issues)
 - Number and nature of more serious faults (construction defects)
 - Whether and how faults have been resolved (incl. whether owners have relied on the property's warranty)
 - Dispute resolution/ redress
 3. Owners' views on potential remedies to address any detrimental effects on consumers where the market study has revealed aspects of the market relating to quality that may not be working well.

EMCs

Understanding consumer satisfaction with any estate management charges on estates where the local authority has not adopted the roads and/or other public amenities.

Specifically, to understand:

1. The nature of EMCs to which new-build freehold residential properties are subject, including:
 - The scale of EMCs
 - The frequency and scale of EMC increases (if applicable)
 - What services the EMC is intended to cover
2. The nature of contractual restrictions on how the owners may use their property to which new-build freehold residential properties are subject, including:
 - Imposition of a given estate management company.
 - Constraints on freeholders' ability to switch management company.
 - Rentcharges (incl. the scale of such rentcharges, and the frequency and scale of any increases).
 - Deeds of covenant imposing charges for certain events or actions (event fees and/or consent fees), for example, to obtain information packs necessary if the freeholder sells or re-mortgages, or permissions to make certain changes to their property (incl. the scale of such fees and any fee increases).
 - Prohibition on application to the local authority for the adoption of roads and/or other public amenities.
3. Potential transparency issues, including:
 - Awareness, prior to purchase, that EMCs, rentcharges, and/or contractual restrictions may apply to a new-build property.
 - When, during the conveyancing process, buyers first learned that EMCs, rentcharges, and/or contractual restrictions applied to their new-build property.
 - How they found out about the EMCs, rentcharges, and/or contractual restrictions.
 - The nature and extent of the information that buyers obtained, and how well they understood the information.
 - The extent to which the existence and impact of EMCs, rentcharges, and/or contractual restrictions was taken into account as part of the purchasing decision.
 - What buyers found out about EMCs, rentcharges, and/or contractual restrictions post-purchase; and how this has affected buyers.
4. The extent to which EMCs, rentcharges, and/or contractual restrictions are enforced, including whether and – if so – to what extent the sanctions available under the Law of Property Act 1925 are applied.

- 5. Satisfaction with:
 - Initial quality of unadopted roads, landscaping, playgrounds, and other public amenities
 - Standards of maintenance of unadopted roads, landscaping, playgrounds, and other public amenities
 - Quality of service from/ease of dealing with the estate management company and their responsiveness
 - Transparency of information provided, for example on fees and their breakdown
 - Dispute resolution/redress
 - 6. Whether owners have the option to switch management company.
 - If so, whether they have given any thought to switching/have switched management company, and – if so – the reasons for that.
 - Any significant barriers to switching.
 - 7. Whether owners are part of or have the option to form a residents’ management company (RMC) to take on management of the estate.
 - If so, whether they have given any thought to doing this/have done this, and – if so – the reasons for that.
 - Satisfaction with this option (where an RMC is in place).
- Owners’ views on potential remedies to address any detrimental effects on consumers where the market study has revealed aspects of the market relating to EMCs that may not be working well.

2.3. Research approach

Research audience

The research was carried out among two overlapping audiences of new-build owner-occupiers who were recruited simultaneously from the same starting sample provided by the CMA: one recruited for interviews mainly relating to Quality and the other for interviews primarily focussing on EMCs. In many cases, participants were able to give us feedback on both, but we ensured we focussed on one of these topics in depth in each interview to ensure we had sufficient time to uncover as much of the detail as possible.

The audiences recruited and interviewed were:

Quality interviews

Owner-occupiers (including those buying with a mortgage) where:

- The property was built for private sale by a builder/developer; and
- The property was brand new when they moved in.

EMC interviews

Owner-occupiers (including those buying with a mortgage) where:

- The property was built for private sale by a builder/developer; and
- The property was brand new when they moved in.

Plus:

- The property is not part of a gated community (i.e., the general public (not just residents of the estate) has access to the estate and its amenities);
- The property is freehold; and
- Their property is subject to EMCs and/or rentcharges.

Other wider criteria for inclusion were:

- The property location was in England, Scotland, or Wales.
- The property had a legal completion date on or after 1 January 2018.

We screened and EXCLUDED residents on the following basis:

- Under 18s: Participants had to be adults at least 18 years old.
- Tenants (i.e., the property is rented to them, and the property owner is their landlord).
- Owner-occupiers living in a property that was not brand new when they moved in (i.e., there has been at least one previous owner of the property).
- Owner-occupiers in the following types of home:
 - One they built themselves (self-build)
 - A conversion property (a larger building converted into several smaller units, or a larger home formed by combining several smaller units, or a commercial property re-purposed as residential property) or a renovated property
 - One purchased through right-to-buy (i.e., the property was initially rented from a local authority or housing association)
- Owner-occupiers living in a shared ownership property (i.e., 'part buy/ part rent', where the purchaser pays a mortgage on the share they own and a subsidised rent or occupancy charge to a housing association/ local authority/ other provider (a landlord) on the remaining share.)
- Anyone living in social housing.

Research process

An overview of the research approach is set out below:

Set up and sampling	Recruitment	Fieldwork	Analysis
Immersion and set up	Advance letters	Cognitive testing	Data capture
CMA sampling	Face-to-face screening and recruiting	Pilot fieldwork	Analysis
Jigsaw sampling	Scheduling and pre-task	Main fieldwork	Debrief presentation and Reporting

Set up and sampling

Immersion and set up: The Jigsaw core project team received a detailed briefing from the CMA on the sector and background to the research. This enabled Jigsaw to design the research to take account of the complexities, ensure we would speak to a good cross-section of people indicative of buyers of new-build properties, and have an open and unbiased conversation about their experiences. In turn, Jigsaw ran detailed briefing sessions for the recruitment project managers and the team of nine moderators who were to carry out the interviews, to ensure all were up to speed on the context and technical detail.

CMA sampling: The CMA supplied a starting sample of 9,386 addresses in 100 randomly selected postcode sectors (sample points) drawn from lists provided by five new-build warranty providers (Build-Zone, ICW, Lockton Checkmate, MD Group, NHBC). All addresses in the starting sample were pre-selected on the basis that they were privately owned, new-build residential properties with a legal completion date on or after 1 January 2018, across England, Scotland, and Wales. They included a mix of properties constructed by Large, Medium, and Small developers.

Jigsaw sampling: Working with partners Bluewave Geographics, Jigsaw undertook a further sampling exercise, randomly selecting 61 of the 100 starting postcode sectors provided by the CMA and carrying out a final manual sense-check that each sample point had a suitably clustered number of properties to enable cost-effective face-to-face recruitment and face-to-face interviewing. The aim was a final selection of sample points that was suitable for use in qualitative research but was not known to the CMA.

Recruitment

Advance letters: Letters were sent to all 4,511 addresses in the 61 postcode sectors sampled, from the CMA and partners Jigsaw Research (interviewers) and Lake Market Research (recruiters), notifying the address residents about the research and enabling target participants to opt out if they wished. *A copy of the advance letter is in the Appendix section 5.1.*

Screening and recruiting: Although the sample was drawn from new-build warranty lists and selected according to key criteria, residents of the sampled addresses were not necessarily all eligible to participate in the proposed research, for example, if those living there were tenants rather than the owners and so would not have any experience of dealing with the developer. Recruiters from Jigsaw's partner Lake were sent door-to-door to carry out further screening at the sampled addresses to find eligible participants who matched all the relevant criteria. The aim was to carry out the main interviews in people's homes, so Jigsaw interviewers could directly observe quality issues if present and relevant paperwork if available, but for inclusivity, we allowed up to 20% of recruited participants to do online interviews (if face-to-face in-home was not feasible or a barrier to taking part). *A copy of the screener questionnaire used for recruitment is in the Appendix section 5.2.*

Scheduling and pre-task: Following recruitment, in-home interview appointments were scheduled, and participants were sent a light-touch pre-task. The pre-task was designed as a warm-up, to encourage participants to start thinking about the interview topic more consciously, and for Jigsaw to glean some initial context to help target the questions effectively during the interview. This was run via Jigsaw's bespoke WhatsApp-integrated qualitative research tool. Participants sent in text, images, video, or audio via WhatsApp, depending on preference and relevance, to introduce themselves and tell us in brief about their property and estate. (N.B. This pre-task was not compulsory, and participants could use other means to communicate, such as email, if desired).

Fieldwork

Cognitive testing: To ensure the interviews would gather relevant information from homeowners in an unbiased way, Jigsaw carried out testing of the draft research materials in two stages. For the first test stage, Jigsaw undertook five cognitive interviews on 14 August 2023 (x2 Quality, x3 EMC) in Jigsaw's offices. These interviewees met the same eligibility criteria as required for fieldwork proper but were free-found (i.e., not drawn from the sample supplied to Jigsaw by the CMA). This exercise tested participant understanding of the pre-task and interview questions, how well the discussion flowed, and (from participants' perspective) any areas of difficulty, irrelevance, or omission. The cognitive interviews were observed by the CMA so they could feed in final thoughts on the content covered. Following the cognitive interviewing, minor adjustments were made to the research topic guides to enhance clarity and add follow-up questions to elicit more details. The pre-task was also simplified to make it easier and faster for participants to complete.

Pilot fieldwork: For the second round of testing, Jigsaw sent recruiters to three pilot sample points to test the effectiveness of recruiting from the sample supplied to Jigsaw by the CMA and the process of interviewing in-home, as well as the revised research materials. The pilot took place on 21-22 August 2023 and six interviews were achieved (x3 Quality, x3 EMC). Five of these were carried out in-home, and one was conducted online. The pilot did not result in any further changes to the recruitment process or research materials. *A copy of the pre-task and topic guides for the Quality interviews are in the Appendix section 5.3, and for the EMC interviews in Appendix section 5.4.*

Main fieldwork: Following the successful pilot, Jigsaw carried out the rest of the fieldwork between 29 August and 17 October 2023, completing a further 94 interviews. The face-to-face fieldwork was completed by the end of September 2023 with online interviews carried out beyond this date where in-home interviews were either not feasible or had to be rearranged last minute by the participant.

Analysis

Data capture: The raw interviews were audio or video recorded with permission from the participants and, along with other evidence such as notes and photos, were uploaded and stored securely by Jigsaw for analysis.

Analysis: Jigsaw set up a Qualitative Analysis Frame in Excel with a row for each participant and a column for each key theme that the individual moderators filled in upon completion of their interviews. This meant the evidence around each topic was collated systematically, was grounded in the views of participants, and no voice was lost. Analysis was carried out collectively with input from all moderators involved in interviewing.

Debrief and reporting: Jigsaw shared initial findings with the CMA in a PowerPoint debrief presentation. This report follows on from the debrief with further iteration and detail based on ongoing analysis of the data.

2.4. Sample structure

Sample points

A recruitment cap of four addresses per sample point was set to ensure a diverse regional mix; on completion of fieldwork, the number of interviews that we conducted in any one sample point ranged between 0 and 4. Of the 61 sample points there were:

- 50 postcode sectors where interviews were achieved, with an average of 2 per sample point.
- 11 postcode sectors where there were no interviews (including 7 where participants were recruited but interviews were not successful due to cancellations/lack of participant availability in the timeframe, and 4 where recruitment was not possible as they were gated estates to which recruiters were denied access or where properties were predominantly empty, e.g., as they were holiday homes).

Quotas

The sample structure included hard quotas, where the CMA required a target number of interviews with different subgroups, and some soft quotas, where a good mix of participants was sufficient. The goal was to include a wide range of different types of consumer in the research, so voices indicative of new-build buyers as a whole were heard and no key groups were inadvertently missed. As ever with research, what is achievable is constrained by budget, timeframes, and the responsiveness of the target research audience, but the intended quotas were matched extremely closely.

Hard quotas

Quota type	Quota	Target no. interviews	Achieved no. interviews
Total	Total	100	100
Interview focus	Quality	50	50
	EMC	50	50
Nation	England	50	51
	Scotland	25	26
	Wales	25	23
Size developer	Large	Minimum 30	39
	Medium	Minimum 30	31
	Small	Minimum 30	30
Interview method	F2F in-home	80	78
	Online	20	21
	Phone		1

Soft quotas

The CMA wanted to ensure that a mix of important subgroups were covered in the sample so that key voices were heard. A good mix was recruited, as follows:

- **Legal start date** – The original sample from the CMA included a mix of warranty start dates from 1 January 2018 until mid-2023. The mix was allowed to fall out naturally and this resulted in around two-thirds of interviews being conducted with participants living in homes purchased 2018-2020 and the rest purchased 2021-2023.
- **Nature of ownership** – A mix of property ownership was achieved including freehold, leasehold (England and Wales only), leasehold with share of freehold (England and Wales only), or commonhold (mainly Scotland).

For interviews about quality:

- **Property type** – Our sample included those who had bought apartments/flats, bungalows, and detached/semi-detached/terraced houses.
- **Property size (no. of bedrooms)** – Our sample included homes with 2 to 5 bedrooms.

For interviews about EMCs:

- **Management arrangement (as understood and reported by the participant)** – Our sample included homes where the estate is managed by the builder/developer or its agent, a Residents' Management Company (RMC) with an appointed management company, a Residents' Management Company (RMC) without an appointed management company (self-managed), a Private (third-party or embedded) Management Company, or (in Scotland) a Property Factor.

Participant demographics:

- **Age 18+** – Our sample included participants ranging in age from their 20s to their 80s.
- **Socio-economic grade** – Our sample included 84% ABC1, and only 16% socio-economic grades C2DE. This was allowed to fall out naturally and so, given the original random sampling, is likely to be indicative of the financial situation of new-build buyers.

None of the participants had ever attended a market research discussion or interview before.

2.5. Methodological notes and glossary

Interpretation and limitations of qualitative research

When using qualitative research, it is important to keep in mind that the focus is about understanding underlying issues, experiences, and motivations. Qualitative samples are purposive and quota-driven in nature; they are designed to achieve specific outcomes. Consequently, they cannot be used to identify proportions of populations holding stated views. For these methodological reasons, it is not appropriate to present qualitative findings in terms of the numbers of participants expressing certain views. The responses should not be seen as representative of the universe but can be seen as strongly indicative. The findings in this report are therefore described in qualitative terms. To give an indication of the strength of a finding from the interviews conducted we have used terms such as ‘a small number’, ‘some’, ‘many’, and ‘most’.

Participant recall

Some key factual information about our participants is available through the original sample (their address, home warranty start date, size of developer). Other reported information is based on interview participants’ recall and interpretation, and these are not always precise. Participants can be uncertain about key facts or events they convey, for example, whether their estate is managed by a Residents’ Management Company or whether the roads are adopted by the council. Their answers reflect their best and subjective understanding of the situation. We asked participants to prepare for the interviews with a pre-task, to help encourage them to reflect on their home purchase and find any relevant paperwork, and we also reviewed paperwork where available during interviews. However, it was not part of the research objectives to check whether any of this paperwork confirmed or contradicted what participants had told us. It is a finding in itself that some facts are not clear, and documents were not retained or absorbed by every participant. The issue of recall (or lack of clarity around it) is highlighted where relevant in the report.

Glossary

Adoption: Where a relevant authority or body – such as local authority or water company – takes on responsibility for maintaining amenities, such as roads, drains, sewers, pumping stations, and public open spaces, in perpetuity.

Estate management charge: Fees charged annually (or at another regular interval) to property owners for the ongoing management and maintenance of public amenities on housing estates either by way of a rentcharge or any other kind of financial arrangement, where those amenities have not been adopted by the relevant authority/body.

Estate management company: A private provider of estate management services. An estate management company may act as the contracted agent of a developer, Residents’ Management Company (RMC) or similar, or it may be an **embedded** management company whereby the estate management company is named in the deeds as the provider of such services.

Estate management services: Provision of services relating to the ongoing management and maintenance of public amenities on housing estates.

New-build warranty: A new-build warranty is an insurance policy that a developer/housebuilder takes out before construction of a residential property begins and then transfers to the property owner following legal completion of the property's sale. From this point, the warranty typically provides the homeowner with cover for 10 years against structural defects that arise due to faults in its design, materials, and/or workmanship. The developer/housebuilder is responsible for all remedial work on any defects (including fixtures and fittings defects) that occur within the first 2 years following completion (the defects insurance period); in the remaining 8 years (the structural insurance period), the developer/housebuilder is responsible only for major problems with the structure of the property.

Property factor (or factor): A body, sometimes called a property manager, which manages and maintains the commonly owned or used parts of residential land, for example, the common amenity areas on an estate. A property factor can be a private business, a local authority, or a registered social landlord (housing association).

Public amenities: Amenities on a housing estate which are available for use by the general public (including the residents of the estate).

Residents' Management Company (RMC): A not-for-profit company incorporated by a developer to own, manage, and maintain the shared facilities and public amenities on a housing estate.

Rentcharges: Section 1 of the Rentcharges Act 1977 defines a rentcharge as an annual or other periodic sum charged on or issuing out of land. It has the practical effect of ensuring successors pay the estate charge and are subject to the covenants.

Restrictive covenant: A legally binding clause written into the title deeds of a property that limits what can be done to/with the property or land.

Small/Medium-sized developer/housebuilder: Any housebuilder building less than 1,000 houses per year. May also be referred to as **SME** developers/housebuilders (Small and Medium-sized Enterprise housebuilders).

Snag(s)/snagging: Snagging refers to the process of checking a new-build home, after the building work has been completed, for faults (snags) that need to be rectified by the developer. Snags are typically something that is defective, damaged or broken, fitted incorrectly (or not fitted at all), or unfinished. Snags range in severity from cosmetic/minor to major/substantial.

3. Main findings

3.1. Context

Before looking at the feedback from participants about Quality and EMCs, it is helpful to understand the types of people who took part in this research, and the nature of the home-buying process as seen through their eyes, to understand the backdrop to their perceptions and choices.

3.1.1. Participants who had bought new-builds

Participants in the research tended to be more affluent than average; they also tended to be smart but time-poor, and not necessarily able to recall detail.

New-build homebuyers we interviewed tended to be:

- **More affluent:** The new-build homebuyers we interviewed are more affluent than average, with most in the sample being ABC1 social grades. Typically, they are educated and have good jobs (e.g., doctor, physiotherapist, small business-owner). Participants in the research varied from those who are up-and-coming, with growing responsibilities at work and/or a growing family, to settled empty-nesters and the retired. If they are living with a partner, then usually both are in work. Those who are retired seem to be financially comfortable.
- **Smart but busy:** Given the nature of participants' jobs, they tend to be used to decision-making but time-poor. They can also be busy with multiple roles and responsibilities such as raising a family as well as working.
- **Inexperienced in buying a new-build:** Even though the research participants were generally confident about their choices in life, they often admitted to a lack of experience or a detailed understanding about homebuying. Some had bought new-builds before, although not frequently, and others were new to buying a new-build or indeed to the process of buying any property. Quite a few of the younger participants were first-time buyers as they had taken advantage of the government's recent Help to Buy scheme that specifically supported first-time buyers of new-builds.
- **Have imperfect recall:** Participants' recall of the new-build buying process could be imprecise, for various reasons: the length of time since the purchase took place (up to 5 years before); the complex nature of the process, with many documents, interactions, and intermediaries; and the detail not being absorbed to begin with, because of time pressures or an expectation that this was something for advisers like solicitors and mortgage providers to manage. Ongoing home management and recall of things like repairs, estate management arrangements and estate management charges could also be imprecise, in part because of the number of other day-to-day decisions participants need to make about their homes and lives.

3.1.2. Nature of decision-making around buying a new-build

Buying a new-build home (or any property) is a big decision in most participants' lives and involves both pressure and excitement.

Buying a new-build tended to be:

- **A big decision, but one that involved compromise:** Participants in the research saw buying a home as a large purchase with a huge impact on their wider lives. However, they were often pragmatic: they wanted their home to be right for them, but also understood, or came to realise during the process of searching for a new home, that their budget might limit choice and no property would be perfect. Some participants had limited options of property that met all their needs, for example, in terms of location or size, and accepted a lower specification or went for a short-term solution – a property that ‘would do’ for the next few years only. As discussed at key points later in this report, this meant that some issues around quality and EMCs felt trivial in comparison with the overall scale and cost of the decision – too small to be given much attention or get in the way of buying.
- **Time-pressured:** The decision to buy was often pressured for the homeowners we interviewed for multiple reasons, driven by their situation, the developer or both:
 - Personal pressures often arose as participants needed to move within a certain timescale, for example, the deadline of a tenancy ending, a buying chain completing, or a job moving to a new location. Some also said the length of time it took to look for a new home had added to the pressure, because of a lack of time to do the searching and viewing, the lack of suitable property, or losing out to other buyers.
 - Developer pressures often came from there being few properties left on a particular site and time constraints laid down within which exchange and completion must happen.

For some participants, time pressure meant that when they found a property that looked right, their priority was to move as fast as possible with the purchase (sometimes extremely fast), and they fact-checked (to varying degrees) later. Most participants decided to buy a new-build based on what they could easily learn from sales representatives, show homes, and marketing brochures, and sometimes a sense-check with people they knew or a quick look at developer reviews online (e.g., the House Builders’ Federation Star Ratings, customer reviews on Trustpilot or Facebook). They mostly left the detailed checks to the experts, e.g., solicitors to flag legal issues, and mortgage providers to say they would lend.

- **Emotional:** For many participants, buying a property felt exciting and involved a high degree of emotional investment. Many reported the experience of finding somewhere that ‘felt right’. This could relate to having looked and ruled out many previous alternatives, and also ‘gut instinct’ that the property and surroundings “worked” for them. Many became set on getting the property they had chosen, as changing course could involve both emotional disappointment and tangible impacts, such as loss of deposits or more time without resolving their living situation.

It is worth noting that the nature of homebuying described above can lead to post-rationalisation. Having committed to a major purchase, participants retrospectively see the positive in their decisions and the home they have chosen and tend to ignore issues that do not entirely support or detract from their earlier choices.



We had a few viewings booked in this area (with older properties), then the guy from the agency called and cancelled them. We went online and found new-builds. We wanted to make the most of our time while we were here as we had travelled here for the day. We came (to this new-build estate) at 4.30pm, took a booklet and chatted to the lady for 5 minutes as it was nearly closing. After, we considered, then called and made an offer under the asking price. They said no first then accepted a few days later. We came back to put down a deposit and do the papers – the sales lady couldn't believe we had bought it and we hadn't even seen the show home! We knew what we wanted having seen so many places. It wasn't perfect, but it was good for the price.

Family, Detached 4-bed house, Large developer, Wales



We saw when the development started locally. The location is amazing, and we really wanted one of the properties ... We put a deposit on based on the plans but missed out as we couldn't move fast enough. We couldn't exchange in four weeks and complete in six weeks, so the plot was sold to someone else, and we had to sell then rent for six months ... We ended up managing to get another plot. The first time we saw the house was when we moved in, and we loved it.

Couple in their 60s, Detached 3-bed house, Small developer, Wales

3.2. Quality

Quality is an important purchase driver for buyers of new-build homes. The homeowners we interviewed made their decisions based on a range of assumptions about the quality of the property they were about to acquire, as well as the quality of the wider surroundings in which the property was situated. In this sense, 'quality' must be understood in broad terms, i.e., not only in relation to the structural and finish aspects of the property itself but also more contextual factors.

While decision factors were often based on pre-existing assumptions, the housebuilders' sales representatives also played a significant role in providing quality-related information and assurances about the property, the estate, and even the wider location, all of which participants took into account to varying degrees when they made their final decision to buy.

The following section gives a detailed description of the quality-related purchase drivers that mattered most to the buyers of new-build properties in our sample. This is an important part of the report, as one of the main objectives of the CMA's market study is to understand whether customers of new-build properties 'know what they are buying'. Therefore, it is critical that we understand the 'information landscape' that research participants were navigating when they purchased a new-build home.

3.2.1. Key drivers of new-build purchases

The main decision factors for buying a property tended to be its location and the extent to which the property met buyers' expectations in terms of size and cost. The fact that it was a new-build was in most cases a secondary factor.

Most participants in the research considered myriad factors in their purchase decision. After key criteria such as the overall size of the property (i.e. number of rooms etc) and the headline asking price, 'quality' tended to be the most important factor. Given the importance of the wider location and the estate itself in the decision-making process for the new-build buyers we interviewed, and the fact that these often feature in the 'pitch' by housebuilders' sales representatives, we must take a broad view on 'quality' as a purchase driver, i.e., one that goes beyond the quality of the property itself to include quality-related factors around the wider location and the estate.

3.2.1.1. Location

Location emerged as a paramount purchase driver for the new-build homebuyers in our sample. It acted as the initial filter through which most buyers evaluated potential properties. The highly personal nature of location preferences was evident, with factors such as familiarity with the area and proximity to family and friends weighing heavily. However, aside from these particularly subjective considerations, there were other quality-related location factors that had significantly influenced decisions, including:

- **School catchment areas:** Some buyers prioritised properties within the catchment areas of reputable schools because access to a quality education for their children was a critical consideration.
- **Low crime rates and a family-friendly environment:** A safe and family-friendly environment was crucial for potential homeowners, making low crime rates and a welcoming neighbourhood a priority.
- **An easy commute:** The property's proximity to the buyer's workplace and convenient commuting options played a significant role.
- **Proximity to social, entertainment, and leisure amenities:** Many buyers sought properties with easy access to bars, cafes, and restaurants, and cultural, entertainment, and leisure venues, enhancing the property's overall appeal.
- **Proximity to nature and countryside:** Living near the countryside but with good access to more urban areas was a significant factor for many buyers. Access to nature and outdoor recreational opportunities in the wider area influenced location preferences.

In many instances, new-build homes were regarded as the only properties readily available on the market that aligned with these location filters, making them a favoured choice among our research participants compared with older properties.

3.2.1.2. Estate

The aesthetics and ambience of the estate in which the property was situated was another factor that homebuyers in our sample had taken into account, though in most cases it was of lesser importance than the wider location. Buyers considered various aspects related to the estate itself and their property's location within it:

- **The estate itself –** Many buyers favoured estates with diverse and non-monotonous aesthetics, i.e., estates with varied and more individual house models tended to be the preferred type of development. The existence of estate amenities such as a convenience shop, green spaces, and playgrounds, was a factor, as was ease of access to external amenities like supermarkets and social, entertainment and leisure facilities. In addition, the estate's well-maintained appearance played an important role. Some buyers showed a preference for moderately-sized developments, partly because these were felt to provide a more intimate and community-oriented atmosphere, and partly because smaller developments usually meant that the estate was in a state of

construction for a shorter duration (with all the inconveniences that come with this, such as noise and pollution).

- **Location within the estate** – For many buyers, the location of their property within the estate was at least as important as the ‘quality’ of the estate itself. For example, buyers had considered factors like garden privacy (i.e., whether it was overlooked or not), views of natural surroundings, and potential noise pollution from nearby features like bus stops, playgrounds, or busy access roads. Some also commented on the proximity of their property to social housing on the estate and perceived difficulties this may create. As we discuss in more detail below (section 3.2.2.2), the homebuyers in our sample were not always aware (at the time they bought) of the future extent of the estate (for example, adjoining phases to be built by a different developer) and the eventual impact this may have on the quality of their plot (i.e., in terms of the factors mentioned above).

3.2.1.3. The property

Many of the participants in this research had bought a new-build property for the first time. The precise drivers behind buying a new-build property – as opposed to an older property – were varied and the fact that they were new was not always the main factor in this decision process. Instead, in many cases it was simply down to availability and convenience (please see further details on this in section 3.2.1.4).

Notwithstanding the availability- and convenience-related benefits of newer properties, the buyers we interviewed also factored in a range of quality-related expectations about new-build properties, even when these were not the main drivers behind the purchase decision. These expectations can be summarised into three categories: newness, style, and standards.

- **Newness** – Participants appreciated the fresh and unused condition of their new property, making it ready for immediate occupancy without the need to remodel, renovate, or decorate anything. They anticipated only minimal maintenance or repair work on the property over the next few years, albeit with an expectation of some snagging issues in the short term.
- **Style** – Modern living features, such as open-plan kitchens, patio-door access to gardens, and ensuite bathrooms were highly sought after, and this ‘modern living style’ was typically felt to be not available in older properties without substantial remodelling and renovation work. Buyers also appreciated the ability to customise some aspects of their new-build homes to align with their personal style preferences.
- **Standards** – Some of our research participants entered the purchase process with a clear expectation that new-builds were of lower structural quality than older properties (e.g., plasterboard/dry-lining instead of brick and plaster walls etc). Only a small minority of participants in the research mentioned low quality expectations during the interviews, but those who did said they had purchased the property with the perception that houses today are built at scale and speed, reflecting the evolving construction landscape, and this may affect overall quality standards. At the same time, buyers also expected developers to adhere to legal standards relating to quality, although without being able to specify what these legal standards were in most cases. Additionally, energy efficiency, though rarely at the forefront of their considerations, was perceived to be higher in new-builds compared with older builds.

Energy efficiency

Energy efficiency was rarely raised spontaneously by homeowners during the interviews. Despite rising energy costs, and the uncertainty around future energy sources (e.g., heat pumps, hydrogen, biomethane etc.), very few participants said they had considered this aspect of their new home when they were buying it. In many cases, energy efficiency appeared to be an afterthought compared with things like location, space, and purchase cost.

However, when prompted, most participants said they simply assumed that a new-build property would adhere to the latest energy efficiency standards. A small number of participants thought it was unfortunate that new-build properties did not by default come with energy-saving or energy-generating fixtures, such as heat pumps or solar panels. However, they mainly blamed policy-makers for this rather than the developers.

Role of the developer

Many of the customers of small or medium-sized developers in our sample reported that the developer's 'name' – the specific business – was relevant to their purchase decision insofar as they felt these developers had a certain local reputation and name to protect. Behind this was the assumption that smaller developers with a mainly local or regional footprint would be less able to 'get away' with sub-standard work as they were more reliant on their relatively smaller customer base and word of mouth reputation, which was believed to travel faster at a local or regional level. By contrast, these participants in the research assumed that larger, nationwide developers would find it easier to 'move on' from poor customer experience to the many other developments they have in the pipeline.

Conversely, participants who bought their new-build from a large developer often pointed to the size of the business as a source of reassurance, i.e., that they were buying from a well-established developer with a brand name they have to protect.

In some cases, participants felt reassured by the number of stars their developer had been awarded through the Home Builders Federation Star Rating Scheme, while others who knew about the Scheme expressed doubt about its credibility, specifically pointing to what they felt were a suspiciously large number of 5* developers. Overall, however, only a handful of participants knew about the Star Rating Scheme.

In any case, however, the specific developer was rarely the main driver for or barrier against a purchase decision. The homeowners in the sample more commonly prioritised factors such as the location of the property and the extent to which the property itself matched their expectations. As such, the research suggests that consumers appear to tailor their choice of developer to who is building in their preferred location rather than the other way round.



The fact it was <redacted> did not really play a role in our decision. My wife found reviews on a website about which developers we have to avoid. <Redacted> was OK.

Family, Detached 4-bed house, Large developer, Wales



The developer didn't play a role in our decision. We did so little research. We read about <redacted> after we bought! We'd heard of them but didn't really know anything good or bad about them. They have done a few local developments, and I hadn't heard anything bad though. It was a risk buying off-plan.

Young couple, Terraced 3-bed, Large developer, Scotland



<Redacted> is a small developer. It has a good reputation compared to the big developers who just slap houses up, though if you look at [the small developer's] online reviews, some are terrible. I don't think the developer was that important, to be honest. We really liked the house and the estate which is nice and green and open. We're not overlooked by neighbours because we're at the edge of the estate.

Young couple, Detached 3-bed house, Small developer, England

3.2.1.4. The role of new-build

There is a range of factors that drove decisions by our research participants to purchase a new-build home rather than an older property.

More convenient and reliable purchase journey – A new-build was often considered to be more convenient and less fraught with uncertainty in terms of the buying journey. In particular, participants in the research had found new-builds appealing because they experienced less competition from other buyers. The absence of a 'bidding war' between interested parties meant the ultimate price they had to pay for the property was known from the start; they didn't have the same price certainty when looking at older properties. Similarly, a small number of homeowners in our sample also mentioned the absence of estate agent fees as a benefit of new-builds over older properties.

Availability – Many participants in the research reported that sheer availability was one of the major advantages of new-builds over older properties. This might be a result of the specific circumstances of the buyers in our sample, who all purchased in the last five years (i.e., including during the Covid-19 pandemic). This period included incentives for buyers such as a stamp duty holiday for properties up to £500,000 and an extension of the Help to Buy scheme. Additionally, many existing homeowners stayed in their property amid a general sense of uncertainty and relative immobility during the pandemic, thereby negatively impacting the supply of older properties onto the market, while demand was boosted by the aforementioned government policies. This may explain why so many of the participants in the research mentioned availability as a key driver in favour of new-builds.

Genuine preference for new-builds – As explained in section 3.2.1.3, some participants in the research had certain expectations of new-build properties that shaped their preference for this type of home. Besides the general 'newness' of the property, some participants, albeit a small minority, also cited the 10-year new-build home warranty as a reassuring factor and the main reason why they found new-build properties to be the more attractive option than older properties. In this sense, these participants considered a new-build to be the 'safer' purchase choice as there would be less risk of having to spend a lot of money on maintenance and repairs. Overall, however, availability was the more frequently mentioned benefit of new-build properties.



I initially wanted an older property because it's more charming. But it was so difficult to find, so a new-build was a compromise. Also, it was good on space and location and a new-build involves less fixing and is generally more straightforward. And my partner really wanted open-plan kitchen/living room which is standard in new-builds but you don't find this in older properties.

Young couple, Detached 4-bed house, Large developer, Scotland

3.2.1.5. Conclusion

Across all interviews, we heard about a wide range of factors that played a role in purchase decisions to varying degrees, always depending on the individual circumstances of the homeowner we interviewed.

Overall, a combination of location and the size and price of the property (as well as its availability) appeared to be the most important factors for or against a decision to purchase a specific property, supplemented by a variety of compounding factors that participants took into account to different degrees (e.g., for some, the look and feel of the estate was an important driver of the purchase; for others, specific features of the property, such as the garden or the location of the property within the estate, came into play).

The quality of the property, in the narrow sense of structural and finish aspects, was mostly considered to be a 'hygiene factor', i.e., because they had purchased a new-build property, most of the homeowners we interviewed simply assumed that quality would not be an issue. However, 'quality', in the broader sense of the property in combination with the wider location and the estate, was a key criterion.

3.2.2. Quality of the sales process

Most of the new-build buyers we interviewed were largely satisfied with the purchase journey, but some felt that developers have a tendency to misrepresent some quality-related aspects of the property and estate.

3.2.2.1. Buyer-developer communication

Most buyers reported positive experiences with pre-sales communication, and described the communication as responsive, friendly, and helpful. Most interactions occurred with their developer's sales office, while a very small number of buyers directly engaged with the owner of the development company (usually with smaller-sized developers) or an estate agent (typically when the property had already been finished). In some cases, communication was solely conducted online, including the payment of a reservation fee (typically around £500), until the visit to the show home.

Many of the participants noted a marked decline in responsiveness and overall communication quality after they put down their deposit and then again after completion. The first perceived drop-off in service quality came with what our research participants described as pressure exerted by sales teams. This typically surfaced when the buyers in our sample had encountered delays or challenges in selling their own properties, which then hindered the purchase of the new-build. Additionally, some were asked to pay a reservation fee before receiving more detailed information about the properties. Service quality reportedly dropped off again for many of the research participants after the sale was completed, they moved into the property, and snagging issues began to emerge. However, it is worth

pointing out that the research also included numerous participants who were satisfied with the service they received from the developer at all stages.

Many participants also told us that sales teams had made a wide range of misrepresentations on at least one quality-related level (i.e., location, estate, property), to varying degrees of severity. However, while several buyers voiced frustration and annoyance with specific sales practices, these were not necessarily an influence on their purchase decision. In fact, most indicated that these alleged misrepresentations were not so severe that, even if they had been aware of them at the time, they would not have proceeded with the purchase. It is impossible to know whether in saying so these participants were merely post-rationalising a major life decision or whether the alleged misrepresentations were indeed minor enough to not make a difference to the purchase decision. Where participants did report real buyer's remorse was in cases of the most egregious quality issues, which are illustrated in sections below.

3.2.2.2. Types of reported misrepresentation by sales representatives

Below are a range of examples of misrepresentation that participants reported during the interviews.

Misrepresentations about the property – Specific descriptions of the property were the type of misrepresentation most likely to cause some degree of buyer's remorse', i.e., had the participant known about them they perhaps would not have bought the property they did (although they might still have purchased a different property on the same estate). Examples of such perceived misrepresentations included the amount of light that a flat would get, the size of the garage (i.e., the buyer was sold a 'double garage' that turned out to be too small for two average-sized cars), or specific features/fixtures that came with the property. In one case, the buyer purchased a property with a 'fully functioning' kitchen but said the sales representative had failed to mention that the large extractor fan above the cooker was purely decorative (it did not work), while the real extractor fan was a tiny hole in the ceiling. As a result, the homeowner was unable to enjoy the kitchen to the extent they had expected, as the extractor fan was not considered fit for purpose.



When we first went to look round with the developer, we asked where the garden would end and it looked like a reasonable size, but then when we saw the plan later, it was tiny, only a few feet ... then they said they wanted extra money for the garden when we moved in. It was £7,000 they wanted but we managed to negotiate them down ... we still paid £3,500 for the garden.

Older Family, 4-bed house, Small developer, Wales



I may have missed something about the fact that the separate garage is not included in the freehold in the paperwork they sent me, I don't know. But they should have told me more clearly about the issue ... I was really angry about it to start with because I felt I'd been misled, but I've calmed down about it now.

Retired, 2-bed Semi-detached, Medium developer, England

While some participants reported misrepresentations of the property, it is worth pointing out that the majority of the sample purchased their new home off-plan and most had the opportunity to view a show home (sometimes the exact model, other times a different model in a similar style). Regardless of whether they were able to view a show home on the estate they were buying on, or whether they

had to travel to another of the developer's sites, most of our research participants found show homes to be generally useful in getting a sense for the property they were about to acquire. However, a small number of participants believed the show home gave a misleading impression of the floor space, and some thought it did not provide an accurate representation of the level of finishing included in the price they were paying (i.e., the fact that some properties did not come with fixtures and fittings that participants thought would (and should) be supplied as standard such as flooring or bathroom tiles). Some participants also remarked that show homes do little or nothing to provide potential buyers with an idea of the structural quality and overall level of 'sturdiness' of the property. For example, some respondents mentioned being surprised after moving in by 'thin walls' and low-quality finishing, i.e. quality issues they didn't think would be possible to identify during a show home visit.



I saw the property as a show home before committing and it was very good. It allowed me to translate the floor plans into the real thing which was very helpful.

Young family #1, Detached 5-bed house, Large developer, Scotland



The show home was helpful but you need to be aware that it's not always exactly the same size. I heard they can make the show home 10% larger than the actual property and they specifically put in custom-made furniture that makes the rooms look bigger. Also, there is a huge discrepancy between the high-end upgrades you see in the show home and what you actually get.

Young family #2, Detached 5-bed house, Large developer, Scotland



The show home was accurate, yes, but only because I was aware that you have to pay extra for everything you see there. But I work in city planning so I knew that what we were buying was nothing more than an insulated box with plaster walls. Not everyone may know this.

Young couple, Semi-detached 3-bed house, Large developer, Wales

Misrepresentations about the usage of the property – Other misrepresentations related to the 'usage' of the property. For example, one participant reported a sales pitch that emphasised all the things they would be able to do on their balcony without clarifying that the sales contract actually placed strict limitations on permitted use of the balcony (including things the salesperson had suggested would be allowed). The same participant also reported being told they could rent out their parking space if they did not need it, again without mentioning that this was not permitted as part of the restrictive covenants in the property deeds. However, these types of misrepresentation were rarely severe enough to make the participant regret their decision to purchase their property. Furthermore, these examples came from leaseholders. None of the freeholders in the sample reported any misrepresentations during the sales process about what they could do with their properties that they discovered subsequently were prohibited.



The salesperson said we could have BBQs on the balcony, but the lease contract says you can't put anything there, not even plants. The salesperson said we could rent out our parking space, but the lease says you can't.

Family, Leasehold 2-bed flat, Medium developer, England

Misrepresentations about the estate – Participants in the research also reported a wide range of misrepresentations about the estate. In particular, many cited challenges (and considerable disappointment) arising from a perceived lack of transparency about plans for further development on the estate or misleading estate maps. This had led to some buying a property in the expectation of a 'view of the fields' or a 'garden that is not overlooked', only to realise later that areas they expected to remain undeveloped were in fact being built up with other homes. A few had been dismayed to discover that their homes now bordered social housing. In some cases, participants felt that the developer had not been transparent about future development plans for the estate. In other cases, the future development plans had not been finalised at the point of purchase, or there were multiple developers active on the same estate, and the estate map that the participant was shown did not include the plots sold by the other developer(s). Whatever the reason, some participants were of the view that, had they known about these things, they may have purchased a different plot on the estate. On the other hand, others felt that – while unfortunate – not knowing about future development plans were 'just the way things are' and ultimately a risk they would have to take with buying property on any new-build estate.

Other instances of reported misrepresentation related to unfulfilled promises about on-site amenities (e.g., convenience store, GP practice, an access path to the nearby supermarket) or green spaces/playgrounds that ended up being used for further housing development. While the homeowners we interviewed expressed frustration about these perceived misrepresentations, they generally had not caused them to regret their purchase.



They promised us that there would be a convenience store in the estate because the next supermarket is a fair bit away. Many years later and it's still not here. We even brought it up with the council and they confirmed that this is what the developer had told them as well. I think the council is still trying to get them to deliver on what they promised.

Young couple, Semi-detached 3-bed house, Large developer, Wales

Financial misrepresentations – Finally, some participants in the research reported misleading financial information provided by the developer during the sales process. For example, several said they were provided with incorrect information regarding council tax bands and ended up paying a higher amount than they had accounted for. Other participants found that the financial incentives they were offered by sales representatives in verbal communication turned out to be inflated or – allegedly – wilfully conflated. We encountered a number of research participants who reported being told they would qualify for a stamp duty "exemption" and a discount on some of the finishing in the house (usually the flooring), only to realise at the contract signing stage that this offer applied to one or the other rather than both incentives.

3.2.2.3. Customisations and upgrades

This section focuses on the buying stage in which prospective owners of new-build properties can choose between different types of fixtures and fittings and any upgrades (compared with the standard offer for their home) to be included in the purchase agreement. Typically, these features of the property would then be installed by the time the homeowner moved in. Most homebuyers in our sample had the opportunity to choose between the standard or higher-grade options for at least one of the features in their new home.

Almost all participants in the research reported going through this customisation process at some point during their house purchase. The most common examples included:

- Upgrades in the kitchen/bathroom – i.e., whether or not to include a kitchen island, the material of the worktop, specific white goods, waterfall shower, heated towel rail etc.
- Types of window/door/door frames, light switches, and power sockets – e.g., uPVC versus more high-end options
- Flooring and tiling – i.e., carpets, laminate, kitchen tiles, bathroom tiles
- Garden landscaping – mainly laying the lawn and a patio

Most participants had embarked on the house-buying journey with enthusiasm, but a range of issues and concerns surfaced during the research regarding the customisation process, which in many instances had left participants dissatisfied with this aspect of the house-buying process. These key concerns encompassed:

- **Hidden ‘upgrade’ costs:** Many participants reported that the extent of necessary property “upgrades” became apparent only after they had emotionally committed to the property and/or placed their deposit. Fixtures and fittings that they had assumed would be included in the headline price of the property, such as flooring, tiling around the shower, lawns, patio slabs, and exterior lights, were frequently found to be not supplied as standard. Participants were irritated that they had to pay for these as ‘upgrades’ because they were seen as so fundamental that without them the property was not considered to be ‘liveable’.
- **Unforeseen expenses:** Consequently, a considerable number of buyers were taken by surprise and had not adequately factored in the additional expenditure required to get their home to a liveable standard, which in some cases ranged from £10,000 to £30,000. (However, we note that when a buyer realised they would need to pay extra for what they considered to be an essential, they might then also choose to pay for a higher grade/more expensive option.)
- **Overpriced customisation options:** Buyers raised concerns about the substantial disparities between the prices of customisation options offered by developers and the retail prices of equivalent (or even identical) items. This came up most often with regard to wall tiles and flooring. The perceived overpricing left buyers dissatisfied with their options. Similarly, many participants found that the garden/landscaping work offered as part of the finishing to be overpriced and of low quality (specific examples of participants’ dissatisfaction with garden quality will be covered in section 3.2.3.5).
- **Limited and low-quality options:** Some participants reported what they felt had been a restricted choice of customisation options from a limited and (as they saw it) low-quality selection of products. For example, a small number of participants said they were given a choice of only two or three types of tile, none of which had genuinely appealed to them on quality, suitability, or aesthetic grounds. Another participant claimed they were not able to opt out entirely from having any of the tiles offered by the developer. This had resulted in the developer installing tiles the customer did not want, only for the customer to then incur the expense of getting the developer’s tiles replaced with their personal choice of tiles, after they had moved in. The sample also

included some participants who had been unhappy with the customisation options available, and could have opted out from having them, but chose instead to go ahead with what the developer was offering because of the appeal of purchasing a home that was ready to move into (even if the fixtures and fittings themselves were not very appealing). However, we note that the majority of participants were largely happy with the customisation choices they were offered.

- **Pre-contract deposits:** A handful of participants in the sample reported uncomfortable situations in which they were asked to pay a deposit for an expensive upgrade, such as a kitchen island, before they signed the purchase contract for the new-build property as a whole. In one case, this practice had led to complications when the purchase of the new-build faltered (after the sale of the participant's own property fell through). While the new-build purchase did go ahead eventually, the buyers were told (when it was still in the balance) that their upgrade deposit would be forfeited if they pulled out.



We were heartbroken to be honest. And we paid £3,000 extra for the kitchen upgrade. The quality is awful. I have chips all over my doors. I've got a white kitchen with dark black chips. I had nine doors that had to be replaced because they had chips where they had been dropped.

Couple in their 30s, Detached 4-bed house, Small developer, England



We ended up spending £12,000-£15,000 extra on various 'upgrades' even though we had very limited choice of fixtures and fittings. This is not what we had expected.

Family, Detached 3-bed house, Small developer, Wales



They became real bullies when the sale of my property fell through. They sent weekly legal letters to us threatening that we will lose the £7,500 downpayment for improvements if we don't go ahead as planned. Fortunately, we did manage to sell in time, but it was not a nice experience.

Family, Detached 5-bed house, Large developer, Scotland

3.2.2.4. Conclusion

Research participants described various misrepresentations during the sales process and a drop-off in the quality of communications after completion of the sale. In most cases, however, communications with the developer's sales team were largely reassuring, with buyers rarely mentioning that they had purchased a property primarily on the basis of specific information provided by a sales representative.

Furthermore, as demonstrated in section 3.2.1., location, together with factors such as the size, cost, and availability of the property, tended to be the most important considerations for most participants. Therefore, most of the homeowners we interviewed felt largely well-informed about the key factors that were most important to them.

What added to this feeling of confidence that many homeowners reported was a buying process that appeared to be relatively seamless, especially when compared with the experience of looking for older properties on the market.

However, for some, this feeling of confidence and assurance took the first dent when it came to the customisation of their property, i.e., when they realised for the first time that it would require a considerable amount of additional investment – in some cases, just to bring it to a liveable standard. Most participants, however, had anticipated this element of the journey (especially those who had bought a new-build before).

The following sections will describe the quality issues participants encountered after they moved into their new property.

3.2.3. Quality issues with the property

While most participants in the research were largely happy to live in their current home, there were comments about lower-than-expected quality.

Most of the homeowners we interviewed were generally content in their new home, both in terms of the quality of the property itself as well as the estate and the wider surroundings they lived in. However, for a lot, their current state of relative satisfaction was the result of what they felt to be a long, and sometimes tedious and unsatisfactory, process of getting the developer to remedy a wide range of 'snagging' issues. While the majority of research participants reported that most of these issues were fixed eventually, there was a widespread sense that the sheer quantity of things that needed fixing when they first moved in should never have been so large to begin with in a new-build property. These two points – i.e., the fact that in many cases certain aspects of the new-build property did not meet what participants considered to be an acceptable quality standard, and the difficulty some said they experienced in getting developers to admit responsibility and rectify the issues concerned – had led to widespread frustration with, and a lack of confidence in, the industry for many of the homeowners we interviewed.



I think developers should be forced to do independent surveys before they hand over the house to the new owner to ensure that the property meets certain quality standards. And this should not be paid for by the homeowner.

Retired widow, Detached 3-bed house, Small developer, England



I don't understand how they allowed this house to be signed off. All the snagging were so obvious that you just needed the builder to walk around and they would've seen them.

Retired couple in their 70s, Detached 5-bed house, Medium developer, England



Homebuyers should be able to view the property on completion before the handover and have a survey done to ensure it meets the standards and the developer should be forced to fix all reasonable issues within the first two years, without this quibble. Also, the warranty restrictions should be communicated more clearly so we know what is and isn't covered.

Family, Detached 4-bed house, Small developer, England

This part of the report will detail the most egregious quality issues that our research participants described, as well as the relatively minor but frequent issues that, in their view, are symptomatic of an industry that favours speed and scale over quality and an eye for detail. It is worth noting here that, as this report is based on qualitative research, a rigid quantification of the prevalence of each issue is not possible. However, we do describe the quality issues that came up particularly frequently.

3.2.3.1. Snagging

Homeowners expressed mixed feelings concerning snagging issues within their new-build properties. While a degree of snagging was expected and tolerable, many buyers perceived the finishing of their homes as a 'rush job' with insufficient attention to detail, given the sheer amount of snagging work required (in some cases, participants reported snagging lists with hundreds of issues).

Common snagging issues identified by research participants included:

- Unfinished or sloppy work – The most prevalent snagging concerns were associated with allegedly unfinished or careless work, such as:
 - a. Sub-par paint jobs, including painting over sockets, paint that was still wet at handover, parts of the property left unpainted, or generally using low-quality paint.
 - b. Sloppy grouting, scuffmarks on walls, and screws protruding.
 - c. Traces from construction work, such as developers not adequately cleaning up after themselves, or damage had been discovered, including roofs covered in cement patches, scratched and cracked window glass, scratches on doors and window frames, and cracks in windowsills.
- Poor quality fixtures – While less frequent, research participants reported issues with poor quality fixtures, including:
 - a. Shower doors that failed to close properly.
 - b. Balcony doors that swung open in the wind.
 - c. Skylights that did not open as expected.
 - d. White goods, like refrigerators and freezers, which hummed loudly or quickly frosted up.
 - e. Flimsy finishing, including unstable bannisters, loose door handles, windowsills that broke under minimal pressure, and mismatched glass panels on double patio doors, were also reported.



We used a snagging company – they found about 100 problems. There were lots of cosmetic things which I think were caused by them rushing things at the end and not having enough contractors available – some of the painting and plastering was slapdash. All the windows at the back of the house were faulty, so the bifold doors into the garden have to be replaced, hopefully by Christmas or the start of next year. All the interior doors had been stored outdoors and were blown because they got wet and had to be replaced. The developer has recognised the problems, but it's been slow getting the work done, to be honest. But we're getting there.

Family, freehold, 4-bed detached, Medium developer, Scotland

While a degree of snagging was generally anticipated, the perception of rushed workmanship and a lack of attention to detail had left many of the research participants feeling dissatisfied. Furthermore, they reported mixed experiences in terms of developers rectifying issues (more on this in section 3.2.3.7).

Typically, 'snagging' was built into the sales and handover process, and most participants were generally satisfied with how the developer dealt with the more minor and most obvious issues that were flagged at this stage. However, satisfaction with their developer's handling of reported issues tended to decline when the homeowner had submitted a relatively long snagging list, i.e., some felt their developer grew increasingly less cooperative the more snagging issues were raised. Likewise, many participants reported that it became markedly more difficult to get the developer to attend to a quality issue – big or small – as soon as contractors and the site manager completed and left the site and customers then had to contact the developers' central customer service teams to get an issue rectified. Most participants were aware of the 2-year timeframe in which the developer (under the new-build warranty) is responsible for rectifying snagging issues, but a small number of the homeowners we interviewed claimed that their developer had allowed only a much more limited timeframe for certain snagging issues to be submitted. In one particular example, the participant claimed that they were given only seven days to report any window-related issues (such as scratches) without knowing whether the developer was entitled to set such a limit.

3.2.3.2. Plumbing and drainage

Many in our sample had encountered plumbing problems after moving in. These ranged considerably in severity and the degree of inconvenience they caused.

Below are some examples of the plumbing and drainage issues reported by research participants, ranging from minor but irritating to more severe (albeit infrequent) faults.

Irritating but usually quickly remedied:

- **Unconnected appliances and sanitary ware:** Some homeowners reported white goods that were not properly plumbed in and showers, sinks, and toilet cisterns that were not connected to the water supply. While this was generally an issue that the developer would fix swiftly, research participants felt irritated by such oversights and attributed them to a general lack of quality control before the property was handed over.
- **Initial heating and hot water challenges:** In several instances, homeowners reported challenges with their heating and hot water supply when they first moved in. In one property, for example, the radiators had only functioned when the hot water was turned on, impacting the heating system's efficiency.



The energy efficiency is good, but half the radiators only come on if the hot water is on as they've been linked up in the wrong way.

Family, 4-bed detached, Medium developer, England

Less easily remedied and an ongoing inconvenience:

- Issues with drains: Some participants in the research reported daily problems with toilets not flushing properly and blockages in pipes and drains. Others had experienced unpleasant drain smells in their bathrooms, coming from the toilets.
- Lack of isolation valve: One bathroom lacked an isolation valve, forcing the participant to shut off the entire water supply when shower repairs were needed.



We discovered they hadn't connected the loo in the downstairs cloakroom properly to the sewer, so we had unpleasant problems to begin with. That involved them digging up the road to fix. I'm not sure they did a very good job of checking things – some of the quality control is questionable.

Retired, 2-bed semi-detached, Medium developer, England

Potential risk to health and safety if not addressed:

- **Persistent leaks:** Some properties were reported to exhibit persistent leaks, suggesting systemic issues with the pipework, and raising concerns about the property's structural integrity overall (i.e., owners started to have doubts about the general build standard of their home once they became aware of such leaks). In one case, poorly applied mastic sealing around the shower/bathtub had caused the build-up of extensive (and hidden) mould behind the walls of the affected area. In another case, a valve had been left open to drip, and the homeowner did not become aware of the problem until the leak had already caused significant damage to the bathroom floor.
- **Inadequate drainage:** One research participant reported that the downpipes from the roof of her house had been left by the developer to drain straight into the soil next to the house walls, rather than being properly connected to a drain, posing a high risk of damp and foundation damage. In this instance, the developer allegedly refused to do the rectification work on the basis that preparatory work to lay a patio by the homeowner's contractor (which had revealed the problem) had invalidated her right to a repair.

It is worth noting that issues in the last category (i.e., those with a potential risk to homeowners' health and safety) were only singular occurrences but added to a wider pattern of perceived poor plumbing and drainage work in some new-build properties.

Homeowners reported varying levels of satisfaction with the way in which developers had dealt with these problems. Some told us that getting the developer to address the more significant issues was made more difficult due to the length of time it could take for them to emerge, and the extent to which it was obvious that a design or construction fault was the root cause of the problem. Issues of this kind had sometimes surfaced after the initial 2-year builder warranty/defects insurance period, leaving the homeowner to deal with the warranty provider instead. However, it is worth noting that only a very

small number of respondents attempted to get the warranty provider involved, so the evidence base for this aspect is limited.

3.2.3.3. Low-quality finishing and structural faults

Many homeowners expressed concerns about what they perceived to be the lower-than-expected structural quality of parts of their property, including:

- **Thin plasterboard/dry-lined walls:** Some research participants noted that walls were thinner and less robust than they had anticipated, impacting the perceived durability and sound insulation of their homes.
- **Poor quality windows and window installation:** Participants reported that the windows in their property were of poor quality, or poorly fitted, failing to adequately insulate against noise from outside, affecting the comfort and tranquillity of their living space.
- **Low-quality flooring and tiling:** The flooring and tiling work in certain properties was described by participants to be of low quality, leading to concerns about durability and aesthetics. Tiles were often reported to be of very low quality despite a relatively high cost attached to them during customisation.



They must make a fortune on the houses because they are just the cheapest of the cheap. Even the timbers, they must buy them in bulk.

Couple in their 30s, Semi-detached 4-bed house, Large developer, England



Once you get in, overall quality is a bit flimsy. All plasterboard and less solid feel than our old home.

Family, Detached 4-bed house, Large developer, Scotland

In addition to perceptions of low-quality finishing, several participants in the research reported more substantial construction faults, including:

- **Roofing issues:** Leaky roofs were reported by a small number of participants. In one case, the homeowner told us that only a temporary fix had been applied, when the developer used plaster to cover the gaps rather re-tile the area. In another case, the participant reported that the slates on their roof were mismatched which clearly affected its appearance and – potentially – its long-term durability.
- **Uneven floors and walls:** Several research participants reported uneven floors and walls, affecting the overall aesthetics and functionality of their living space. For example, in one case the floor under the bathtub was reported to be so uneven that the glass shower screen attached to the wall left a huge gap, requiring the participant to use a shower curtain instead.
- **Window condensation:** Perceived inadequate insulation in some windows resulted in condensation and steaming up, leading to the potential for damp and other moisture-related issues.

- **Inefficient temperature control:** Draughts through badly fitted windows were reported in some properties. In another, the thermostat had been positioned near the heating source, which prevented the homeowner from heating the home efficiently and uniformly.
- **'Flimsy' front doors:** Several properties were fitted with front doors that appeared to homeowners to be very flimsy, with the entire frame moving when the door is used, raising security and functionality concerns.
- **Tight door frames:** Some properties had door frames that participants believed to be too tight for the doors, i.e., the developer had apparently not considered that some types of door may expand in higher temperatures or in the wet, with the result that the doors no longer fit or shut properly.
- **Cracks:** In many properties, gaps and cracks in the walls had appeared after just a few months of occupancy, affecting the aesthetics and also homeowners' confidence in the overall robustness of their properties. In most of these cases, participants in the research had been told the cracks were the result of the property 'settling in'.



The front door is really flimsy. If you sort of pull it slightly, you can see the entire frame moving. And you can tell that just using the front door has created a lot of damage over time.

Couple in their 20s, Detached 4-bed house, Large developer, Wales



At times, I thought we were sold a dodgy house because of entire plaster walls coming off too easily. We also had some drainpipe issues, some walls left unpainted, and we had a double-glazing issue with condensation building up. Our neighbours had the exact same issue. Now I understand that in UK houses are built only for 40 years' lifetime. This is how we legislate new-builds and developers are building to these minimum standards.

Couple in their 20s, Semi-detached 3-bed house, Large developer, Wales

Some homeowners in the sample expressed concerns regarding transparency and information sharing about the property. For example, some had requested floor plans and schematics which developers had then allegedly refused to provide, leading to accidental drilling into pipes during DIY work, potentially causing further structural problems. Other participants in the research said that access to their plot during the property's construction had been denied by their developer (although more participants than not were able to visit the site during construction at specific times, usually pre-arranged with developers' permission).



They make you sign off on the plans for the house, but they don't let you take the plans away unfortunately.

Couple in their 30s, Semi-detached 4 bed house, Large developer, England

3.2.3.4. Liveability issues

Liveability encompasses the layout of a home, the arrangement of features and fixtures, the provision of storage, garages/parking, and other factors that affect the practicality and comfort of living spaces. The majority of research participants were generally satisfied with this aspect of their property. However, there were some issues that, to some participants, added to an overall perception of a 'rush job' without much attention to detail.

In particular, a small number of homeowners reported various issues relating to the arrangement of features and fixtures within their properties and the available storage space, for example:

- Some reported cupboards that opened in inconvenient directions, causing challenges in everyday usage.
- A small number of kitchens were said to be arranged in impractical ways, with cupboards positioned too high, or kitchen unit configurations that led to wasted space and reduced accessibility.
- Some found their radiators to be too small for the size of the room, affecting the heating efficiency. Additionally, radiators were placed in what participants considered to be impractical locations, hindering heat distribution.
- Some participants complained about both the lack of sufficient power sockets, and the poor positioning of power sockets, despite their requests for more practical configurations during the planning phase.
- Some properties were reported to want for adequate storage space, with a lack of dedicated utility rooms and limited cupboard space in the kitchen. In one case, the utility room was reported to be too small to accommodate a standard-sized washing machine, limiting its functionality.

Several homeowners raised issues around parking and garages, for example:

- In one property, there was no dividing wall between the participant's garage and their neighbour's, affecting privacy and security.
- Another property lacked internal access to the garage, necessitating outdoor access. The same garage also had no power supply, reducing its overall usability.
- In one case, the garage was finished without a door, and the homeowner has not been granted permission to add one (effectively leaving them with just a carport).
- Some reported narrow parking spaces that made it challenging for residents to manoeuvre in and out without hitting surrounding walls and fences, or other vehicles.



We have no dividing wall between our and our neighbour's garage. I had to pay for it myself which is annoying because the developer saved this cost when it should be a basic requirement

Couple in their 30s, Detached 4-bed house, Medium developer, England



The garage was smaller than expected. They showed us a double garage up front but it's actually a single. No way you can fit two cars in there.

Family, Detached 5-bed house, Medium developer, England

3.2.3.5. Gardens

Participants in the research described several issues with their gardens. In fact, among all the quality-related concerns raised by recent buyers of new-build homes, dissatisfaction with the garden was the most prevalent. Homeowners we interviewed expected their considerable investment in a new-build property to be reflected in the standard of the garden supplied with it. In most cases, they said they had paid around £500-£800 to include laying a lawn and the associated ground preparation in the finishing of their home, and generally assumed that – for this price – professional landscapers with requisite experience and skills (rather than general builders) would be contracted to undertake the work involved. However, the majority found the quality of their gardens to be sub-standard, falling far below their expectations. Common garden-related issues include:

- **Misrepresentation of garden specs:** It was common for buyers to be surprised by unexpected inclines or slopes in their gardens, as well as discrepancies in the size and shape of the garden compared with what was originally represented in the plans. Inclines or slopes, in particular, affected homeowners' ability to enjoy their garden in ways they had expected when they purchased the property, for example, by not being able to place garden furniture or sheds where they had planned.
- **Lawn problems:** The most frequent issue reported by participants in the research pertained to the quality of turf and the resulting lawn, which many reported as being boggy, uneven, unsettled, and prone to extensive flooding with every rainfall. Some lawns were said to be laid at unfavourable times of the year or on untreated soil, hindering their ability to settle properly and leading to withering. In one case, the participant reported some patches of their garden being left completely untreated leading them to believe that the developer had simply run out of lawn. Additionally, participants reported the discovery of construction rubble and builder's debris under their lawns, including litter such as lunchboxes, soft-drink bottles and cans, and food packets and wrappers.
- **Patios:** Many homeowners expressed dissatisfaction with what they perceived to be the meagre number of patio slabs (and hence the size of the patio) included in the property's price, as well as the patio's overall poor value for money, i.e., many participants considered the slabs supplied to be relatively expensive compared with retail prices for equivalent products but of lower-than-expected quality.



That incline there for example takes away about half a meter of my garden that I cannot use. Initially they said they'd build in like a little anti-slope wall, but then they changed their mind and said it wasn't actually needed. Well, I disagree, but I only noticed when we moved in that they didn't actually build the anti-slope wall.

Family, Detached 4-bed house, Large developer, Scotland

Garden issues were also often the main cause for a deteriorating relationship between the homeowner and the developer. Many participants reported that developers initially refused to do anything to improve their gardens, for example, by insisting that the reported issues were 'normal', and that lawns require a long time to 'settle in'. In many cases, only a concerted effort by several new homeowners with similar problems caused the developer to accept responsibility and undertake remedial works. In other cases, participants were unable to get the developer to improve their gardens and instead privately hired a landscaper to re-do the lawn (often, reportedly, at a lower cost than they had paid the developer).



I wanted to do some work on the garden and have a skip. They wouldn't let me, but also wouldn't fix the issue – there was rubble and no topsoil – the plants were dying. I did it myself in the end.

Retired widow, 2-bed Semi-detached, Small Developer, England

3.2.3.6. Estate issues

Many of the estate-related quality issues that participants raised during interviews were about perceived misrepresentations during the sales process (see section 3.2.2.2). These included, for example, the expected size of the estate, unclear estate maps, and promised amenities which then did not materialise.

Additionally, some participants in the research also flagged a general dissatisfaction with specific parts of their estates, for example:

- An apartment block with prolonged periods of non-functioning lifts.
- Roads and driveways that had been left untarmacked and with raised ironwork for an extended period, affecting the overall appearance and functionality of the estate. This was mainly due to longer-than-expected construction on the site.
- In one instance, a research participant reported that drainage issues caused flooding on the roads, causing considerable inconvenience for residents, as well as an ongoing dispute with the developer and local water company as to ultimate responsibility for this issue.
- A small number of research participants reported neglected areas, such as overgrown weed patches, across their estates.
- One participant regretted the absence of an age-appropriate playground for younger children.

Despite these issues, the majority of participants expressed satisfaction with the quality and upkeep of their estates. However, there was some degree of dissatisfaction with the estate management charges and the management company responsible for the upkeep of the estate. Later sections in this report will go into more detail on homeowners' views and attitudes towards estate management charges and the expectations that are associated with these charges.

3.2.3.7. Getting issues fixed and views on new-build warranties

The majority of homeowners we interviewed regarded snagging as a standard part of the process of buying a new-build, with developers usually demonstrating prompt issue resolution. However, levels of responsiveness did not appear to be consistent between developers, and even individual developers could vary in their levels of responsiveness over time, as highlighted by some examples:

- Off-site developers: Participants in the research reported difficulties when developers were no longer on-site (i.e., when work on the estate had completed and contractors and the site manager had moved on). In such cases, they had to navigate central customer service teams, which participants claimed often resulted in delays.
- Late-identified snagging: When snagging issues became apparent at a later stage, resolving them was reported to be more challenging.
- Limited reporting time: In some instances, homeowners said they were allowed only limited timeframes in which to report specific snags, adding pressure to the snagging process.
- Covid-related delays: A handful of respondents reported that developers used the Covid-19 pandemic as an excuse for not dealing with snagging issues, with some allegedly refusing to book remediation work appointments for months but without providing a corresponding extension to the snagging period. This led to frustration among the homeowners we spoke to.
- Sub-standard contractors: According to a small number of homeowners we interviewed, the same contractors responsible for sub-standard work initially were called in to address their own poor handiwork.
- Rejected warranty claims: In a small number of cases, the developer (or warranty provider) had refused to address an issue if the homeowner had carried out their own work on the property. For example, in one case, the developer refused to fix an electricity outage because the homeowners had replaced the light switches. In another example (as described above), the developer refused to connect a downpipe to a drain (rather than having it discharge straight into the soil), allegedly because the homeowner had begun to install a patio in the same area of the garden. In this case, the homeowner was extremely irritated by having their warranty claim invalidated on these grounds as the drainage defect was revealed only *because* they had work done in this area of the garden.

Some homeowners we interviewed say they had faced greater difficulties when trying to address more substantial issues, such as roofing, plumbing, and garden problems. Many felt that developers only responded to these costly issues after facing substantial pressure. In some cases, developers allegedly only took action after multiple residents reported the same problems.



We were handed over to main office after 12 months – now we get no response or a slow response. We reported the faulty garage door back in December, and they are coming next month [October]. It takes forever just to get a response from them.

Family in their 30s, Detached 4-bed house, Large developer, England

Few of the participants in the research had needed to make a claim under their new-build warranty, suggesting that many properties do not face the significant structural issues that might require a warranty claim (unless such issues had simply not yet come to light). The exact number of research participants who needed to make a claim under the warranty at some point during their home ownership remains unclear as they were not always able to give a precise answer when asked about their experiences of remediation work. For example, some confused the 2-year builder warranty/defects insurance period and the subsequent 8-year structural insurance period making up the 10-year new-build warranty as a whole. Across all 50 interviews, we estimate that approximately five participants in the research had been in contact with their warranty provider at least once, to discuss a potential claim.

There appeared to be a general lack of clarity around what the new-build warranty actually covers and who is responsible for addressing what, as described above in the context of rejected claims. One participant in the research reported an excess charge of £1,000 levied by the warranty provider, which they had not expected. Another homeowner expressed concern about several issues being left unresolved after the 2-year builder warranty/defects insurance period expired, not least because they did not have a great deal of confidence in the warranty provider being able to resolve them instead.



I feel anxious about the warranty period ending as I think we will be left with a lot of issues and they will have washed their hands. They are not a credible family business looking after people like they say they are. They can't trade on this family image anymore.

Couple in their 60s, Detached 4-bed house, Small developer, England

Differences by participant subgroup:

Despite a rigorous and thorough subgroup analysis with a particular focus on developer size, the research did not reveal any major trends or patterns that are particular to small, medium-sized, or large developers in respect of quality issues. There are some indicative insights, but without a robust quantification of subgroup differences we caution against drawing substantive conclusions about the performance of housebuilders by their respective size.

For example, the proportion of those who reported major errors or faults with their property appeared to be lower among the customers of large developers compared with those who had bought from SME developers. Similarly, customers of large developers appeared to be slightly less likely to report dissatisfaction or any issues with the estate compared with customers of small or medium-sized developers. Contrarily, misrepresentations during the sales process were reported by a higher proportion of customers of large developers.

Rather than pointing towards issues that are specific to developers of a certain size, this research demonstrates that the quality concerns participants have or had about their new-build properties are industry-wide, across all sizes of housebuilding business.

The only minor difference by developer size is that participants trusted a small/medium and large developer brand name for different reasons (rather than trusting them to different extents), as explained in section 3.2.1.3. SME developers were trusted because they had a local reputation to protect, and large developers were trusted because they come with nationwide credibility.

Differences by country were largely absent from the quality-related analysis of this research, i.e., participants from England, Scotland, and Wales were equally likely or unlikely to report minor or major quality concerns about their property.

3.2.4. Conclusions

Most participants in the research enjoy their homes. There is no widespread buyer's remorse or regret over the overall quality of the new-build property they bought, and most are generally content, both in terms of the quality of the property itself as well as the estate and wider surroundings they live in.

However, there were a number of quality-related issues that many participants in the research had not expected and caused a lot of irritation and frustration, especially shortly after moving in.

Sales practices

A number of participants claimed that information about the property provided during the sales process turned out to be incorrect. When the estate was allegedly misrepresented, this often concerned its construction status/expected size, their location within the estate, and promised amenities that did not materialise. Perceived misrepresentations of the property related to specific descriptions such as the amount of space in the property, the size of the garage or garden, or the fixtures and fittings that would be included. Other types of reported misrepresentations pertained to usage of the property, i.e., what the contract does and does not allow the homeowner to do (for example, the way in which buyers could use their balcony).

Customisation

A considerable number of buyers were dissatisfied with the customisation process, specifically the extent of necessary 'upgrades', what they considered to be inflated costs, and, in some cases, the perceived limited options.

Amount of snagging

Snagging issues were often a cause for irritation but, in the main, they were dealt with to buyers' satisfaction; similarly, so-called 'liveability issues' at worst irritated buyers. However, the sheer quantity of snagging issues led many to believe that new-builds are often rush-jobs and developers (or their contractors) cut corners.

Structural issues

Considerably more distressing to a substantial minority in the research were more substantial structural issues, especially those relating to plumbing, drainage, roofs, unlevel floors, out-of-plumb walls, insulation, sound-proofing, poor quality and ill-fitting doors and windows, and parking spaces/driveways and garages. This is also where developers allegedly refuse responsibility more often and where the relationship with homeowners deteriorated. There was also a general perception amongst the research participants that new-builds are overall of a more 'flimsy' quality compared with older properties.

Outdoor spaces

Many respondents reported dissatisfaction about their garden. This was often due to a perceived overpriced and poorly implemented job, and the alleged reluctance of many developers to rectify subsequent problems.

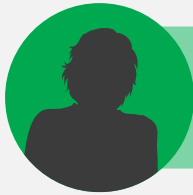
Less common than garden issues, but also flagged by a handful of research participants, were issues surrounding parking, and particularly garages. This is an area where the property sometimes fell short of expectations, e.g., when the garage was smaller than participants envisaged, or did not come with fixtures that participants considered basics (e.g., a dividing wall between their garage and the neighbour's, a garage door, internal access to the house).

Getting things fixed

The majority of homeowners interviewed considered some need for "snagging" repairs as a standard part of the process of buying a new-build, with most developers demonstrating prompt issue resolution. However, the responsiveness of developers was not always seen to be consistent, i.e., the responsiveness of individual developers varied throughout the process. For example, issue resolution was reported to be slower and less satisfactory after developers had completed and left the site and homeowners were asked to report issues to centralised customer care teams rather than the on-site manager, or when snags were identified after the 2-year builder warranty/defects insurance period, among other reasons. A small number of participants also reported difficulties in getting the developer

to attend snagging issues within the 2-year time-frame. Participants were more likely to report difficulties in getting the developer to address more substantial structural issues. Only very few of the participants in this research reported having to make use of their new-build warranty. Those who did had a mixed experience with their warranty provider, with some reporting a lack of clarity as to what the policy actually covers.

3.2.5. Quality Case Studies



Retired widow | England | Moved in 2019

Freehold | Small developer

Owner's rating of satisfaction with quality



Quality case study 1: Major issues with garden and leaks

Context

This widow wanted a change of scenery after her husband died – and when her eldest daughter got a job in a new area, it made sense for her to sell her house and move too. Area was very important to them – plus they needed two houses (one for her, and one for her daughter) in close proximity which was difficult to find. She also wanted a house that would suit her as she got older, and she didn't want to have to do any work on her new home. Her daughter found the development and it seemed 'perfect': they were able to buy two houses right opposite each other (and the price was right).

Pre-sale

She was not able to travel to see the plot and the development at that time – so she was only able to see the plans. The houses they bought were just being built, but her daughter was able to get a sense of the layout and to have a look at a neighbour's house which was closer to being completed.

At the time, they felt that the contact they had with the developer was good. They were kept up to date and everything seemed to move quite quickly. They were also informed about EMCs and how much they were likely to pay (although this has more than doubled from £40 per month to over £80 per month now).

Issues

Since moving in, the homeowner has had many issues with the property. The roof leaked quite severely and on inspection it turned out that the tiles hadn't been secured and fitted properly. She also had severe problems with damp throughout the house and found that the toilet and dishwasher hadn't been plumbed properly. A number of windows had to be replaced because they steamed up and went cloudy and the patio and front doors wouldn't close and lock properly. The floors are also uneven throughout the property, and she has had issues with the electrics.

Resolution

She contacted the developer about all of the issues in the first instance. They were able to address most of them – but she was not always particularly happy with how long it took or the quality of the work. She felt that the contractors used were poor and unprofessional as the developer was trying to complete the work as cheaply as possible.

She has tried to access the 10-year warranty regarding the floors but was told she'd have to pay an excess which she thought was expensive. Ultimately, she's happy living in her home but is worried about what will go wrong next.

"I'm just waiting for the next thing to go wrong really ... I just couldn't believe the issues we had with the roof with it being a new build."



Couple aged in 50s | Wales | Moved in 2018

Freehold Detached | Small developer

Owner's rating of satisfaction with quality



Quality case study 2: Developer went bankrupt

Context

This man and his partner wanted to buy their first home together, although neither were first-time buyers. They needed a place with four bedrooms to accommodate their blended family, plus a home office.

Area played a big role as they needed to be close to the train station, schools, and to their respective workplaces. They were open to different house types – but liked the idea of a new-build in the sense that they could put their own stamp on it. They happened to see the estate on Rightmove and liked the look.

Pre-sale

They largely dealt with the estate agent rather than the developer at this stage. They were able to see the plans, but the house itself hadn't been built at that time. They did go down to the plot and were able to look at another, similar house.

They were not very happy with how they were dealt with by the developer as they felt that they were given the 'hard sell' and then left in the dark after they had paid the deposit. The build was delayed and they were not well-informed – which became quite a big problem as they were renting and their mortgage offer was coming to an end.

Issues

The couple had many issues with the quality of their home – most of which were to do with the standard of finish and the fixtures and fittings. Issues included: leaks, poor drainage, uneven edges around the windows, poor and uneven plastering, doors not fitting/closing properly, and the garden being smaller than they thought. Overall, they thought that the contractors used were poor.

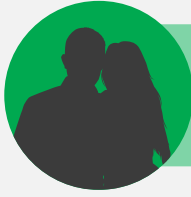
The other big issue was that the developer went bust before they could finish the estate – and so a couple of paths are yet to be finished.

Resolution

They contacted the developer with the initial snagging list, as well as other defects they found along the way. The developer responded to some of these and would send a contractor – but other issues were ignored (e.g. uneven plastering). They understand that it is their responsibility to fix these issues themselves now as they are not covered by the 10-year warranty.

The issue with the paths has been harder to fix as the developer no longer exists. The residents are now in talks with the council about this (and do not have an estate management company). They feel that the council should be stricter in terms of who they let build houses.

“I think the design was there and the materials were there, but his (the developer's) attitude towards people meant that they (the contractors) weren't interested or not being paid and so the quality of their work went down dramatically.”



Couple in their 30s | England | Moved in 2019

Freehold Detached | Medium-sized developer

Owner's rating of satisfaction with quality



Quality case study 3: Long list of minor and major issues

Context

This couple previously lived in a Victorian terraced house in a city. They were burgled so wanted to move to somewhere more rural, family-friendly, and safer.

Buying a new-build was their main aim as they hoped for somewhere they could design to their needs, was low maintenance, and in a safe community. They came across this particular development by chance and were swayed by the property size, outdoor space, local town, and 'premium' location on the estate.

Pre-sale

The house was in the middle of being built when they first expressed interest. There were no show homes of the same model on this estate, so they held off on confirming until they had seen a show home that was being built on the other side of the estate.

In this period, they felt pressured by the sales representative to sign a contract and were repeatedly emailed saying they were going to lose the property. They were told if they wanted to make any changes to the interior they must pay for these upfront and quickly. They ended up paying a lump sum of money before signing a contract so felt 'tied in' early on.

Issues

On move-in day, the house was incomplete and very different to the show-home: parts of the garden were un-turfed, there was a leak in the utility room and mould on the walls, the flooring was uneven, and there were missing pieces in the bathroom.

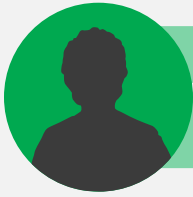
Since moving in, they've encountered several major issues raising safety concerns: 1) the garage fascia collapsed as it had not been secured; 2) the door to the loft fell off; 3) the thermostat placement and poor sealing around the windows means the children's rooms are not heated properly in winter; 4) a drain blockage led to a build-up of sewage in the garden; 5) the doors into the garden have become 'bowed' so do not close properly.

Resolution

The couple have raised the issues with the developer several times but often have emails ignored or requests for help rejected without any further explanation. They feel the site manager avoids walking past their property and feel the property was built 'on the cheap' without any consideration of its liveability.

They have paid to have several issues resolved themselves, including having new windows fitted, a new front door fitted, the garden re-landscaped, and flooring re-done. They are also exploring how much it will cost to move the thermostat. They are now considering lodging a complaint with the NHBC about the poor quality of the garden doors.

"If there is anything they can get out of, they will. You shouldn't feel like you should have to go on a search to find someone that would respond to you"



Retired widow | Wales | Moved in 2019

Freehold Semi-Detached | Large Developer

Owner's rating of satisfaction with quality



Quality case study 4: Long list of issues, including garden problems

Context

This widow, a retired NHS nurse, wanted to move into a smaller house after her husband died. She was exclusively looking at new-build properties because she didn't feel like taking on a new project at her age, and at this new stage in her life, especially not on her own.

Prior to buying this house she had lived in a new-build from the same developer and was largely happy in that property, so she felt reassured about buying from them again (although she didn't exclusively look at property by the same developer).

Pre-sale

She had to sell her old house simultaneously but when the sale fell through, she lost a property she had already reserved on this estate. She was very stressed by this experience and the lack of flexibility on behalf of the developer ('they won't wait for you'). It all worked out in the end but only because a friend helped her pay a part of the asking price, so she was able to secure the house before she had sold her old property.

Issues

She has faced myriad issues. Apart from the more minor things (for example, a poorly laid wood floor, poorly laid turf/lawn in the garden), the two issues that really frustrated her were a missing isolation valve in the shower (meaning she had to turn off the entire water supply when the shower leaked), and a downpipe that was installed so that rain water flows directly into the soil next to the house wall rather than into a drain, which poses a major risk of damp (and maybe damage to the foundations) in that area.

Resolution

The leak in the bathroom was fixed swiftly (though she still doesn't have an isolation valve), but the developer refused to do anything about the downpipe issue.

The reason for this refusal is because the homeowner had engaged her own contractors to lay a patio in the same area, which the developer said had voided her claim for repairs. In her view, this is disingenuous since she only found out about the missing drain because she had the patio work done.

"They sell you a dream, and what you get is a nightmare."



Couple in 50s | Scotland | Moved in 2020

Freehold | Large developer

Owner's rating of satisfaction with quality



Quality case study 5: Very happy with their home

Context

This couple were moving cities in Scotland for work. They wanted to buy a period house but struggled to find one, so they opted to look for a new-build. They had experienced living in a new-build in the past when they were renting and liked the lack of maintenance required, and the knowledge that everything is new and works well.

Pre-sale

The house purchase experience was smooth. The house was not quite finished when they found it, so they had the opportunity to select what flooring and carpets they wanted. They had not heard of the developer before, but the developer happened to be based relatively nearby, so the couple felt they would respond quickly if there were any issues. Other people they knew in the area had bought from this developer and reported consistently good experiences which was also reassuring.

The salespeople were helpful, and the developer provided a lot of information upfront and once the property was purchased, e.g. warranties, instructions on white goods. They were impressed when a representative showed them round when they moved in and explained the house in detail and how things worked.

Issues

The couple are very happy overall. They consider the house very 'liveable', and it is energy efficient. There have been very few issues, and none of these have been unfixable or long-term. The main issues have been sticking interior doors, poorly fitting toilet seats that broke, a freezer that makes too much ice, and a boiler problem.

Resolution

In most cases these issues were resolved by the developer, and they were happy with the developer's speed and responsiveness.

The boiler issue occurred during lockdown which affected the willingness of the developer to send an engineer to do the repairs. However, the developer did eventually arrange for an engineer to attend the property, and while it took more than one attempt to resolve, the boiler was repaired.

The freezer issue occurred when it was out of guarantee, so they had to buy another one themselves.

"[The developer's engineer] came twice for the heating. The boiler stopped completely, and they came and repaired it."

3.3. Estate Management Charges (EMCs)

IMPORTANT NOTE: The findings in this section are based on participant recall and are an accurate reflection of the collective perceptions of homeowners interviewed as part of this research. However, it is possible that participants' descriptions of the estate management arrangements for their estate do not reflect the actual arrangements in place at the time of interview. For example, as we explain in more detail below, very few research participants thought that their estate was managed by a Residents' Management Company (RMC) rather than an embedded¹ estate management company. It is possible that this recall was not technically accurate, reflecting residents' low engagement generally with the issue of estate management – a finding of the research in itself. For example, it may not be clear that an RMC is in place where an estate management company acts as an agent for the RMC and residents' day-to-day/direct interaction is with the estate management company rather than the RMC.

Where this section makes reference to large, medium, and small developers, this refers to the size of the developer and not the size of the development. However, it should be noted that, within this research sample, there was an almost exact match between developer size and development size. That is to say, large developers were responsible for large developments, medium-sized developers for medium-sized developments, and small developers for small developments. Furthermore, it is likely that some of the reasons for differences noted in the research by developer size are due to the size of the *development*, rather than differences in organisational practices by size of *developer*. From a resident's perspective, it is impossible to disentangle these differences – we therefore make note of them where relevant without speculating as to the cause.

This section also covers what is covered by EMCs across different estates. Where the report refers to 'communal green areas' this means open green spaces, lawns, grass verges, hedges, trees etc. Where the report refers to (other) public amenities, this refers to playgrounds, footpaths, streetlights, other lighting, communal bins etc. Finally, where the report refers to infrastructure, this refers to roads, drains and sewers, and (if applicable) pumping stations.

3.3.1. Nature of estate management arrangements

The majority of participants interviewed said an estate management company was in place to manage the estate. This always meant at least the communal green areas but could also mean other public amenities and in some cases infrastructure.

This broad statement hides a great deal of variation in the arrangements in place across England, Scotland, and Wales, but is also based on often imprecise recall from the homeowners themselves about who was managing their estate and exactly what the EMCs covered. There was a number of reasons as to why homeowners were not always confident about one or both of these points. These are listed below:

- Around a third of homeowners in the sample had moved into their home during 2021 or later. A large proportion of these had not yet had to pay EMCs and therefore had not closely engaged with either the detail of the charges or who they would eventually be paying.

¹ See glossary

- On a number of estates (particularly those being built by either large or medium-sized developers), building work was ongoing. This meant it was unclear to homeowners who exactly was responsible for estate management at the time we were interviewing them. Even when they knew that, at some point, the development would be handed over to an estate management company, the assumption was that it must still be the developer's responsibility until they were informed otherwise.
- This situation was further complicated where building work was going on in phases. There was evidence that an estate management company had assumed responsibility for the early ("completed") phases of the development while the developer was still responsible for later phases.
- Amongst those who had bought their home more recently, and for the more affluent residents in the sample in particular, there was a sense that the scale of EMCs relative to the overall cost of the property (including all charges associated with the property purchase) was proportionally very small. Some homeowners admitted that, as a result, they had not fully engaged with the details of estate management arrangements in place.

A couple of participants were able to locate paperwork relating to their estate management arrangements during the interview, and this enabled them (and us, the interviewers) to verify that an estate management company had definitely been appointed to manage the estate. A few more of the homeowners in the sample told us about one or two residents being on a board/committee that managed the estate, but this arrangement was always described as having an estate management company in charge, and not a Residents' Management Company (we discuss RMCs in more detail below). As stated in the introduction to this section, it is possible that more participants in the research actually lived on an estate where an RMC had engaged an estate management company to provide day-to-day estate management than realised this was the situation. It was not possible for us to verify whether this was the case or not. Where paperwork was produced during an interview, it invariably showed payments being made direct to an estate management company and this was who the research participants held responsible for management of the estate.



I can't recall how much – £150 a year? We have been charged this since moving in. I presume it may go up with the cost of living. I don't know who runs the EMC [EMC = estate management company for this participant]. The fact there was an EMC did not affect our decision to buy. We just wanted to buy the house. We were excited!

Young couple, Freehold Detached 4-bed, Large developer, England

3.3.2. Estate Management Charges (EMCs)

Where EMCs applied, the amount varied widely between estates, with no obvious cause for the variation even when the charges were reported to ostensibly cover the same services. Homeowners on small estates were paying more than those living on larger estates, but with no difference in their satisfaction with the charges they were paying vs those on larger estates.

A substantial minority of homeowners in the sample were not yet paying an estate management charge, while the development was still under construction. Where EMCs were being charged, the charge amount reported by participants in the research varied considerably in scale. At the lower end, residents reported paying under £100 per annum, with the highest charges recorded coming in at £2,000 per annum.

Charges at the higher end of the range were generally associated with residents living in new-build apartments rather than houses. Common areas in blocks of flats will typically have higher costs associated with them, as amenities such as lifts and stairwells, entry systems, and lighting are also being maintained, and may also make some provision for structural maintenance and repairs in the future (i.e., a sink (contingency) fund), as well as each homeowner's contribution to the building's insurance.

Within our new-build sample, however, it was far more common for participants to be living in a house (either detached, semi-detached or terraced). Yet, even if we disregard those living in flats from our analysis, the range of charges reported was relatively broad – with the highest at close to £1,000 per annum and the lowest under £100.

Where estates included a mix of property type and size, it appeared that larger properties were asked to pay more than smaller properties on the estate. Residents were not able to verify this, and it did not appear to be written into contracts but based on our conversations with residents in a range of properties on the same estate, it is a reasonable conclusion to draw.

Most EMCs were charged annually, though some were invoiced either quarterly or monthly. In Scotland, in particular, it appeared that quarterly charging was more common. It was also more common for the charge to be variable, based on work done, rather than the flat amount which was the case elsewhere. Residents in Scotland appeared to like this arrangement. It gave them a sense of paying for work done – something which they could verify (or not), which in turn gave them a sense of being able to hold the property factor² to account.

Elsewhere, some residents who were billed annually had enquired as to whether they could pay on a quarterly or monthly basis instead and in all cases their request had been turned down. No reason was given for this, other than pointing out to the resident that the contract they had signed bound them to paying annually in advance. This affected a minority of estates in the research, across different estate management companies.

It should be stressed that none of our participants reported financial difficulties in paying their EMCs. The request for monthly payments was more about household budgeting – an attempt to avoid a large bill all at once (which often seemed to be due in January) by spreading payments over the year. Where payment was due in January, reminders often arrived in December, when households were distracted by the run-up to Christmas, meaning that making the payment itself in mid-January was always more stressful than it might be at other times of the year.

Some homeowners did report increases in the charge amount since they had first moved in. Generally, these were seen as being in line with inflation; occasionally, they were felt to be higher than inflation and therefore bordering upon unreasonable. However, none of the homeowners we interviewed expressed a high level of concern about the rate or scale of the increases. Where concerns were raised, it was in relation to speculation about whether charges might go up in future, and in particular the lack of any restrictions upon estate management companies being able to increase their charges. As far as many homeowners were aware, there were no contractual reasons why charges could not be raised by any amount of the management company's choosing. However, as has been mentioned, very few homeowners were aware of the detail of the contracts they had with their estate management company.

² See glossary



I pay about £300 per year, which is ok. If they'd been more like £500-£1,000, then that would have been too much. I think I pay one of the lowest charges on the estate as I'm in one of the smallest houses

Single, Freehold Semi-detached 3-bed, Small developer, England

Differences by size of developer:

With the caveat applied that this is a qualitative sample of new-build homeowners, we are still able to draw indicative conclusions about differences between developer size when it comes to EMCs. If we remove those living in apartments from our sample, then we can say that there appears to be very little difference between the charge amounts applied on estates built by medium and large developers. However, our analysis does suggest that residents living on estates built by small developers are likely to pay considerably more in EMCs.

The average EMC for a homeowner on an estate built by a medium-sized or large developer was c.£215-£220 pa, whereas on an estate built by a small developer it was twice this amount. It is likely that this difference is due to a number of factors, including the number of homes on small estates (which in this sample were always built by small developers) and higher fixed costs being shared between fewer households. What was clear from our analysis was that residents on estates built by small developers were essentially just as happy with what they were paying as those living on estates built by larger developers. In fact, as we shall see, they expressed fewer concerns over lack of transparency and clarity in relation to the charges than other residents. The one area where they did express greater concern was over future cost rises. So, although they were broadly comfortable with what they were paying, the higher level of those charges did make future cost increases a more pressing concern.

3.3.3. Estate management coverage

Where estate management charges applied, they always at least covered the maintenance of communal green areas. For some participants in the research, this was all they covered, but elsewhere the coverage extended much further to public amenities (recreation grounds, paths, lights etc) and occasionally infrastructure (roads, drains, sewers, pumping stations).

Communal green areas were, in all cases where we interviewed, covered by the EMCs that research participants paid. Larger estates also tended to include public amenities in their EMCs. What constituted 'communal green areas' and 'public amenities' differed by estate, with larger estates typically including a wider variety of features and services within these definitions. In the main, the following were covered by EMCs:

- Grass verges
- Communal green areas/spaces
- Hedges
- Footpaths
- Recreation grounds
- Communal bins

Less common, but still included in charges levied across different parts of GB, were more structural public amenities/benefits, such as:

- Streetlights
- Pavement lights
- Car parks and bollards

When it came to the infrastructure on the estates (such as roads, drains and sewers, and (if applicable) pumping stations), homeowners were far less clear a) as to whether this was included in their charges or not and b) if it wasn't included, who was responsible for it. This was a recurring theme throughout our interviews that concentrated on EMCs. It was clear that responsibility for infrastructure was either a disputed subject on some estates, or just not clear on others. There was a number of reasons for this, which we shall expand upon in sections 3.3.6 and 3.3.7.

3.3.4. Residents' Management Companies (RMCs)

Our interviews found very few estates where RMCs were reported to be responsible for managing the estate (either directly or indirectly). As noted earlier, residents may be unaware that, in fact, an RMC is in place and has engaged the services of a professional management company to handle the day-to-day estate management. Our findings are based on the participants' perceptions of who was responsible for estate management.

Across the sample of homeowners interviewed for this research, very few of our participants were aware of the concept of Residents' Management Companies (RMCs). This was the case whether the idea of an RMC under discussion was one that self-managed instead of outsourcing to a professional management company or one that had contracted with a management company to handle the day-to-day management of the estate – whatever the form of RMC, our participants were rarely aware of their existence.

Once introduced to the idea of RMCs, many homeowners' initial response was positive. RMCs appear to offer the control and transparency that some residents felt their current estate management arrangements did not offer. Upon further reflection, though, many of the research participants outlined a number of concerns and reasons for why an RMC might not work on their estate:

- **Lack of expertise:** Many residents expressed a lack of confidence in their ability to handle the complexities of running an RMC, citing a deficiency in expertise and knowledge required for effective governance. This was a noticeable issue among residents living on large estates where they felt professional expertise would be needed to manage the development effectively.
- **Dominance by vocal residents:** Another concern revolved around the possibility of RMCs being dominated by residents who have an abundance of free time or personal agendas. This was something commented upon by homeowners regardless of the size of the estate they were living on: a concern that control of the RMC by a few of their neighbours may lead to subjective decision-making that did not necessarily serve the best interests of all residents. Many of the estates in our sample have active social media groups on platforms such as Facebook and WhatsApp. While these groups are primarily used for information sharing, they also serve as platforms for residents to voice complaints and grievances related to the estate, EMCs, the estate management company, or developer(s). Even where homeowners sympathised with some of the views expressed within these groups, they could see there were a vocal few, and the concern was that it would be these individuals who pushed their own interests.

- **Neighbourly disputes:** Some homeowners felt the establishment of RMCs may result in disputes between neighbours, as residents with differing views and priorities attempted to steer the decision-making process.
- **Transfer of disputes:** As we discuss in sections 3.3.6 and 3.3.7, on some estates there was some dispute over who was responsible for what when it came to estate management. These disputes tended to be between estate management companies and developers (although they could involve other relevant authorities). There was a prevailing concern that existing disputes and issues faced by estate management companies may simply be transferred to RMCs, making residents responsible for resolving the conflicts. This was especially worrying in cases where the disputes involved contested infrastructure adoption/responsibility.
- **Social housing representation:** Concerns were raised regarding social housing residents, who were often perceived as operating outside the existing charging structure of EMCs, with the bills instead being paid by Housing Associations. The absence of social housing representation within RMCs was seen as detrimental to their effectiveness, as it contradicted the belief amongst our research participants that all residents should be equally represented or an RMC would not be worth establishing.



I wouldn't get involved in it if a decision was made to run the estate ourselves. I don't have the time and I wouldn't know where to begin getting in a contractor. But there's a WhatsApp group here and there are several people on it are interested in it. Good luck to them!

Family, Freehold, Detached 4-bed, Medium developer, Scotland

When we probed during the interviews as to whether the establishment of an RMC was permitted under the terms of the current arrangement (whether that was with the developer or an estate management company), very few homeowners knew the answer to the question. Residents felt that estate management companies held control over estate management and would not want to relinquish it. The only situations in which residents could imagine these companies being willing to hand over responsibility to an RMC was where there were ongoing disputes over adoption between them (the estate management companies), developers, and relevant authorities. In those cases, the residents did not want to become involved directly in the disputes (even though they were very keen to see a resolution).

As far as participants were aware, the closest arrangement to what might be loosely termed an RMC was to be found on estates where residents were happy to create small liaison groups who would represent their views to an estate management company – in two instances arranging face-to-face meetings. Other participants spoke of resident representatives sitting on committees alongside estate management company and developer representatives, but the impression they had was that the estate management company and/or developer were in charge, with the residents there to listen and communicate back to the wider estate.

The idea of an RMC which outsourced estate management to a professional estate management company, but which was in total control of hiring and firing that company, was the most attractive to our participants, but if this arrangement already existed on the estates within our sample, the participants in the research were not aware of it.



I don't think we have an RMC. I think some retired neighbours might like this, but I wouldn't personally like to get involved.

Older working couple, Freehold, Detached 3-bed, Small developer, Wales

3.3.5. Transparency of EMCs during home purchase process

Existence of EMCs pre-sale is well known, but understanding of what they cover and what will happen post-sale is very patchy.

The homeowners we interviewed largely fell into one of two groups: those who remembered explicit mention of EMCs during the sales process (although not exactly *when* in the process), and those who were sure that EMCs had been mentioned to them even when they had no specific recollection of the event. Certainly, none of the research participants in the latter group said that EMCs came as a surprise to them post-sale and assumed their focus had simply been elsewhere when they were raised pre-sale. Likewise, while research participants who had bought a new-build property for the first time usually said the *fact* of EMCs had been new to them before they embarked on their purchase, they too gave no impression of feeling caught out by the first demand for payment post-sale.



We really found out about it from the solicitor when we were completing the purchase agreement. I think the developer probably told us about it before, but there are so many other pieces of information you're dealing with which are more important, I think the EMC gets lost

Family, Freehold, Detached 4-bed, Medium developer, Scotland



We got information when we paid the deposit. It's a familiar concept paying EMCs.

Family, Freehold, Detached 4-bed, Large developer, Wales

In Scotland, one homeowner said they wished that the existence of EMCs had been made more prominent earlier in the buying process (i.e., before they were legally committed to the sale – or signing the 'missives' as it is termed in Scotland). In Scotland, the buyer is committed to the purchase earlier than in England or Wales, hence the suggestion that a liability for EMCs should be raised sooner.



Buyers are focused on the big stuff, meaning EMCs go under the radar. EMCs should be made to be more prominent in the buying process, especially here in Scotland where you're committed to buying the property before EMCs get mentioned

Family, Freehold, Detached 4-bed, Small developer, Scotland

It was clear from the research that although homeowners had been made aware of EMCs prior to the purchase of their properties, they were not at all clear as to how the management arrangements will work in practice, particularly in relation to the following points:

- **Responsibility transfer:** When will responsibility for estate management transfer from the developer to an estate management company? Those residents we interviewed who were living on estates (or parts of estates) where the developer was still responsible for estate management generally said they had been told that 'at some point' responsibility would transfer to an estate management company. They did not know, or believe they had ever been told, when that point would be, nor what criteria had to be in place before the transfer could happen.
- **Transfer in phases:** In particular on medium-sized and large estates, it would appear that building work takes place in phases. Residents on some of these estates said that EMCs had become due when their phase was completed, but before the whole estate was completed. They felt this was not made clear at any point during the sales process. From the point of view of these residents, the definition of a 'phase' was arbitrary and irrelevant. They were unhappy about paying charges for estate management when there was clearly considerable building work still ongoing and the amenities covered by the charges were not yet completed or available, which directly contributed to a feeling of the estate being poorly maintained.
- **Transfer of specific tasks:** The final area where transparency was lacking concerned who was responsible for what on the estate. Although homeowners were aware that estate management responsibility would be handed over to an estate management company, they usually said they had not been told exactly **what** responsibilities would be handed over, or to **what type** of management company. This meant that many homeowners were unable to specify what their estate management company was responsible for, what responsibilities remained with the developer (if any), and what responsibilities either had been adopted or would be adopted by the relevant authority. During the research, we heard about several ongoing disputes between developers and estate management companies (and sometimes relevant authorities) that underlined the degree to which definitive answers to these points did not seem to be recorded in any legal/contractual way for all parties to refer back to. It should be noted that what participants sometimes referred to as 'disputes' were not describing legal cases or formal complaints. They meant situations where no one was taking responsibility for an aspect of estate management because all parties (estate management company/ developer/ relevant authority) felt it was someone else's responsibility. In that sense it was more of an impasse than a dispute.

This lack of clarity around responsibility transfer at the outset was then clearly having repercussions further down the line. There was no sense from the interviews conducted that the longer a resident had been in a property, the greater their understanding of who was responsible for what. In many cases, the opposite was true, with the newer residents mainly not yet paying charges because the developer was still responsible, whereas those in situ for longer were more likely to report confusion about who was responsible for what.



I did ask when the management company will fully adopt all the roads which are at the moment managed by the developer. They couldn't give me an exact date but at least that means I don't have to pay for the roads for at least another year

Couple, Freehold, Semi-detached 3-bed, Large developer, England

Differences by developer size

Given the nature of the confusion reported by homeowners, it is not surprising to note that the more complex the estate, the greater propensity for confusion to arise. Therefore, it was residents on large estates who were more likely to express uncertainty about when their EMC charges would become due – and it should be remembered that within the research sample, those living on large estates were living in properties built by large developers. Even among those residents who were already paying EMCs, it was those living on large estates who were more likely to say they had not expected the charges to become due while the estate was unfinished.

Impact on decision to purchase

Despite the issues reported above, no one said the fact of EMCs or the lack of transparency over when they would become due would have impacted their decision to buy the property because, as discussed earlier, they were not particularly focused on EMCs during the sales process. Instead, the impact (but only post-sale, once they were in their new home) was to question what exactly it was they were getting in return for the amounts paid or due to be paid.

3.3.6. Satisfaction with, and the perceived value for money of, EMCs

Given the lack of clarity over who exactly was responsible for aspects of estate management on many estates, this led some homeowners to question the value they were getting from the charges they paid. Others, who were clearer on what their charges covered, could still question the standard of work carried out. However, a sizeable minority expressed satisfaction with the value for money that their EMCs provided.

Although we did not detect any issues in terms of affordability among the homeowners interviewed in relation to EMCs, our analysis has revealed a very polarised view of EMCs when it comes to judging the value for money that homeowners feel they represent.

Where homeowners did not feel that EMCs represent good value for money, there were three overarching reasons for saying this:

1. Firstly, a substantial proportion of the homeowners we interviewed felt unable to properly judge their true value because they were unclear as to exactly what the charges were supposed to cover. This lack of clarity over coverage (as alluded to in the previous section) meant it was hard for homeowners to evaluate whether the charges were worthwhile or not. For example, one homeowner told us they would view the value they received from the charges they pay very differently depending on whether the amount covered just management of the communal green areas or also included infrastructure – a question to which many homeowners did not know the answer.
2. Another group of homeowners were more certain about what their EMCs covered but did not feel the work done on the estate represented good value for what they were paying. These judgements were essentially based on their own personal assessment of the quality of the estate's communal green spaces or public amenities. It was notable how often homeowners would pick on one or two aspects of the service they received and use that to judge value. For example, "how well are the verges maintained?" or "can I see someone working in that area that needs work?"

3. The final group of homeowners who tended to say the value they received for the charges they paid was less than ideal was the small number (from across different regions within the sample) who thought EMCs were unfair in principle. Essentially, these homeowners argued that it is fundamentally unfair for them to have to pay both EMCs and council tax in full. It is true to say that was not a widely held view, and no one had gone so far as to withhold payment of either charge in protest, but it was seen as unfair and clearly made it difficult for the homeowners concerned to ever think the estate management charge would be value for money – unless at some point they were offered a discount on their council tax to compensate for their expenditure on EMCs.



It's only £150 a year but what I resent is that there's not much evidence of them doing any work. They occasionally cut the grass but there's not much else. If I drove into the estate and there were flower beds and the place looked properly cared for, I'd feel much happier about the charge

Family, Freehold, Detached 5-bed, Large developer, England

Differences by developer size

At an overall level, we found no difference in assessments of the value of EMCs between residents living on new-build developments built by small, medium-sized, or large developers. However, as we outlined earlier, residents on small developments (which, in this sample, were always built by small developers) were paying approximately twice the amount as residents on much larger estates. Despite this difference in amounts, residents on smaller estates were not less satisfied with the value for money that EMCs represented.

It was clear from our analysis that residents on smaller estates tended to be much happier with the quality of estate maintenance than residents on medium-sized or large estates (that were, in our sample, always built by medium-sized or large developers). This is interesting, because smaller estates generally had fewer communal green areas/public amenities and potentially less complex demands in terms of estate management, yet the charges being levied were much higher than on the larger estates (almost certainly due to economies of scale). What this tells us is that an estate maintained to a high level can allow an estate management company to levy higher charges and still leave residents feeling satisfied, but that lower charges, allied to a lower quality of management, only causes some residents to start questioning the amount they are paying and, in some cases, the point of an estate management company altogether.

It is also worth noting that residents living on large estates were much more likely to complain about lack of clarity as to what, exactly, their EMCs were covering and who was responsible for what. As has been said, this was partly down to more complexity on the estate as well as residents not engaging with the details. However, it also fed into the inability of many of these residents to feel able to accurately judge the value for money of the amounts they are paying.

Differences by country

It was notable when analysing responses that there was quite a marked difference between residents' assessments of value for money made about EMCs in England versus those made in either Scotland or Wales. Residents in England were notably less happy with the value they felt they were getting from their EMCs than residents in either Scotland or Wales. There appeared to be no specific reason for this, except that all the reasons underpinning lower scores occurred with greater frequency in England than elsewhere. In Scotland, in particular, it was clear from the interviews that more residents were explicitly happy with the property factor than residents in England were satisfied with the estate management company. It appears that in Scotland, the issue of lack of transparency is far less common. This means that, while costs are no lower than England, residents in Scotland feel better able to make a judgement about value for money. It was also notable that Scottish property factors were more likely to charge variable, not flat, amounts (often quarterly). This gave residents a greater sense of paying for work done, rather than a flat annual fee which can lead to a feeling of detachment from what the fee actually covers.

3.3.7. Issues in connection with EMCs

When discussing the value for money that homeowners felt that were getting from their EMCs, a number of issues were mentioned. These ranged from how charges were presented, what the charges were being used for, through to the quality of the estates (communal green areas, public amenities, and infrastructure) and whether the participants felt promises made to them pre-sale had been kept.

The first two issues related to the charges themselves – both their intended use and clarity around how they are presented.

Cost breakdowns

Whether the estate was managed by an estate management company, or was still being managed by the developer, almost everyone interviewed said they were sent some form of cost breakdown at least annually. Many of the participants in the research were able to locate this cost breakdown during the interview and if they could not, nearly all confirmed that they did receive one at least once a year.

However, the perceived clarity and usefulness of these cost breakdowns varied enormously across the sample. Homeowners were looking for detailed breakdowns, but also breakdowns that were simple, clear, and (importantly) that corresponded with actual work being carried out on the estate. This meant that it was not just a question of breaking the costs down into lots of categories, but that these categories should be clearly labelled and task-focused. For example, Grounds Maintenance, Playground Inspection, Playground Repairs, Fencing Repairs, Tree Survey etc. were all seen as precise labels against which residents could judge the value for money of the charges. Where estate management companies used labels like this, almost invariably this correlated with residents being happier with the charges they were paying (irrespective of the actual amount levied).

Where the terminology used in the cost 'breakdown' was more vague (e.g. Health & Safety; Postage; Site Inspections), then homeowners were more inclined to judge the amounts allocated to these categories more rigorously – and if they felt the amounts were unwarranted, it led to lower assessments of value for money from the charges overall.

The cost category which caused by far the greatest annoyance among homeowners was 'Management Fees'. There was a general acceptance that this category needed to exist as homeowners understood there must be some back-office operation to be funded. However, the

overwhelming view was that this should account for a small proportion of the total EMC, and it was clearly the cost category that came under the closest scrutiny. Across our sample, huge variation was reported in the proportion of the total charge amount allocated to 'management fees' and where that proportion was felt to be too high, residents were very unhappy with the estate management company, feeling this was pure profiteering and not justifiable.

From the examples shown to our interviewers, proportions of the total EMC allocated to management fees ranged from c.20% (which was felt to be reasonable by residents on that estate) to c.60%. Residents living on the latter estate did not see how this was justified at all. In this example, the company in question had two categories – 'Management fee' and 'Account Management fee' – which, when added together, accounted for 63% of the total annual charge. Residents could not see a distinction between these two categories and could not understand why nearly two thirds of what they were paying was needed to fund back-office operations.



I pay £221 pa, but loads of common areas are untouched. The roads are awful – do my charges cover these? No idea. They do send a breakdown but it's not that helpful – a huge proportion seems to cover salaries/management fees – what's that?

Family, Freehold, Detached 4-bed, Large developer, England

Contingency funds

Most residents had not really considered whether or not their estate management companies were setting aside a portion of their charges to contribute to a 'sink' (or contingency) fund in case of future large expenses.

Where homeowners were reasonably certain that their EMCs covered purely the maintenance of communal green areas and public amenities (not infrastructure as well), they felt there was less need for a contingency fund and said they would prefer it if the charges were simply linked to actual expenditure, rather than any possible future expenditure. This chimed with the view outlined earlier, expressed by some Scottish homeowners, that they actually liked the variability in costs as it suggested they were only paying for services already rendered.

However, where homeowners were less sure about what exactly their EMCs covered, or knew that their EMCs covered infrastructure (a small minority of homeowners said this), then they were much more open to the idea of a contingency fund. In very few cases were examples of a contingency fund found to exist. Most cost breakdowns seen by our interviewers either did not mention such a fund or included a line describing a 'Reserve' but with zero funds allocated to it. Where residents were living on estates where there was some dispute over who was responsible for infrastructure maintenance, then the absence of a contingency fund was a concern as they felt exposed to future maintenance costs for parts of the estate which could prove to be very costly.

Quality of upkeep

As mentioned above, all of the homeowners we interviewed about EMCs said they understood that all or part of the charge was supposed to go towards maintenance of the communal green areas and public amenities on their estates. This meant that nearly all homeowners were able to make some sort of judgement – either explicitly or implicitly – as to the performance of the estate management company (or developer) responsible for estate maintenance, on an almost daily basis.

Consequently, issues that could be described as ‘observable’ such as grass cutting, maintenance of verges, trees, and hedges, uneven levels of upkeep throughout the estate etc., assumed considerable significance in homeowners’ views on whether the management company (or developer) was actually carrying out the basic services that the charges were supposed to fund. It was clear from the interviews that homeowners’ opinions were far more influenced by the quality of these observable services than they were by the level of charges being applied.

A sizeable minority of homeowners felt they were not getting value for money from their EMCs based on the quality of upkeep on their estates. Residents were sensitive to anything where they perceived the estate management company (or developer) to be cutting corners. This might be through work simply not being done to an acceptable quality level, but it was more likely to be noticed where estate maintenance was being carried out unevenly across the estate. For example, some homeowners spoke of high-quality maintenance and attention to detail on the communal green areas near the estate entrance, but that the standard of maintenance dropped off the further you travelled into the development.

On estates where construction was being completed in phases, a sizeable minority of residents viewed the quality of estate maintenance on the unfinished areas as often quite poor. In their view, even after allowances were made for ongoing building work, if they were paying EMCs, then they expected the estate management company (or developer) to make every effort to keep all areas of the estate to an acceptable standard. It was felt that all too often, developers did not see unfinished phases as in need of much by way of maintenance. From the residents’ point of view, they felt they should not be expected to pay charges until all parts of the estate were complete, making proper estate maintenance at least viable.

Differences by developer size:

It was clear from analysis of the responses that there were differences in views on the quality of estate maintenance depending on the size of estate that residents were commenting on, and – as has been emphasised earlier – size of development equated to size of developer within the sample of homeowners interviewed. Those living on smaller estates were notably much happier with the quality of estate maintenance than residents living on either medium-sized or large estates. In particular, it was residents living on *medium-sized* estates who were least happy with the quality of estate maintenance. It may be that the size of these estates, relative to the resources of the estate management companies (or developers) responsible for their maintenance meant that maintenance budgets were more stretched on these estates, but this is not something residents living on these estates were able to speculate upon.



It's a racket. I think money changes hands between the [management company] and the builders. We're paying for them to do things the council should be doing but we still pay council tax. We're a small development and we're not important to the [management company]. But no option but to pay. They don't do the job they are paid for. Issues are not resolved. It's not value for money.

Middle-aged couple, Freehold, detached 4-bed, Small developer, England

Infrastructure

Issues in relation to infrastructure generally referred to roads and drains and sewers on estates (and sometimes also to pumping stations). When participants spoke about drainage issues, this could refer to the positioning of drains on the estate (i.e., whether they were placed effectively so that flooding was minimised) or to how well (or badly) the estate drainage and sewage systems worked more generally. When this topic was raised in relation to EMCs, it was generally raised in response to the latter example.

In general, the most common issue relating to infrastructure and EMCs was one of confusion over who was responsible for its maintenance and repair. Few of the homeowners interviewed could tell us who was responsible for the roads, drains and sewers, and even when they were sure it was the developer currently, they were rarely able to explain who would be responsible for that infrastructure in the future – i.e., once the developer completed work on the estate and moved off-site.

This widespread lack of clarity led many homeowners to make the assumption that their EMCs must cover the maintenance of infrastructure, without any documentation to back that up. Even if homeowners thought the developer was currently responsible for the infrastructure, they assumed that an estate management company would become responsible for it in future. There was no definitive assumption that if their EMCs were going to cover infrastructure in the future, then the amount they were charged would automatically increase at that point, though the uncertainty over this was a worry for some. Among those who were worried, a few said it had not occurred to them prior to the interview, but for the rest this was a concern that they had been feeling for some time.

Among a minority of homeowners interviewed from across different estates (generally all in England), there were several examples of disputes between developers and estate management companies over exactly who was responsible for infrastructure maintenance. In their most extreme form, these disputes had forced all parties (including resident representatives) to meet face-to-face in order to try to resolve issues. In one instance, residents had written to their MP, who had taken it to the Housing Minister in the hope of a resolution. More commonly, these disputes were unresolved, with developers saying the infrastructure was ready to be handed over to an estate management company or to the relevant authority, but the relevant authority was declining to adopt, and the estate management company was unwilling to assume responsibility for maintenance.

Aside from the confusion as to who was responsible for maintenance and, in some cases, explicit disputes over infrastructure responsibility, a minority of residents did also report poor infrastructure maintenance. Where this occurred, residents nearly always judged it in relation to the EMCs they were paying, even if it was not possible to ascertain legally whether the EMCs in fact covered the infrastructure in question.



A resident has asked a solicitor to look at whether there is a case. The covenants say the builder should pay for drains and sewage until adopted by the water company, but we are paying via our EMC. They're hoping for a refund. Hopefully the builder will upgrade things so the water company can adopt.

Middle-aged couple, Freehold, Detached 4-bed, Small developer, England

Examples of poor infrastructure maintenance included poor pavement/kerb maintenance, badly maintained roads, poor drainage, and (on two estates) unmaintained sewage pumping stations. On one of the estates where a pumping station was not functioning properly, residents had directly

contacted the local water company asking them to adopt (and repair) the pumping station, only to be told it had not been built to the standard that met the water company's threshold for adoption, and that remedial work to bring it up to adoptable standard would cost up to £100,000. This was the instance that led to residents contacting their MP.



It should also be noted that a substantial minority of participants in the research expressed satisfaction with the value they received when paying EMCs. In the main, these homeowners lived on estates that they felt were observably well-maintained. This sentiment was, proportionally, more likely to be expressed in Scotland or Wales, than in England.

Unfulfilled promises

Estate management companies were, on occasion, accused by residents of not fulfilling promises made to them with regard to the provision of public amenities. It was not clear whether these were promises made by the developer pre- or post-sale, or promises made by the estate management company when they took over estate management.

For homeowners, this distinction was irrelevant – in their view the undelivered amenity was another reason to judge the EMCs they were being asked to pay more harshly. Examples of unfulfilled promises included a wildflower meadow and a children's playground that did not materialise.

The fact that residents may well have been holding estate management companies to account for promises made by the developer was one symptom of the fact that in many cases homeowners saw the estate management company as an extension of the developer – appointed by the developer and essentially answerable to the developer. This was an issue for some participants as the next section will expand upon.

3.3.8. Choice and control over estate management companies

We did not speak to any homeowners who felt they had been given a say in who managed their estate. Not all were concerned by this, but many were, especially when they did not feel they were getting value for money from the estate management company. Some homeowners expressed surprise that they had (or appeared to have) no say in who managed the estate.

As discussed above, the homeowners we interviewed were unable to describe the estate management arrangements that applied (or would apply) to their developments, for example, whether responsibility had transferred (or would transfer) from the developer to an embedded³ estate management company, or whether it had transferred (or would transfer) from the developer to an RMC which then contracted with an estate management company as its agent. Regardless of the estate management arrangement in place, there was a perception amongst homeowners that the estate management company was chosen by the developer: we did not speak to anyone who felt they had been given a say in who managed their estate. Some expressed surprise about this.

Those who explicitly thought this process was disempowering for residents, leaving them with no choice or control over the estate management company, expressed a desire for an alternative approach. They felt it would be fairer for the residents on an estate to be responsible for appointing an estate management company, and for the management company to then be completely answerable to the residents – or an appointed (by other homeowners on the estate) committee of residents. In this sense, they were implicitly describing the role of an RMC (as outlined earlier).

A subset of homeowners went further, saying they would like fixed-term contracts to be in place, with the contract to manage the estate going out to tender regularly – and that the tender process would be managed by the residents' committee. It was clear this view was an expression of frustration at the seeming lack of recourse that residents felt they had if they were dissatisfied with the estate management company. It felt to many residents as though they were answerable to the estate management company, not the other way around.

We note that some of the research participants may have had more say in the choice of estate management company, and control over the management company, than they actually realised. However, because they were unaware that they lived on an estate where an RMC was already in place (and (in turn) did not realise their rights as members of the RMC to share their views with the directors of the RMC), it appeared to them that the developer alone had chosen the estate management company, and the management company alone was driving decisions about the management of the estate.



We tried to arrange a meeting between our EMC and residents to air some issues. It took 6 months plus to get someone from the company here. They noted our issues. Nothing happened. We followed up and they had left the company and there was no record of any minutes or actions.

Middle-aged couple, Freehold, Detached 4-bed, Small developer, England

³ See glossary

Disputes

Overall, very few of the participants in the research were in open dispute over estate management charges with either the developer or the estate management company. By open dispute, we mean withholding payment because of a belief that they (the homeowner) were not receiving the services they were paying for.

There was a small number of instances where residents were currently withholding (or had withheld) payment for what they considered to be justifiable reasons, usually in relation to claims that the estate management company (or developer) was not providing a basic level of service (for example, the upkeep of communal green areas to an acceptable standard, maintaining pavements, and ensuring that drain covers were not a safety hazard). In these instances, homeowners reported receipt of 'threatening' letters which made them feel more resentful towards the estate management company but, in the main, had resulted in them reluctantly complying with the demand for payment (one participant in the research had continued to withhold payment).

In one estate's cost breakdown, a proportion of the EMC was specifically allocated towards court cases. Residents we interviewed found this to be unsettling and they did not like the idea that part of their EMC was funding legal proceedings against other residents. As they said – was this because of wilful non-payment, or was it because a household could not afford the charges? Whatever the reason, it did not feel appropriate to them that some of what they paid was being used in this way.

Although reports of 'threatening' letters were rare, where they were mentioned, it tended to be by residents living on estates built by large developers.



So we got a letter recently saying we had to pay these fees now. I haven't paid anything. Someone wrote in the Facebook group "there's no way we should be paying this, they haven't been cutting the grass" ... so I'm going to go along with that and see what happens. If we have to pay, we have to pay, but it would be nice for them to take ownership.

Young family, Freehold, Detached 3-bed, Large developer, Wales

3.3.9. Nature of any restrictive covenants, additional fees, and rentcharges

Homeowners were not very familiar with the term 'restrictive covenants' but with an explanation they did say there were some in place. Very few had any issues with the restrictive covenants applied to their property. No one in the research talked about rentcharges, while a very small number were aware of potential additional fees.

Although homeowners did not always understand the term 'restrictive covenants', they quickly recognised what the term meant when it was explained to them. Almost everyone we interviewed reported some kind of restrictive covenant applying to their property, but very few expressed any dissatisfaction with these restrictions. In fact, some actually welcomed them, recognising that they were put in place with the intention of maintaining a high standard of estate appearance – something they themselves also valued.

Examples of these types of restrictions included:

- Not being allowed to change the appearance of the front of the property
- No building of extensions
- No sheds in the garden
- Limitations on the number of pets
- No satellite dishes
- No rotary washing lines
- No motorhomes parked outside/on the driveway
- No trades vehicles
- No hens, sheep or livestock allowed on the premises
- No alcohol sales from the premises
- No brewing on the premises (Scotland only)

As far as the residents interviewed were concerned, there was no actual evidence of the restrictive covenants being enforced by the estate management company. However, a few homeowners, where they themselves felt the restriction was in some way unreasonable or unnecessary, did express mild concern that the simple fact of the covenant could impact upon the future saleability of their property.

Aside from restrictive covenants, homeowners also reported low levels of concern in relation to additional fees that estate management companies might require individual homeowners to pay in return for particular services. In the main, this was because very few homeowners in our sample could think of examples where the estate management company had charged or would charge additional fees for a service requested by an individual resident. The most commonly mentioned example was an awareness that a fee would be charged if and when the homeowner wanted to sell their property, at which point they would be charged for a 'seller's pack'. This was seen as reasonable and expected.

No one in the research used the term 'rentcharges', but one area where homeowners on two different estates did express concern was in relation to ground rents, sometimes referred to (by the participants) as peppercorn rents. The reasons for these being charged were not always clear to homeowners, which was one of the concerns they had about them, but of far greater concern was the perception that these rents infringed the homeowner's rights as a freeholder.



We still have to pay a £1 ground rent which apparently means a charge is placed against the house at the Land Registry. We're not sure what this means but it feels a bit threatening. We're freeholders, so why are we paying ground rent?

Retired couple, Freehold, Detached 4-bed, Small developer, England

The paperwork relating to the quote above can be seen here.

... pack contains information about your new charges and balances brought forward
 you have made a remittance over the last few days it might not reflect
 balance brought forward.

CHARGES SUMMARY		TOTAL £
Balance Brought Forward		1.00
State S/Chg		515.83
State Reserve		35.61
Ground Rent		1.00
TOTAL		553.44

Being a freeholder was something that many homeowners spoke about with a sense of pride, particularly first-time buyers. Therefore, anything which might appear to infringe upon this was viewed with a strong sense of dissatisfaction and indignation. Overall, there were very few examples across the research where homeowners felt their rights as freeholders were being infringed, but the application of ground rents was the most notable example. Where these had been applied, residents did not feel they had been given prior warning pre-sale, but instead it had come to light once they were in the property.

The only explanation for these peppercorn rents, offered by one homeowner in our sample, was that the rents were applied so that 'charges' can be laid at the Land Registry in the event that the resident does not pay their EMC. This latent threat was very unsettling for the homeowner and felt to be both unfair and unnecessary.

3.3.10. Conclusions

Based upon the interviews conducted among new-build homeowners across GB, we are able to draw a number of conclusions in relation to Estate Management Charges (EMCs). We have organised these conclusions in five themes, each theme relating back to the original research objectives set out by the CMA.

Nature of EMCs

EMCs, levied by estate management companies, are widespread on new-build estates. What these cover varies widely from estate to estate, with no discernible relationship between the scale of charges and what they are intended to cover.

Charge amounts had increased for some of the research participants since they first moved into their homes, but these homeowners did not seem to be especially worried by the rate or scale of prior increases. There was slightly more concern in relation to the potential scale of future increases, but this was more in relation to a belief that what an estate management company can charge is not subject to any restriction, rather than any concrete examples of it being likely to happen.

Perceptions of poor value for money related not to the amount charged but whether EMCs are considered fair or not in principle, and whether residents actually receive the services they pay for and/or whether those services are provided to a good enough standard.

However, some homeowners were concerned about the proportion of the overall EMC that was allocated to management fees/management overheads, with these homeowners considering the amount to be unjustifiable. When the management proportion was high, it led to perceptions of poor value for money and the sense that this was a money-making opportunity for the estate management company (and perhaps even the developer when they have appointed the estate management company).

Additional fees, rentcharges, and contractual restrictions

A small proportion of participants in the research were aware that the estate management company might charge additional fees to provide certain services to individual homeowners. For example, a few participants thought they would be charged for a 'sales pack' if/when they came to sell their property – but no one (by definition) had experience of this. A few also speculated that the estate management company might charge them an administration fee if they wanted to pay their EMC in instalments rather than in one lot annually (but had never asked whether this was the case). Otherwise, the incidence of additional fees did not appear to be widespread, although this may reflect low awareness amongst homeowners about the potential for such charges, or that homeowners had only been living in their properties for a short amount of time.

None of the participants in the research used the term 'rentcharge(s)'. However, homeowners on two estates did tell us about needing to pay "peppercorn rents" to the estate management company and this was very unsettling for them as it challenged their view of themselves as freeholders.

Almost everyone we interviewed reported some kind of contractual restriction ('restrictive covenant') that applied to their property. Very few homeowners voiced any dissatisfaction with these restrictions, although some did express mild concern that they could impact upon the future saleability of their property.

Transparency issues

There was no evidence that the buyers of new-builds in our sample went into the purchase without knowing that EMCs would be levied at some point post-sale.

However, while awareness that EMCs would be levied was not an issue, lack of transparency around what the EMCs do and do not cover was an issue, with many residents not at all clear about exactly what is covered by their charges. This had led to perceptions of poor value for money in some cases.

There was also a lack of clarity around when charges would become due. After the estate as a whole is finished? When their phase of the development is finished? When the public amenities and infrastructure are of sufficient quality?

None of these issues were factored into the purchase decisions of prospective homeowners – they only arose post-sale.

Enforcement

While there was some evidence of *threatened* enforcement, there was no evidence of *actual* enforcement to recover outstanding charges among our research participants. Several had received 'final demand' letters, an example of which did make reference to further steps in collecting debt, and these had tended to result in residents complying with the demand. In addition, on one estate, the cost break-down of their EMCs included provision for court cases, so it is reasonable to conclude enforcement is happening.

Satisfaction with EMCs

The initial quality of the communal green areas and other public amenities on estates appeared to be good, but these levels had not always been maintained over time, or evenly throughout estates. In a sizeable minority of estates, basic maintenance of communal green areas and/or public amenities was seen as either patchy or of a poor standard. Not fulfilling this basic estate management function had led to poor value for money perceptions and high levels of annoyance among homeowners. There were also some estates where the development was not yet completed and residents of the early phases were paying EMCs that covered amenities/services they did not get to use fully or at all at the time of interview.

In a substantial minority of interviews, infrastructure (roads; lighting; drains and sewers; pumping stations) was also said to not be well-maintained, but here the responsibility for its management could be unclear. Resident frustration with this situation was apparent, but they were not at all sure how to go about resolving their concerns.

Disputes between estate management companies and residents seemed to be relatively infrequent. Residents were more likely to complain on Facebook/WhatsApp groups than withhold payment or make a formal complaint to their estate management company.

Disputes between estate management companies and developers seemed more common, although a feature still of only a minority of estates covered in the research. These generally involved disagreements over who is responsible for what and seemed to be left unresolved for some time, with residents unclear as to whether or how they would reach a resolution. Many homeowners would prefer the relevant authority to adopt the infrastructure on their estates, but a lack of clarity as to who is currently responsible for them, along with the fact that these amenities are not always built to adoptable standards, created barriers to adoption.

Service levels varied widely. Most minor issues relating to estate management did get resolved eventually, but these could take a long time (months), which homeowners found frustrating. Some estate management companies are very responsive though.

RMCs

Very few of our participants had considered setting up an RMC or knew whether that option was potentially open to them.

When the idea was put to them, they liked the apparent control over estate management and transparency over costs that an RMC would give them.

However, there was very little appetite to set one up for a variety of reasons:

- Expertise required in estate management (especially on large estates)
- Potential to be dominated by residents with specific issues/time on their hands
- Too many unresolved responsibility issues ongoing which residents do not want to deal with

The most attractive idea was for a residents' committee that appoints an estate management company to manage the estate, meaning that company is fully answerable to the residents, rather than, as currently perceived, appointed by the developer and either not answerable to anyone, or only to the developer.

While very few participants believed they lived on an estate where an RMC was in place, it is possible that their understanding was mistaken.

Switching

Homeowners felt estate management companies are imposed on them by the developer, with no say from the residents. It was unclear to most homeowners whether they can switch or remove an estate management company.

3.3.11. EMC Case Studies



Retired couple | England | Moved in 2019

Freehold detached | Small developer

Owner's rating of value for money



EMC case study 1: Dispute about a pumping station

Context

This retired couple previously lived in the countryside. They wanted to move to somewhere with more amenities and better connections, while retaining a rural 'feel'. They also wanted a house and garden where no extra work would be required, with some space for a shed.

Pre-sale

They were aware that EMCs would be levied prior to purchasing the property. The developer told them (in 2019) that the plan was to hand over estate management to the residents to manage as soon as feasible. At the moment, an estate management company is looking after estate management. Their latest charges were for over £500 a year (compared with £400 p.a. that the couple were quoted pre-sale). They feel the fee rises since 2019 are a bit steep at 25% over 4 years, but just about within the bounds of acceptability.

Issues

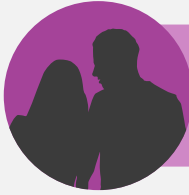
There were two major issues:

1. **Pumping Station (which is currently not working properly):** The couple were told it would be adopted by the local water company, but the water company won't adopt it because it has not been built to its Local Practice standard (what the Sewerage Sector Guidance refers to as "Pumping station requirements beyond those in the Design and Construction Guidance (DCG)"). The developer's position is that the pumping station has been built to the standard required by the DCG and that is the limit of their obligation to the estate's homeowners. The estate management company won't touch it. There is an impasse, and residents are concerned that they will need to pay the water company for work to bring the pumping station up the adoptable standard (at a cost estimated by the water company of c.£100k), or directly bear the considerable expense of repairing or replacing the existing pumping station should it break down completely.
2. **Peppercorn Rent:** The estate management company is charging £1 per annum nominal rent. The couple are unsure why, but residents think it's to ensure the EMC is paid (non-payment could result in a 'charge' laid against a non-payer at the Land Registry).

Resolution

The couple is active on Facebook and did get the estate management company and the developer to try to resolve the pumping station issue in particular (and also address other issues). A meeting took place, but no resolution of the issues could be found. Active residents have written to the local MP who raised the issue with the Housing Minister, but this was pushed back onto the residents. Residents are left feeling impotent, with – as they see it – no further avenues for dispute resolution.

"The covenants said the pumping station would be adopted by the water company. But it's not been built to the right standards, so the water company have said they won't adopt it."



Couple in late 30s | Scotland | Moved in 2021

Freehold detached | Medium developer

Owner's rating of value for money



EMC case study 2: Minor issues leading to average satisfaction

Context

This couple owned their previous home but were looking for more space as their family expanded (they now have three young children).

The couple knew they needed at least a five-bedroom house to accommodate everyone, plus the husband now needed a home office. The couple also really wanted a bigger garden. They were keen to stay in the area so that their children could stay in the same schools. They were open-minded about the type of house – but felt that the housing options were quite limited in the area. They saw the development being built as they drove past often – and liked the idea of a new-build as a 'blank slate'.

Pre-sale

The couple contacted the sales representative for the development and were shown the plans and some photos. They couldn't see the house as it hadn't been built – but they were able to see the same style house in another development not too far away.

All contact with the developer was very positive – they were very 'friendly and accommodating' at that time. The couple had a lot of questions about the process which the developer was happy to answer, and they were able to negotiate the inclusion of white goods. They were told about property factor fees which made sense.

Issues

Currently they pay £27.61 every quarter to the property factor – and are aware that this includes landscaping and upkeep of the community hub for the development. They are not unhappy with the actual fee as it feels like a nominal amount but equally the couple doesn't see it as value for money because they never really see the property factor doing anything in the estate.

In addition, the community hub is currently not in use. They were told this could be used for get-togethers and children's parties but it's always locked up and there is no booking system for it.

Resolution

The couple has not personally had any contact with the property factor. But there is a Facebook group for the development which the husband is part of and he is aware that other homeowners have made complaints to the property factor. So far, there has been no movement on the community hub and so they are annoyed that they are paying for something they can't access. They don't have much faith in the property factor – as this should have been a simple thing to manage. They have the feeling that some would prefer an RMC – but they are not sure that this would be any more efficient.

"They don't come across like a well-oiled machine. There's nothing I can see that makes me think they (the property factor) are doing a good job."



Couple in their 70s | England | Moved in 2021

Freehold detached | Medium developer

Owner's rating of value for money



EMC case study 3: Considering going to Legal Ombudsman

Context

Having recently retired, this couple were looking to downsize from their family home. They hoped to find a smaller property with lower maintenance and in a location with a community feel. Their previous home had sold, and they were living in a rented holiday home, so were under pressure to find a new property – but in a highly competitive market.

Having had offers on a couple of older properties fall through, they eventually settled on a new-build that appealed for being low maintenance, in a desirable location, at a reasonable price, and a potentially quick transaction process.

Pre-sale

The couple visited a show home which they were very impressed with – it felt spacious and modern with a good amount of outdoor space for their dog. They were also shown plans for the wider development which depicted an impressive amount of green, open space which appealed.

After speaking to the sales representatives, they requested some specific features for the home (e.g. flooring and kitchen upgrades). The developer required them to pay for these upfront, before seeing or signing the contract which made them feel 'tied in' at a very early stage.

Issues

During the contract-signing process, the couple raised questions about the EMCs. They asked the developer and solicitor (who was the one recommended by the developers) what the charge amount would be, what it would cover, and what their role would be, because they were being asked to become Directors of a management company.

They were asked to sign-off plans for the whole estate, as well as a document making them 'Directors', something they did not feel comfortable with. After contacting the developer and solicitor repeatedly, their emails were ignored and questions unanswered. Eventually, the couple felt they had to go through with the purchase regardless as they had already made a large payment upfront which they did not want to lose.

Resolution

Since moving in, the couple have continued to ask questions about the EMCs as they are still unsure what the charge amount covers beyond maintenance of the communal green spaces. On receiving their first bill, the couple felt the breakdown of costs was 'unrealistic' and were concerned as to how much went toward 'admin'.

The couple continues to seek answers to their questions and have even contacted their local authority to try to get clarity as to why they've been asked to be Directors. They will also seek advice from the Legal Ombudsman about the solicitor as they perceived the solicitor to be 'on the side' of the developer rather than the buyer during the process.

"What are my legal responsibilities if I'm being put as a Director on this company?"



Couple in their 30s | Scotland | Moved in 2018

Freehold terraced | Large developer

Owner's rating of value for money



EMC case study 4: Topic is not front of mind

Context

This young couple had been renting a flat and saving to buy. The competition for properties was fierce when they were looking; they couldn't afford to compete and kept putting in bids but losing out to others, so they started to look for new-builds.

They wanted somewhere central, not a rural area with no amenities, and to be near outside space like a park or beach.

Pre-sale

They saw one new-build where the location wasn't very desirable and the rooms small, so decided against it. Then they saw their current home, a bigger terraced townhouse with a garden, and immediately bought it off-plan. It was impulsive for a big purchase, and not typical of their behaviour. The fear was that if they didn't put down £250 holding fee there and then, they would miss out again. It was exciting but terrifying, but they thought, 'for £250, if it doesn't work out it's not the end of the world'.

Who the developer was didn't play a role in the decision. They had heard of the developer but didn't know anything about them, good or bad. They only read up on them after they had bought the house! It was a risk buying off-plan, but one they were willing to take.

During the sale, the communication wasn't always great which led to a few minor frustrations e.g. they missed the window to request a shower being added over the bath.

Issues

They were not familiar with the concept of a factor fee, but this was explained during the sales process. The fee varies a little each time. The last one was for a 6-month period (Nov 2022-May 2023), and it was £43.43 for insurance, management fees and grounds maintenance. They have no idea if the fees are fair or not, but they're small enough so they just pay them.

The development has solar panels, and some neighbours wondered where the energy goes and if and how the residents benefit. The bike storage is regularly broken into as well and others are asking for better security.

Resolution

There is a residents' Facebook group. Some residents speak to or email the factor about issues, but the couple don't themselves feel the need to engage with the factor.

"Overall, it's neither here nor there. They (the property factor) are not fantastic, equally they're not awful. I've got no reason to interact with them."

4. Homeowners' suggested areas for improvement

At the end of all interviews, participants in the research were asked to suggest what the CMA should explore as part of its market study, based upon the prior discussion. A few areas for improvement were suggested.

Jigsaw asked participants: if new rules or regulations were introduced, what should these focus on? This question was asked at the end of the interview via direct prompting from the interviewer, following up to 60 minutes of discussion about their experiences of new-build quality or EMCs.

Many were unsure or did not feel qualified to answer, but often did suggest areas for general improvement.

These were not spontaneously made; nevertheless, they are indicative of what new-build homebuyers would ideally like to be different. Suggestions covered a variety of themes and specific ideas, some of which relate to quality, EMCs, or both.

4.1. Quality improvements

Snagging and warranties

- Ask an independent body to provide a 'snagging report' which the developer is legally bound to act upon
- Formalise a 'grace period' during which the developer has to address snagging issues (i.e. the developer could not enforce a shorter window to report certain types of concern than the current, standard two-year developer liability period under the new-build warranty)
- Increase the standard developer liability period beyond the current two years up to potentially five years
- Create rules for a developer or estate management company to address issues within a certain time limit (SLAs)

Community and Amenities

- Requests for a minimum level of provision of certain facilities, such as community spaces, playgrounds, GP surgery, schools etc in new-build developments

Transparency and Accountability

- Open communication from the developer to residents about the future plans for an estate, with some way for residents to hold a developer accountable for delivering on the plans
- A mechanism to make developers more accountable for promises made during the sales process around any aspect of the property or the wider estate
- Require developers to provide owners with property plans/schematics on request

4.2. EMCs

Transparency and Accountability

- Improve transparency during property transactions, including a breakdown of what EMCs cover and clarity around contracts with estate management companies
- Greater role for homeowners in reviewing and selecting estate management companies
- Mandatory quarterly meetings between residents and estate management companies
- Outlaw usage of peppercorn rents to force homeowners into paying EMCs

EMC amounts

- Some calls for more reasonable and controlled EMC increases over time. Could they be pegged to CPI?
- Suggestions for discounts on council tax where also paying EMCs
- Require estate management companies to provide estimates of future costs as well as the creation of a “sink” (contingency) fund to hedge against any major future expenses

Regulations and Compliance

- Suggestions for an ombudsman (or other dispute resolution mechanism) to address disputes between homeowners and the estate management company or developer. This process should also resolve disputes between developers, estate management companies, and relevant authorities
- Create rules for a developer or estate management company to address issues within a certain time limit (SLAs)



The quality of drainage is poor and has caused significant problems for residents ... maybe independent signing-off (by the council) should be mandated. Even when repairs were made to the drains, they were not independently checked that they worked properly. They were just approved by the developer – it's marking their own homework.

Couple in their 60s, Detached 4-bed house, Medium developer, England




It definitely needs to be mandated that estate management companies give detail about what actually they're using the money for, for example, on this estate if everyone pays £100 they'd collect £100k each year. They should be obliged to show evidence of what they are using this for. And also explain more the difference (in EMC amounts) between flats and houses on estates.

Couple in 40s and child, 3-bed house, Large developer, Scotland

5. Appendix

5.1. Advance letter to residents



CMA
Competition & Markets Authority



STRAT 7
JGSW



Lake
Market Research



To the Resident(s)
 Add 1
 Add 2
 Add 3
 Add 4
 Add 5
 Postcode

3 August 2023

Dear Resident(s),

The **Competition and Markets Authority (CMA)** is working with Lake Market Research and Jigsaw Research – independent opinion research companies – to understand how people feel about the quality of new-build homes and the management of new-build estate amenities.

You may be able to help us with our research!

Why get involved?
 The CMA is an independent government body and the UK's lead competition and consumer authority. As part of our role, we work to ensure that consumers get great choices and fair deals when they buy goods and services. Currently, the CMA is examining the housebuilding sector: how it functions, how well it performs for consumers and other stakeholders (including local communities), and how it might work better. By getting involved in our research, you will make a key contribution to the evidence we consider as part of this study, ensuring that the views and experiences of people like you are fully and accurately reflected in our conclusions about how well the housebuilding sector is delivering the homes that people need.

What happens next?
 Lake Market Research interviewers will be conducting door-to-door surveys in your area between <date> and <date> 2023. They will show you photo ID so that you know who they are. If you agree, they will ask a few questions to establish your household's eligibility for taking part in the research and then make an appointment for a follow-up interview at a later date with a researcher from Jigsaw. When they knock, we would be really grateful if someone in your household could answer the door, and even better, agree to participate in the research.

Participation in the research is voluntary, and everyone who takes part in a follow-up interview with a Jigsaw researcher will receive a direct bank payment of [redacted] as a thank you for their time. Your personal data and interview answers will be used and stored (processed) fully in line with the UK GDPR (please see below for more details).

If you would like to confirm the credentials of Lake Market Research and Jigsaw Research, please call the Market Research Society's verification service for free on 0800 975 9596. If you have any queries about the research itself, please contact [redacted]. Finally, if you would rather not be approached about taking part in the research, please call Lake Market Research for free on [redacted]. When calling, please quote this reference number: <Reference number>





Page 2

We very much hope that you will want to help us with this important study.

Yours sincerely,

[Redacted signature]

[Redacted name] The Competition & Markets Authority

More about the CMA, your personal data, and data protection

As part of its work, the CMA often asks consumers in a particular market to take part in research. To inform the evidence-gathering for its Housebuilding market study, the CMA has asked Lake Market Research and Jigsaw Research [the research companies] to contact and interview a sample of consumers who live in a "new-build" home.

The CMA understands that the property at this postal address is a new-build, based on information provided to us by one of five new-build property Warranty Providers (Build-Zone, ICW, Lockton Checkmate, MD Group and NHBC).

Under s174 of the Enterprise Act 2002, the CMA has statutory (legal) powers to obtain customer lists from parties to a CMA investigation, and to share these lists with a research supplier for use as a sample. On this occasion, we have used our powers to require each of the named Warranty Providers to supply full postal addresses for all residential properties built for private sale in England, Scotland, and Wales and insured by the Warranty Providers since 1 January 2018. The Warranty Providers have not been required to provide, and have not provided, any information to the CMA about individual warranty-holders (that is, the owners of the properties concerned) such as their name, email address or telephone number.

Personal data is data that allows an individual to be identified (either directly or indirectly). A postal address may be indirectly disclosive of an individual and therefore the CMA, and the research companies (as the CMA's agents), may be processing your personal data. The CMA's legal basis for processing customers' personal data is that the processing is necessary for the performance of a task carried out in the public interest (public task) or in the exercise of official authority vested in the controller (GDPR Article 6e). Because the CMA has statutory powers to process your personal data, the CMA does not need your consent to process your personal data under data protection law.

You can read more about how the CMA, as a Data Controller, processes personal data (including the contact details for the CMA's Data Protection Officer, information about your rights in relation to your personal data, and details of how to exercise those rights, including how to complain to the Information Commissioner's Officer) in the CMA's Privacy Notice. You can find a link to this document (titled 'Personal information charter') on the CMA's homepage at: www.gov.uk/government/organisations/competition-and-markets-authority. You can read more about Jigsaw Research's privacy policy here: <https://www.jigsaw-research.co.uk/privacy-policy/> and about Lake Market Research's privacy policy here: <https://www.lake-research.com/quality>.

While the CMA's market study is ongoing, the CMA, and the research companies, will process your personal information, securely at all times. Your personal data will be processed for the purposes of this research project only. All your personal information will be securely deleted on conclusion of the CMA's Housebuilding market study.

If you agree to be interviewed by the research companies, you agree to the processing of any additional personal data you share with them during your recruitment to the research and/or during your interview. This personal data will not be shared with the CMA, or any third party, in a way that would allow you to be individually identified. Please note that by agreeing to be interviewed, you will also be agreeing to the CMA processing aggregated data from which you cannot be individually identified, in the form of Jigsaw Research's report on the findings from the research for the CMA. Again, this personal data will be processed for the purposes of this research project only and securely deleted on conclusion of the market study.

Please note that the CMA and the research companies cannot provide any information or advice about the warranty for this property. For any queries about the warranty, please use the following details to contact the relevant Warranty Provider:

Build-Zone: [Redacted]	MD Group: (Premier Guarantee brand)	Lockton Checkmate:
ICW: [Redacted]	[Redacted] (LABC Warranty brand)	NHBC: [Redacted]

5.2. Screener

SCREENING/ELIGIBILITY QUESTIONS FOR FACE-TO-FACE RECRUITMENT

Good morning/afternoon/evening. My name is ... from Lake Market Research, an independent research agency

INTERVIEWER: SHOW IDENTIFICATION CARD

We're recruiting people for research interviews on behalf of the government body, the Competition and Markets Authority.

The research is about people's experiences of buying and living in a new-build home. The CMA wrote to you recently about the research – do you remember getting the letter?

IF DIDN'T RECEIVE/DON'T REMEMBER – SHOW COPY OF LETTER AND REITERATE THE KEY POINTS/ REASSURE ON ANY POINTS OF CONCERN – THE RESEARCH PURPOSE, THAT THIS IS THEIR CHANCE TO GIVE FEEDBACK TO THE GOVERNMENT COMPETITION AND CONSUMER AUTHORITY, MRS CODE AND CONFIDENTIALITY AND INCENTIVE.

The research will involve two stages:

- Firstly, there will be a short interview today which will help us to identify a range of people who have bought new-build homes.
- If your household is eligible to take part, there will then be a second, longer interview at an agreed date and time with the person (or people) in your household who was (were) most involved in dealing with the builder/developer during the buying process, where we will ask you to talk about some of your experiences in detail.

I'm able to offer eligible households £XX as a thank you for being interviewed.

Is now a good time for me to run through a few questions to see whether your household is eligible to take part in the survey?

INTERVIEWER:

IF YES, THANK AND GO TO QS1.

IF NO, MAKE APPOINTMENT (OC17 OR OC18)

IF REFUSED, THANK & CLOSE (OC09)

HOUSEHOLD ELIGIBILITY QUESTIONS

QS1. Can you tell me who owns this property? By own, I mean whose name appears on the mortgage agreement or the deeds? **MULTICODE OK CODES 1-4**

1. Respondent
2. Respondent's partner/spouse
3. Someone else who lives at the sample address

4. Someone else who doesn't live at the sample address **IF SINGLE CODE, THANK & CLOSE (OC10)**
5. Property owned by/rented from a housing association/housing co-operative/local council/registered provider/registered social landlord OR a private landlord **THANK & CLOSE (OC11)**
6. Prefer not to say **THANK & CLOSE (OC9)**
7. Don't know/can't remember **THANK & CLOSE (OC9)**

QS2. Is your household the first one to live in the property – in other words, was it brand new when your household moved in?

1. Yes
2. No **THANK & CLOSE (OC12)**
3. Don't know/can't remember **THANK & CLOSE (OC9)**

QS3. Did your household live in the property as tenants before using the Right to Buy scheme to buy it?

1. Yes **THANK & CLOSE (OC13)**
2. No
3. Don't know/can't remember **THANK & CLOSE (OC9)**

QS4. Did your household buy the property via a shared ownership scheme with a housing association/housing co-operative/local council/registered provider/registered social landlord?

1. Yes **THANK & CLOSE (OC14)**
2. No
3. Don't know/can't remember **THANK & CLOSE (OC9)**

QS5. Has this property been formed through the conversion or renovation of an existing building?

(INTERVIEWER ADD IF NECESSARY: FOR EXAMPLE, BY CONVERTING A LARGER BUILDING INTO SMALLER UNITS, OR BY COMBINING SEVERAL SMALLER UNITS INTO A LARGER HOME, OR BY REPURPOSING A BUILDING LIKE A FACTORY, OFFICE BLOCK, SCHOOL, OR SHOP AS RESIDENTIAL PROPERTY.)

1. Yes **THANK & CLOSE (OC15)**
2. No
3. Don't know/can't remember **THANK & CLOSE (OC9)**

QS6. Is this a self-built property, or was it built by a developer? By “self-built”, I mean a property where the owner manages the construction process from beginning to end and may also take on some or all of the building work themselves.

1. Self-built **THANK & CLOSE (OC16)**
2. Developer-built
3. Don't know/can't remember **THANK & CLOSE (OC9)**

QS7. Can I double check, is your property part of what's usually called “a gated community”? A gated community is a group of homes with a boundary fence or wall and one or more controlled entry and exit points, with access restricted to the residents and their guests only.

1. Yes (gated) – **QUALIFY FOR QUALITY SURVEY**
2. No (not gated) – **QUALIFY FOR QUALITY SURVEY; MAY QUALIFY FOR EMC SURVEY**
3. Don't know – **QUALIFY FOR QUALITY SURVEY**

THOSE LIVING IN A GATED COMMUNITY QUALIFY FOR QUALITY SURVEY BUT NOT FOR EMC SURVEY

QS8. Did you buy this property ... ? (**SHOWCARD**)

1. Freehold – **QUALIFY FOR QUALITY SURVEY; MAY QUALIFY FOR EMC SURVEY**
2. Leasehold (England and Wales only) – **QUALIFY FOR QUALITY SURVEY**
3. Leasehold with share of freehold (England and Wales only) – **QUALIFY FOR QUALITY SURVEY**
4. Commonhold – **QUALIFY FOR QUALITY SURVEY**
5. Don't know/can't remember – **QUALIFY FOR QUALITY SURVEY**

WE WANT A MIX OF TYPE OF OWNERSHIP

THOSE WITH ANY TYPE OF OWNERSHIP CAN QUALIFY FOR QUALITY SURVEY BUT ONLY THOSE WITH A FREEHOLD PROPERTY MAY QUALIFY FOR EMC SURVEY

QS9. (**ASK IF QS8 = CODE 1**) As part of living here, do you pay a sum of money to cover the upkeep of the communal/shared parts of the development/estate, which is in addition to/separate from your council tax? These sums are usually called an “estate charge”, or an “estate management charge”, or an “estate management fee”, or a “freehold service charge”.

1. Yes (pay) – **QUALIFY FOR QUALITY SURVEY; QUALIFY FOR EMC SURVEY**
2. No (do not pay) – **QUALIFY FOR QUALITY SURVEY**
3. Don't know – **QUALIFY FOR QUALITY SURVEY**

CHECK QUOTAS EMC VS QUALITY SURVEY

QS10. (ASK IF ELIGIBLE FOR EMC INTERVIEW: CODE1 AT BOTH QS8 AND QS9)

Who do you pay to carry out estate management for you? (SHOWCARD)

1. Builder/developer or its agent
2. Residents' Management Company (RMC) with an appointed management company (England and Wales only)
3. Residents' Management Company (RMC) without an appointed management company (self-managed) (England and Wales only)
4. Private (third-party) Management Company (England and Wales only)
5. Property Factor (Scotland only)
6. Not sure/ don't know

FOR EMC SURVEY, WANT A MIX OF MANAGEMENT ARRANGEMENTS

ASK ALL

QS11. Which of these best describes the type of property you live in? (ASK IF NOT OBVIOUS) (SHOWCARD)

1. Apartment/flat
2. Bungalow
3. Maisonette
4. Detached house
5. Semi-detached house
6. Terraced house
7. Other (write in)

FOR QUALITY SURVEY, WANT A MIX OF PROPERTY TYPES

QS12 How many bedrooms are there in your property? Write in number

FOR QUALITY SURVEY, WANT A MIX OF NO. OF BEDROOMS

SELECTING THE MAIN RESPONDENT IN THE HOUSEHOLD

QS13. For the second stage of the research, where we interview people in detail, I need to speak to the person in your household who was most involved in deciding to buy this property and dealing with the builder or developer (or with the estate agent if there was no direct contact with the builder or developer). Is that you or someone else? **MULTICODE OK CODES 1-3**

1. Respondent
2. Respondent's partner/spouse

3. Someone else who lives at the sample address (write in)
4. Someone else who doesn't live at the sample address **IF SINGLE CODE, THANK & CLOSE (OC19)**
5. Prefer not to say **THANK & CLOSE (OC9)**
6. Don't know/can't remember **THANK & CLOSE (OC9)**

INTERVIEWER: IF TWO PEOPLE EQUALLY INVOLVED, OK TO INTERVIEW TOGETHER

IF THE PERSON WE WANT TO INTERVIEW IS NOT THE PERSON YOU ARE SPEAKING TO, AND THEY ARE NOT CURRENTLY AVAILABLE, THEN MAKE AN APPOINTMENT TO RETURN (OC17 OR OC18)

ONCE HAVE IDENTIFIED AND ARE SPEAKING TO THE MAIN/ ONE OF THE MAIN RESPONDENTS, ASK THESE QUESTIONS ABOUT THE MAIN RESPONDENT:

MAIN RESPONDENT QUESTIONS

Now we have learnt about your property and found that you are the main person involved in buying this property, we would like to ask some questions about you and your household:

QS14a. First of all, have you ever attended a market research group discussion or interview?

1. Yes
2. No

QS14b. **(ASK IF CODE 1 AT QS14a)** When was the last time you participated in a market research discussion group or individual interview and what was it about?

DATE: _____

SUBJECT: _____

IF WITHIN LAST 6 MONTHS AND SUBJECT IS SIMILAR TO THIS SURVEY CHECK WITH JIGSAW

ASK ALL

QS15. Do you, or does anyone in your household, work in any of the following occupations or industries? (**SHOWCARD**)

- | | |
|--|--------------------------|
| 1. Financial services (mortgages) | THANK & CLOSE |
| 2. Housebuilding | THANK & CLOSE |
| 3. Legal services (conveyancing) | THANK & CLOSE |
| 4. Legal services (property law) | THANK & CLOSE |
| 5. Local authority planning | THANK & CLOSE |
| 6. Property development (residential) | THANK & CLOSE |
| 7. Residential real estate | THANK & CLOSE |
| 8. Warranty/ insurance provision for new homes | THANK & CLOSE |
| 9. Journalism | THANK & CLOSE |
| 10. Market Research | THANK & CLOSE |
| 11. Politics (local, regional, or national) | THANK & CLOSE |
| 12. None of the above | CONTINUE |

QS16. **RECORD GENDER** (do not ask unless necessary)

1. Male
2. Female
3. Other – prefer own term

QS17. How old are you? **WRITE IN NUMBER AND CODE BELOW** _____

1. Under 18 **THANK AND CLOSE (OC23)**
2. 18-30
3. 31-40
4. 41-50
5. 51-60
6. 61 +

(IF THERE IS A SECOND RESPONDENT WHO IS ALSO BEING INTERVIEWED)

QS18. **RECORD GENDER OF RESPONDENT 2** (do not ask unless necessary)

1. Male
2. Female
3. Other – prefer own term

QS19. How old is <RESPONDENT 2>? **WRITE IN NUMBER AND CODE BELOW** _____

Under 18 **INTERVIEW RESPONDENT 1 ON THEIR OWN – DON'T INTERVIEW UNDER 18s**

1. 18-30
2. 31-40
3. 41-50
4. 51-60
5. 61 +

ASK ALL

QS20. Please could you tell me the occupation of the chief income earner in your household? (Probe for skills, responsibilities etc.)

TITLE/OCCUPATION: WRITE IN _____

1. A
2. B
3. C1
4. C2
5. D
6. E

WANT A MIX OF GENDER, AGE, SEG (NB. IT MAY PROVE HARDER TO FIND/RECRUIT PROPERTY OWNERS WHO ARE C2D – IDEALLY, WE WOULD LIKE SOME, SO PLEASE MONITOR)

QS21. Finally, are you, or is anyone in your household, a member of any of the following organisations or communities, a current or past user of their services, or otherwise regularly involved with them?

(SHOWCARD) MULTICODE

1. A local residents' association **(WRITE IN)** _____
2. A local campaign or pressure group **(WRITE IN)** _____

3. Citizens Advice
4. HomeOwners Alliance
5. Home Owners Rights Network (HorNET)
6. National Consumer Federation
7. Which?
8. None of these

PLEASE MONITOR TO ENSURE THAT MEMBERS OF NO ONE ORGANISATION/ COMMUNITY IS STRONGLY REPRESENTED IN THE RESEARCH. IF MORE THAN 1-2 FROM ANY ONE ORGANISATION/ COMMUNITY PLEASE ALERT JIGSAW AS MAY NEED TO EXCLUDE.

REQUIREMENTS FOR PARTICIPATING

IF THE RESPONDENT QUALIFIES, EXPLAIN THE REQUIREMENTS FOR PARTICIPATING:

QS22. We would like to interview you in your home. The interview will last up to an hour. We will send a list of the topics to be covered in advance of the interview. Your household will receive an incentive of £XX as a thank you for its participation. Are you willing to take part?

IF DECLINE IN-HOME INTERVIEW: Are you willing to be interviewed online via Zoom or Teams rather than in-home?

Yes – in home	1	CONTINUE
Yes – online interview	2	CONTINUE
No	3	THANK & CLOSE

WE ARE AIMING FOR IN-HOME INTERVIEWS, MAXIMUM 20% ONLINE

CONSENT: Thank you for agreeing to take part in our market research interview. In order to help protect your privacy, I will read out some terms and conditions that we will ask you to agree to and sign when you attend the interview.

QS23. This project is being undertaken on behalf of the CMA for market research purposes only by Jigsaw Research and Lake Market Research who adhere to the Market Research Society (MRS) code of conduct. All of the information you provide through your participation in this research project will be used for the purposes of this research project only.

Personal data is data that allows a living individual to be identified, either directly or indirectly. By agreeing to participate in an interview, you consent to Lake Research Ltd and Jigsaw Research Ltd using and storing (processing) the personal data we have collected from you during your recruitment to the research and any further personal data you share with us during your interview. Lake Market Research Ltd and Jigsaw Research Ltd will use and store (process) your personal data for the purposes of this research project only.

Your personal data and other information you provide through your participation in this research project will not be shared with our client, the CMA, in a way that would allow you to be individually identified. The responses you give during the interview will be reported to the CMA in aggregate (combined) with responses from other research participants. Only anonymised quotes will be used in our presentation and report to the CMA. Please note that you are also consenting to the CMA processing aggregated data from which you cannot be individually identified, in the form of our presentation and report for the CMA on the findings from the research.

While the CMA’s Housebuilding market study is ongoing, the CMA, Jigsaw Research, and Lake Market Research will process your personal information securely at all times. All your personal information will be securely deleted on conclusion of the CMA’s Housebuilding market study.

None of Lake Market Research Ltd, Jigsaw Research Ltd, or the CMA will share your personal information with any third party, except in the very unlikely event that we are required to do so by law.

You have the right to access and rectify any personal information held about you by Lake Research or Jigsaw Research and to withdraw consent at any time or to object/restrict any processing of your personal data. Should you wish your personal data to be deleted earlier than the conclusion of the CMA’s Housebuilding market study, or if you have any questions about how your personal information will be used, you can contact Jigsaw Research Ltd on 020 7291 0810 or by emailing datasecurity@jigsaw-research.co.uk

If you have any concerns about Jigsaw’s information rights practices, you can report it to the Information Commissioner’s Office (ICO) by calling 0303 123 1113 or via the ICO’s website.

Are you happy to proceed on this basis?

Yes	1	CONTINUE
No	2	THANK & CLOSE (OC20)

QS24. As part of this research, Jigsaw Research would like to make a digital recording of our interview with you for analysis purposes. Neither the recording itself, nor any transcript of the recording, will be shared with the CMA, and the recording, and any transcript of the recording, will be securely deleted on conclusion of the CMA’s Housebuilding market study.

Are you happy to proceed on this basis?

Yes	1	CONTINUE
No	2	THANK & CLOSE

QS25. As part of the research process, and only with your express consent on the day, a member of the CMA team may wish to observe our interview with you, but we would take efforts to protect your confidentiality in this instance.

Are you happy to proceed on this basis?

Yes	1	CONTINUE
No	2	CONTINUE

DO NOT EXCLUDE IF UNWILLING TO BE OBSERVED – RECRUIT IF ELIGIBLE AND FLAG AS NO OBSERVATION OF INTERVIEW.

QS26. As part of the research, before the interview, we would like you to take part in a short pre-task. This would involve sharing any information that you feel may be helpful on the quality of your home or the communal parts of the estate that you (and the other homeowners) pay a charge to maintain. You can share this information with Jigsaw Research by WhatsApp (in text/ audio/ video/ images format, whichever is easiest), by email or directly during the interview if preferred. This information would be used by Jigsaw Research to inform our interview with you, and for analysis purposes. Jigsaw may wish also to include images and video that you share with us in our presentation to the CMA. Efforts would be taken to protect your confidentiality: while your image constitutes personal data, no other personal data would be attached to any image of you (name, address etc.). Our presentation to the CMA will not be published or shared with any third party. Any information that you share in the pre-task will be securely deleted on conclusion of the CMA’s Housebuilding market study.

Are you happy to do the pre-task?

Yes	1	CONTINUE
No	2	CONTINUE

DO NOT EXCLUDE IF UNWILLING TO DO PRE-TASK – RECRUIT IF ELIGIBLE AND FLAG AS NO PRE-TASK.

QS27. If we needed to contact you within 6 months of your interview for any follow-up questions relating to this research project specifically, is this OK?

Yes	1
No	2

RESPONDENT DETAILS

Please can I check a few final details with you:

Respondents

DATES AVAILABLE FOR INTERVIEW: _____

MAIN RESPONDENT 1:

First name

Surname

Telephone number (landline or mobile)

Email address

OTHER RESPONDENT 2 (IF APPLICABLE):

First name

Surname

5.3. Quality research

5.3.1. Quality: Participant pre-task

Thank you for agreeing to take part in our research; we appreciate you being willing to spend time talking with us.

As explained, in this research we want to understand how you feel about the quality of your new-build home.

Please could you answer the following three questions about you and your home before the day of your interview. This will help give us some background, and we can discuss what you share in more detail when we meet.

Thank you in advance and we look forward to talking with you.

- Q1. Tell us your first name, who you live with and a little bit about the activities that you enjoy most when you are at home.
- Q2. Please tell us about the QUALITY of your new-build home. Ideally, share one to two examples of any things that are particularly good or bad to help us understand your answer.
- Q3. We also want to hear about the SERVICE you received from the developer of your home during the buying process. This could be the quality of the information provided, how well and often they communicated with you etc. Ideally, share one to two examples of any things that were particularly good or bad to help us understand your answer.

Thank you for answering our questions. It is really appreciated. We look forward to meeting you at the interview soon.

5.3.2. Quality: Interview discussion guide

Interview length 1 hour

MODERATOR: PLEASE REVIEW THE RESPONDENT'S PRE-TASK BEFORE THE INTERVIEW AS A HELPFUL STARTING POINT FOR TARGETING YOUR QUESTIONS. THE PRE-TASK WILL INCLUDE VIDEO/INFO ABOUT THEIR HOME, INCLUDING EXAMPLES OF THE QUALITY OF FINISHING; CONSTRUCTION; FIXTURES AND FITTINGS, ETC.

Jigsaw/CMA Introduction

- Introduce self and Jigsaw, an independent research agency
- The aim of the research is to understand how you feel about the quality of your new-build home. We'll start by talking about your property and the purchase, including the role of developers and then we'll focus on your experience in terms of quality after you bought it and moved in
- We're doing this research on behalf of the Competition and Markets Authority (CMA), an independent government body and the UK's lead competition and consumer authority. As part of its role, the CMA works to ensure that consumers get great choices and fair deals when they buy goods and services. Currently, the CMA is examining the housebuilding sector: how it functions, how well it performs for consumers and other stakeholders (including local communities), and how it might work better.

Ground rules and reassurances

- There are no right or wrong answers, please be open and honest about what you think and feel
- We're not trying to sell you anything and there will be no follow-up
- Only anonymised quotes and aggregated data will be published in the final report
- You will be audio and video recorded – selected anonymised audio/video clips may be shared with the project team at the CMA only (not with anyone else)

(IF RELEVANT) There are observers from the CMA project team attending this interview

A. Respondent Introduction and Warm-up (5 minutes):

- Please can you briefly introduce yourself, including your name, living situation (i.e. who else lives in your household), what you do for a living etc.?
- How long have you lived in this home?
- And how has your experience been so far? Do you feel you have fully settled in?
- How do you like the area?

MODERATOR: TAKE NOTE OF ANY GRIEVANCES VOICED AT THIS POINT BUT DON'T PROBE ON THEM YET. SAY WE WILL COME BACK TO THEM LATER IN THE INTERVIEW.

B. Purchase of the property (10 minutes)

Let's take a step back and talk a little bit about the time when you purchased the property X years ago...

MODERATOR NOTE: WE ARE INTERESTED IN NEW-BUILD PROPERTIES PURCHASED SINCE 2018. IF THE PARTICIPANT HAS BOUGHT MORE THAN ONE NEW-BUILD PROPERTY SINCE THEN, THEY SHOULD FOCUS ON THE ONE THAT THEY WERE RECRUITED AGAINST AND CAN REFERENCE THE OTHER AS A POINT OF DIFFERENCE WHERE RELEVANT.

- What was your situation then? **PROMPT IF NEEDED:** For example, living in rented accommodation, (if couple) living in two separate properties, owned a different property etc.
- Was this the first time (either of) you had bought a property or had (one or both of) you already owned another property?
- **IF NOT FIRST-TIME BUYER(S):**
 - What made you decide to purchase another property?
 - Was this the first time you bought a new-build?
- How long had you been planning to purchase a (new) property?
- How did you find the process of looking for a property to buy? Can you tell me a little bit about any particular pitfalls and challenges you encountered? **MODERATOR: LISTEN FOR BUT DON'T PROBE FOR COMMUNICATION WITH DEVELOPERS.**

I'd like to understand a little bit more about the factors that you considered when you were looking for a property to buy...

- Aside from the cost of the property, what were the key factors in your decision-making about which property to buy?
- **PROBE FOR:**
 - Overall appeal of the property
 - Quality of the property
 - How quickly the property was available
 - Area in which it is situated (i.e. access to amenities etc.)
 - The appeal of the wider estate
 - Anything else?
- What about the fact that it was a new-build? Was that an important factor in your search? How important compared to other factors?
 - Did you look exclusively for new-build properties, or did you also consider older properties?
 - **IF ONLY CONSIDERED NEW-BUILDS:** Why?

- **IF CONSIDERED NON-NEW-BUILDS:** Compared with a new-build, what did you see as the particular pros and cons of older properties? And why did you go for a new-build rather than an older property in the end?
- What about the property itself were key factors in your decision-making? Before we talked about the overall appeal or quality of the property – can you think of any **details** that played a role in your decision-making?

MODERATOR: GIVE TIME TO THINK BEFORE PROBING.

- What about things like...? To what extent did these play a role when you viewed different properties for consideration?
 - Quality of the construction work (i.e. the structural quality)
 - Quality of the finishing work
 - Quality of fixtures and fittings
 - Energy efficiency
 - Space (e.g. the layout, overall size of property, amount of/access to outdoor space)
 - Appearance of the property (e.g. attractiveness of design of the property or materials used)
 - The appearance of the estate (e.g. amenities provided, size, appearance/design of other properties). **MODERATOR: LISTEN FOR MENTION OF UNIFORM TYPE OF ESTATES AND HOW THEY FEEL ABOUT THIS.**
- Can you tell me a little bit more about what you actually saw of the property before you bought it? **MODERATOR: LISTEN AND PROMPT IF NECESSARY:** entirely off-plan, visited show-home, visited actual home, approached a builder/architect to build home specifically.
 - **IF SHOW-HOME:** Was it the same as the property as you bought on the same development or a different style of property on the same development? Or a property on another development?
 - **IF IN PERSON:** Was it complete, near-complete, or still under construction?
 - **IF APPROACHED BUILDER/ARCHITECT:** was it an off-the-self design or a bespoke/custom design?
- So all things combined, what was it about this particular property that made you buy it?
 - Was it more about the property itself, or more general criteria?
 - How did you feel at this time? **PROBE AROUND THE EMOTIONAL AS WELL AS THE RATIONAL**
- Are you planning to stay in the property for good, or for the foreseeable future at least, or are you likely to sell it at some point?

C. Role of the developer (10 minutes)

Let's talk for a few minutes about the developer and the role they played during the purchase. By developer, I mean the business or the person who ultimately was responsible for getting the property

built and then selling it to you (even if the sales process was handled by someone else – like an estate agent or a solicitor – on their behalf).

- How important was the developer in your decision-making about which property to buy? I mean who the developer is – for example, whether they were a large/well-known/“household name” developer or a small(er) or local developer.
 - **PROBE:** Why do you say that?

MODERATOR: LISTEN OUT IF PERCEPTION THAT DEVELOPERS VARY IN QUALITY, VFM, STANDARDS OF CUSTOMER SERVICE ETC.

- Before/during the buying process, were you aware of/familiar with the Star Rating scheme from the House Builders Federation? **IF YES**, how important was that (if at all) in your decision-making?
- During the process of buying the property, did you have any direct contact with the developer of this property or was everything managed through someone else on their behalf?
 - **IF SOMEONE ELSE:** Who was that?
 - **IF DEVELOPER WAS NOT THE MAIN CONTACT:** What was the nature/purpose of the direct contact you did have with the developer?
- And thinking about any of your dealings with the {the main contact} during the process of buying the property, how would you describe that experience?
 - What went well, what didn't go so well?

MODERATOR: NEXT QUESTIONS ARE ABOUT INFORMATION TRANSPARENCY – ASK OPENLY AND DON'T PROBE ON EMC TRANSPARENCY

- How good and comprehensive did you find the information you received proactively about the property, the development/estate as a whole, and/or other aspects of the purchase before you signed the contract/paid any money?
- Do you feel you were given enough information about the property, the development/estate as a whole, and/or other aspects of the purchase before you signed the contract/paid any money?
- **IF NO:** What information was missing? What information was insufficient?
- How easy or difficult was it to get the any additional information you wanted? How long did it take usually to receive any additional information you asked for?
- And since you signed the contract/paid any money, do you think you actually were well-informed about your decision to buy this property or is there anything you realise now that you really needed more clarity on?
- Prompt: For example, information you were provided with but it wasn't presented to you in a way that was easy for you to find or understand, or you weren't made aware of before you finalised the purchase.
- What aspects of the property and estate would you have liked to know (more) about before you finalised the purchase?

- How did this developer compare to other developers you may have dealt with at the same time (positively or negatively)?
 - Why did you go with this developer rather than any of the other developers you may have dealt with? **MODERATOR: LISTEN OUT IF DEVELOPER PLAYED ANY ROLE**

MODERATOR: COVER BRIEFLY IF PARTICIPANT MENTIONS EMCS SPONTANEOUSLY AND THERE IS TIME. EXPLAIN TO THE PARTICIPANT THAT THIS IS BEING COVERED MORE SPECIFICALLY IN OTHER INTERVIEWS.

- What role did the fact of having to pay estate management charges, and the (likely) amount of the estate management charges, play in your decision-making?
 - Did you factor them in when you decided which property to buy?
 - How big of a factor was this compared to other things, such as quality of the property, size, location etc.?
- When did you first learn about the estate management charges that you would need to pay?
- How good and comprehensive did you find the information you received proactively about the estate management charges before you signed the contract/paid any money?
- Do you feel you were given enough information about the estate management charges before you signed the contract/paid any money?
 - **IF NO:** What information was missing? What information was insufficient?
- And since you signed the contract/paid any money, do you think you **actually were** well-informed about the estate management charges or is there anything you realise now that you really needed more clarity on?

D. Quality of the property (30 minutes)

I'd like to spend the rest of the interview talking about your satisfaction with the property in some detail, if that's okay with you...

- Overall, how satisfied are you with the property? Please give a number from 1 to 5 where 1 means you are extremely dissatisfied with the property and 5 means you are extremely satisfied?

MODERATORS TO TAKE NOTE OF RATING IN EVERY INTERVIEW

- Why did you give this score? Talk me through your reasoning.
- Was it more or less as you expected or were there any surprises?
 - **PROBE:** What sort of surprises did you encounter?
- What are your main issues with the property, if there are any?
- And thinking about the wider estate – for example, the quality of the communal amenities, the layout, how it looks – how satisfied are you with the estate, using the same 1 to 5 scale?

MODERATORS TO TAKE NOTE OF RATING IN EVERY INTERVIEW

- Again, why did you give this score? Talk me through your reasoning.
- Was the estate more or less as you expected or were there any surprises?
 - **PROBE:** What sort of surprises did you encounter?
- **[IF APPLICABLE]** There's a bit of a mismatch/quite a big mismatch between your rating for your property and your rating for the wider estate. Can you talk me through your thinking here – why is that?

I'd like to ask about some specific aspects of quality and how satisfied you were with each one...

- **PROBE ALL (ENSURE COVER BOTH HOUSE AND ANY OUTSIDE SPACE/GARDEN AS RELEVANT):**
 - Quality of the construction work (i.e. the structural quality)
 - Quality of the finishing work
 - Quality of fixtures and fittings
 - Energy efficiency
 - Space (e.g. the layout, overall size of property, amount of/access to outdoor space)
 - The appearance of the property (e.g. attractiveness of design of the property or materials used)
 - The “liveability” of the property (e.g. do you have the sense that the developers thought through how people live in and use their homes, for example, where the radiators, windows and electrical sockets are best placed; whether you have enough storage space; whether the kitchen appliances are positioned so that one person can be at the cooker and another person at the sink at the same time etc.)?
- **PROBE ON EACH ISSUE THEY MENTION, WHERE APPLICABLE:**
 - Would you say this is/was a minor or a major fault of the property? What makes you say that?
 - In hindsight, could you have known about this issue prior to making this purchasing decision?
 - Would this have had an impact on your decision to buy this property, at least for this price? Why? Why not?
 - How did you address this issue?
 - Asked developer to fix?
 - Fixed yourself?
 - Paid someone to fix?
 - Not fixed?
- For issues that have not been fixed: Would you mind showing me some of these issues?
MODERATOR: ASK RESPONDENT TO SHOW YOU AROUND AND POINT OUT ANY QUALITY ISSUES. ASK PERMISSION TO TAKE PICTURES WHERE QUALITY ISSUE IS VISIBLE.

- **IF NOT DEVELOPER:** Why did you [fix/pay yourself; not fix]?
- Were you aware of who you should/could speak to about quality issues? **MODERATOR: PROBE IF THEY ARE FAMILIAR WITH WARRANTY TERMS AND IF THEY TRIED TO USE THE WARRANTY.**

****** MODERATOR NOTE REGARDING WARRANTY: IN THE FIRST TWO YEARS, THE DEVELOPER IS RESPONSIBLE FOR PUTTING THINGS RIGHT, THEN THE WARRANTY COVERS THIS BUT ONLY FOR SPECIFIC ISSUES. THERE MAY BE INSTANCES WHERE PROPERTY OWNERS TRIED TO FIX SOMETHING VIA THE WARRANTY ONLY TO FIND OUT THAT IT ISN'T COVERED ******

- How satisfied were you with this process, in particular the role of the developer?
 - How would you describe the developer's response to you? (Prompt: attitude, professionalism, timeliness etc.)
 - Do you feel they behaved fairly? Why? Why not?
 - Did you raise any [other] complaints/concerns with the developer after you purchased the property? How did you find this experience? Were you satisfied with the outcome? Why do you say that?
- Earlier I asked to rate your satisfaction with the property on a scale from 1 to 5. What about the developer? How satisfied are you with the developer on the same scale, in terms of their behaviour throughout the purchase process and beyond?

MODERATORS TO TAKE NOTE OF RATING IN EVERY INTERVIEW

- Why did you give this score? **MAY BE REPEATING/SUMMARISING POINTS RAISED ABOVE**
- Overall, would you say there was any mis-match between your expectations of the quality of the property you were buying and what you got in the end?
- In hindsight, do you think you were in a position to make a reasonable assessment of the quality of the property before you made the final decision to buy it? Why do you say that?

Wrap-up (2 minutes)

Just one more question to wrap up...

If any new rules/regulations were introduced for the developers of new-build properties, what areas/issues do you think they should cover/focus on?

5.4. EMC research

5.4.1. EMC: Participant Pre-task

Thank you for agreeing to take part in our research; we appreciate you being willing to spend time talking with us.

As explained, in this research we want to understand how you feel about the communal parts of the estate that you (and the other homeowners) pay a charge to maintain.

Please could you answer the following three questions about you and your estate before the day of your interview. This will help give us some background, and we can discuss what you share in more detail when we meet. You may find it helpful to refer to any invoices or letters about your estate management charges to help you answer.

Thank you in advance and we look forward to talking with you.

- Q1. Tell us your first name, who you live with and a little bit about how you personally use the communal parts the estate where you live.
- Q2. Please tell us about the QUALITY of the communal parts of the estate that you (and the other homeowners) pay a charge to maintain. Ideally, share one to two examples of any things that are particularly good or bad to help us understand your answer.
- Q3. We also want to hear about the SERVICE you receive from the estate management company (if you have one). This could be things like how easy they are to contact, how well and often they communicate with you, the value for money they offer for homeowners like you etc. Ideally, share one to two examples of any things that are particularly good or bad to help us understand your answer.

Thank you for answering our questions. It is really appreciated. We look forward to meeting you at the interview soon.

5.4.2. EMC: Interview Discussion Guide

Interview length 1 hour

INTERVIEWER: PLEASE REVIEW THE RESPONDENT'S PRE-TASK BEFORE THE INTERVIEW AS A HELPFUL STARTING POINT FOR TARGETING YOUR QUESTIONS. THE PRE-TASK WILL INCLUDE VIDEO/INFO ABOUT THEIR HOME, INCLUDING EXAMPLES OF THE QUALITY OF THE COMMUNAL PARTS OF THE ESTATE THAT THE PARTICIPANT (AND THE OTHER HOMEOWNERS) PAY A CHARGE TO MAINTAIN, ETC.

Jigsaw/CMA Introduction

- Introduce self and Jigsaw, an independent research agency
- The aim of the research is to understand how you feel about the management of new-build estate amenities. We'll start by talking a little bit about your property purchase and the quality of your home and then we'll focus on your experience of estate management after you bought it and moved in
- We're doing this research on behalf of the Competition and Markets Authority (CMA), an independent government body and the UK's lead competition and consumer authority. As part of its role, the CMA works to ensure that consumers get great choices and fair deals when they buy goods and services. Currently, the CMA is examining the housebuilding sector: how it functions, how well it performs for consumers and other stakeholders (including local communities), and how it might work better.

Ground rules and reassurances:

- There are no right or wrong answers, please be open and honest about what you think and feel
- We're not trying to sell you anything and there will be no follow-up
- Only anonymised quotes and aggregated data will be published in the final report

- You will be audio and video recorded – selected anonymised audio/video clips may be shared with the project team at the CMA only (not with anyone else)
- (IF RELEVANT) There are observers from the CMA project team attending this interview

E. Respondent Introduction and Warm-up (5 minutes)

- Please can you briefly introduce yourself, including your name, living situation (i.e. who else lives in your household), what you do for a living etc.?
- How long have you lived in this home?
- And how has your experience been so far? Do you feel you have fully settled in?

MODERATOR: TAKE NOTE OF ANY GRIEVANCES VOICED AT THIS POINT BUT DON'T PROBE ON THEM YET. SAY WE WILL COME BACK TO THEM LATER IN THE INTERVIEW.

F. Purchase of the property and Role of the developer (5-10 minutes) MODERATOR: KEEP THIS SECTION BRIEF TO HAVE TIME TO COVER EMCS/RESTRICTIVE COVENANTS PROPERLY

MODERATOR NOTE: WE ARE INTERESTED IN NEW-BUILT PROPERTIES PURCHASED SINCE 2018. IF THE PARTICIPANT HAS BOUGHT MORE THAN ONE NEW-BUILT PROPERTY SINCE THEN, THEY SHOULD FOCUS ON THE ONE THAT THEY WERE RECRUITED AGAINST AND CAN REFERENCE THE OTHER AS A POINT OF DIFFERENCE WHERE RELEVANT.

Let's take a step back and talk a little bit about the time when you purchased the property X years ago...

- Was this the first time (either of) you had bought a property or had (one or both of) you already owned another property?
- IF NOT FIRST-TIME BUYER(S): Was this the first time you bought a new-build?

I'd like to understand a little bit more about the factors that you considered when you were looking for a property to buy...

- Aside from the cost of the property, what were the key factors in your decision-making about which property to buy?

MODERATOR: LISTEN FOR ROLE OF EMC BUT DON'T PROBE

- What about the fact that it was a new-build? Was that an important factor in your search? How important compared with other factors?
 - Did you look exclusively at new-build properties, or did you also consider older properties?
 - IF ONLY CONSIDERED NEW-BUILDS: Why?
 - IF CONSIDERED OLDER PROPERTIES: Compared with a new-build, what did you see as the particular pros and cons of older properties? And why did you go for a new-build rather than an older property in the end?

- Can you tell me a little bit more about what you actually saw of the property before you bought it?
MODERATOR: LISTEN AND PROMPT IF NECESSARY: entirely off-plan, visited show-home, visited actual home, approached a builder/architect to build home specifically.
 - If show-home: Was it the same as the property you bought on the same development or a different style of property on the same development? Or a property on another development?
 - If in person: Was it complete, near-complete, or still under construction?
 - If approached builder/architect: was it an off-the-shelf design or a bespoke/custom design?

Let's talk for a few minutes about the developer of the property and the role they played during the purchase. By developer, I mean the business or the person who ultimately was responsible for getting the property built and then selling it to you (even if the sales process was handled by someone else – like an estate agent or a solicitor – on their behalf).

- How important was the developer in your decision-making about which property to buy? I mean who the developer is – for example, whether they were a large/well-known/"household name" developer or a small(er) or local developer.
 - Why do you say that?

MODERATOR: LISTEN OUT FOR PERCEPTION THAT DEVELOPERS VARY IN QUALITY, VFM, STANDARDS OF CUSTOMER SERVICE ETC.

- During the process of buying the property, did you have any direct contact with the developer of this property or was everything managed through someone else on their behalf?
 - **IF SOMEONE ELSE:** Who was that?
 - **IF DEVELOPER WAS NOT THE MAIN CONTACT:** What was the nature/purpose of the direct contact you did have with the developer?
- And thinking about any of your dealings with the {main point contact} during the process of buying the property, how would you describe that experience?
 - What went well, what didn't go so well?

NEXT QUESTIONS ARE ABOUT INFORMATION TRANSPARENCY – ASK OPENLY AND DON'T PROBE ON EMC TRANSPARENCY YET. THIS WILL BE COVERED LATER IN THE GUIDE.

- How good and comprehensive did you find the information you received proactively about the property, the development/estate as a whole, and/or other aspects of the purchase before you signed the contract/paid any money?
- Do you feel you were given enough information about the property, the development/estate as a whole, and/or other aspects of the purchase before you signed the contract/paid any money?
 - **IF NO:** What information was missing? What information was insufficient?
 - How easy or difficult was it to get any additional information you wanted? How long did it take usually to receive any additional information you asked for?
- And since you signed the contract/paid any money, do you think you **actually were** well-informed about your decision to buy this property or is there anything you realise now that you really needed more clarity on?

- **PROMPT:** For example, information you were provided with but it wasn't presented to you in a way that was easy for you to find or understand, or you weren't made aware of before you finalised the purchase.
- What aspects of the property and estate would you have liked to know (more) about before you finalised the purchase?

G. Awareness of and Attitudes towards Estate Management Charges (20-25 minutes)

I'd like to spend the rest of the interview talking about the estate management charges you pay. You might know them instead as estate charges, service fees, or estate fees etc., but they all describe the money you pay regularly to a residents' management company, professional management company, or a property factor for the maintenance and management of the communal parts of the estate. For the rest of the interview, we'll refer to them simply as 'estate management charges'.

- First of all, how familiar (if at all) were you with the concept of estate management charges before you bought this property?
- Have you owned a property before where you needed to pay estate management charges?
- What amenities on the estate do the estate management charges cover?

MODERATOR: ALLOW PARTICIPANT TO GIVE TOP-OF-MIND ANSWERS THEN PROBE ON THE FOLLOWING:

- Estate roads **MODERATOR MUST ASK SPECIFICALLY ABOUT THIS**
- Pavements/walkways
- Drains and sewers/drainage
- Streetlighting
- Planting/landscaping in communal/shared green/open spaces (incl. grass cutting)
- Play areas/playgrounds
- Anything else?

MODERATOR: LISTEN FOR BUT DON'T PROBE FOR MANAGEMENT COMPANY'S PROFESSIONAL FEES

- Who do you pay the estate management charges to (e.g. developer, residents' management company (RMC), estate management company, property factor)? What is the name of the management company? **MODERATOR ASK PARTICIPANT TO CHECK THEIR PAPERWORK IF NEEDED**

[IF NOT CLEAR FROM THE PREVIOUS ANSWER, PROMPT]

- On new-build estate, the management company is the organisation that maintains the communal areas in a development. There are two types:
- A residents' management company (RMC) is one where the owners of each property have a share in the management company and are responsible, collectively, for the estate's upkeep. The RMC may choose to contract with a professional estate management company (or, in

Scotland, with a property factor) to deal with the day-to-day running of the estate, or it may “self-manage”.

- An estate management company (or a property factor) is a professional business to which the developer transfers responsibility for managing the estate’s upkeep after the estate is completed. The developer may sub-contract with the business to undertake the day-to-day management of the estate, or the developer may sell the responsibility for managing the estate outright to the business.

MODERATOR EXPLAIN: FROM NOW ON I’LL USE THE GENERAL TERM "MANAGEMENT COMPANY" TO REFER TO WHOEVER IS RESPONSIBLE FOR MANAGING THE ESTATE, WHETHER THAT’S A RESIDENTS’ MANAGEMENT COMPANY, A PROFESSIONAL MANAGEMENT COMPANY, OR PROPERTY FACTOR.

IF PARTICIPANT IS STILL PAYING THE DEVELOPER (I.E. ESTATE MANAGEMENT HAS NOT YET TRANSFERRED TO A MANAGEMENT COMPANY) ASK:

- How much have you paid already, or do you pay, to the developer for estate management?
 - Have you paid a lump sum (as part of the price of the property) to cover you until the estate is completed, or are you paying an amount on a regular basis?
 - **IF LUMP SUM:** can you remember in what amount?
 - **IF REGULAR PAYMENT:** how often do you pay (prompt: monthly, quarterly, annually, another frequency) and how much did you pay most recently.
 - What does this cover?
- Do you know what estate management arrangement will be put in place in due course?
 - Do you know the name of the company taking over responsibility?
 - When this will be happening?
 - Do you have a sense yet of what the annual charge will be at that point?
 - What will this cover?

IF PAYING AN RMC/ESTATE MANAGEMENT COMPANY/PROPERTY FACTOR

- What is the name of your management company?
- Has the management company changed since you first started paying the estate management charge? If so, in what way? And do you know why there was a change? [prompt: changed to a new management company, transferred to residents to manage, other]
- How often do you pay your estate management charge (prompt: monthly, quarterly, annually, another frequency)? **MODERATOR: ASK PARTICIPANT TO CHECK THEIR PAPERWORK IF NEEDED**
- Can you tell me how much you paid most recently?
- And since you first started to pay the estate management charge, has the amount you pay changed? How many times and by how much?
 - **IF NO CHANGE YET:** Are you expecting a change any time soon? By how much?

- **IF CHANGE UPWARDS:** Did you receive an explanation for why there was an increase?
 - How did this increase compare to price rises in other services you pay for? Would you say/did you feel like it was less, in line with or more than other recent typical ‘cost of living’ increases?
- **IF CHANGE DOWNWARDS:** Did you receive an explanation for why there was a reduction?
- How and when are any changes to the amount communicated?
 - Does the amount change at regular intervals (i.e. you know in advance when and by how much, so that if the amount is going up, you can plan for it)? Or are the changes irregular/ad-hoc?
 - Do you always receive notice in advance (in writing) of the amount changing?
 - Do you receive an explanation for how any increase in the amount has been calculated?
- How clear/certain do you feel about what is being covered by the estate management charge, i.e. what you’re actually paying for? **MODERATOR: ASK PARTICIPANT IF IT IS POSSIBLE TO GET A COPY OF A BILL/INVOICE OR LETTER WITH EXPLANATORY INFORMATION/ BREAKDOWN OF COSTS**
 - Do you receive a written breakdown of everything that the total estate management charge “pot” has paid for?
 - Do you receive an itemised breakdown that shows how much/what proportion of the total estate management charge “pot” has been spent on each thing?
 - Do you receive an itemised breakdown that shows how much/what proportion of **your individual charge amount** has been spent on each thing?
 - And do you know what proportion of the total estate management charge “pot” is spent on paying the management company to provide its professional services?
 - Are you generally being charged the amount you expect or have there been any discrepancies between what you were told the amount would be and what you’ve actually been charged?
 - Have you ever disputed the estate management charge for a particular period? What was the outcome of that?

QUESTIONS FOR ALL – FEES

- Have you ever struggled to pay your estate management charges?
 - Can you see yourself struggling in the future to pay your estate management charges? Why do you say that?
- As far as you’re aware, is there anything in the sales contract or the title deeds/deeds of transfer that allows the management company to charge a fee to individual homeowners for providing certain additional services?
 - **PROMPT:** For example, this could be anything from an admin fee if you want to set up a direct debit to pay your estate management charge or to update your details in their records right through to producing a Management Pack if you want to sell the property. (A Management Pack includes information about the management company accounts, service

charge expenditure and budgets, and your payment history, and confirms that a freehold property is being sold “debt free”.)

[IF YES]

- So far, have you had to pay a fee for anything extra? For what, and how much?
- Does the management company provide a “price list” of the extras it will charge for and how much it will charge?
- Has this “price list” changed over time – either what extras the management company will charge for or how much it will charge for any of the extras?
- Do you always receive notice in advance (in writing) of any changes to the extras “price list”?

[IF NO]

- Before today, were you aware that there could be something in in the sales contract or the title deeds/deeds of transfer for a new-build freehold property that allows the management company to charge additional fees?
- How do you feel about that?

QUESTIONS FOR ALL – FAIRNESS

- How satisfied are you with your current estate management arrangement **(IF STILL PAYING THE DEVELOPER: OR WHAT THE ARRANGEMENT WILL BE IN DUE COURSE)?**
 - How fair do you feel this is, i.e. having to pay estate management charges? What makes you say that?
 - How do you feel about you and other homeowners paying to maintain parts of the estate that anyone who lives locally (and doesn't contribute to the maintenance costs) can use?
 - **IF ANY CONCERNS:** What is it that concerns you? Why?
 - **IF NOT FAIR:** What would make it fairer? Why?

QUESTIONS FOR ALL – RESTRICTIVE COVENANTS

- As far as you're aware, are there any terms or clauses in the sales contract or the title deeds/deeds of transfer that limit what you can do as a freeholder?
 - **PROMPT:** This type of term or clause is often referred to as a “restrictive covenant”. Clauses like this may say, for example, that you can't make changes to your property, extend your property, or sell your property without getting the management company's permission (and they can charge you for giving their permission).

[IF YES]

- Can you tell me what the restrictive covenants cover?
- How do you feel about the restrictive covenants – do they seem fair/reasonable or unfair/unreasonable to you? Why do you say that?

[IF NO]

- Before today, were you aware that restrictive covenants can be applied to new-build freehold properties?

- How do you feel about that?

H. Transparency of EMC (10 minutes)

We talked earlier about the process of purchasing your property and the information you were given by the developer/estate agent prior to your purchase. I'd like to talk a bit more about this, with a specific focus on estate management charges and the role they played when you purchased the property...

- What role did the fact of having to pay estate management charges, and the (likely) amount of the estate management charges, play in your decision-making?
 - Did you factor them in when you decided which property to buy?
 - How big of a factor was this compared to other things, such as quality of the property, size, location etc.?
 - **ASK IF RELEVANT:** What about any restrictive covenants (such as those we discussed earlier)? To what extent did they factor in?

- When did you first learn about the estate management charges that you would need to pay?
- Before you bought the property:
 - What (exactly) were you told (if anything)? (Probe: level of detail; way in which the information was communicated – verbally/in writing; manner/tone of how it was communicated)
 - Who told you about estate management charges?
 - When were you told? For example, was it made clear to you early on in/during the sales process or did it not really emerge until it was time to sign the contract?
 - How did you feel about the prospect of needing to pay estate management charges?
 - To what extent were the estate management charges, and/or the amounts involved, a factor in your purchase decision?
 - How much of a factor were they relative to others?
 - Did this change over time (e.g. the more you learned, or depending on who you learned it from)?
- After you bought the property:
 - What exactly/what else (if anything) were you told after you had bought it? (Probe: level of detail; way in which the information was communicated – verbally/in writing; manner/tone of how it was communicated)
 - Who told you about estate management charges?
 - How did you feel then about needing to pay estate management charges?

MODERATOR: IF RELEVANT REPEAT QUESTIONS BETWEEN THE STARS ABOUT RESTRICTIVE COVENANTS.

- Overall, how well do you think you understood the financial and legal implications of the estate management charges (**IF RELEVANT: AND THE RESTRICTIVE COVENANTS**) for you as a homeowner before you bought the property? Do you feel they were fully and accurately explained to you?
- And has your sense of how well you understood the financial and legal implications changed at all since you bought the property? Why do you say that?
- Knowing what you know now, what would you do differently, if anything?
 - **PROBE:** asked more questions; not gone ahead with the purchase; not buy a property subject to EMCs in future?
 - **PROBE:** perceptions of the transparency/fairness with which developers/estate agents approach this issue
- Have the estate management charges (**IF RELEVANT:** and the restrictive covenants) affected your ability to get a mortgage on the property, or to remortgage the property?
- Do you think the estate management charges (**IF RELEVANT:** and the restrictive covenants) may affect your ability to sell this property in future? Why do you say that?
- **IF TIME ASK:** May I just check ... when you were buying the property, did you use your own solicitor/conveyancer, or did you use a solicitor/conveyancer recommended to you by the property developer?
 - **IF LATTER:** why did you use the recommended solicitor/conveyancer? And how would you describe that as an experience?

I. Satisfaction with the Management Company (10 minutes)

I'd like to spend a few minutes talking about the management company itself...

MODERATOR: REMIND PARTICIPANT – WHEN I SAY "MANAGEMENT COMPANY", I'M REFERRING TO WHOEVER IS RESPONSIBLE FOR MANAGING THE ESTATE, WHETHER THAT'S A RESIDENTS' MANAGEMENT COMPANY, A PROFESSIONAL MANAGEMENT COMPANY, OR PROPERTY FACTOR.

- Thinking about the estate management charge amount, the range of services provided by the management company, and the quality of those services, do you feel you're getting good value for money?
 - Please say on a scale from 1 to 5 where 1 means very poor value for money and 5 very high value. **MODERATOR: TAKE NOTE OF RATING FOR ALL INTERVIEWS**
 - Why do you give this rating?
- Generally speaking, how satisfied are you with the performance of the management company?
 - Have you ever tried getting in touch with them? What for?
 - How responsive are they? Are you generally satisfied with their responsiveness?

- Do they hold AGMs or provide you with annual accounts?
- **IF NOT SATISFIED:** How could they improve? What would you do if they don't improve? Who would you speak to?

FOR PARTICIPANTS WITH A RESIDENTS' MANAGEMENT COMPANY IN PLACE

- How long has the Residents' Management Company been in place?
 - **PROBE:** Since the start, or has there been a switch to the RMC from an estate management company?
- Does the Residents' Management Company self-manage the estate, or has it contracted with a professional management company/property factor to do the day-to-day running of the estate?
- How well do you think this arrangement works in practice, in terms of ensuring the communal amenities on the estate are maintained to an acceptable (or legal) standard and at a reasonable cost? Is it better/worse than the estate being managed (directly) by a professional management company?

[WHERE THE RMC SELF-MANAGES]

- How easy is it to find companies to carry out maintenance work and to ensure good service/value for money?
- Have there been any disputes between the Residents' Management Company and any of the companies it has employed to carry out maintenance? **If yes**, please explain what happened. What was the outcome? Prompt if needed: disputes could relate to disagreements about the quality of service, who is responsible for what, how much you should pay or non-payment, for example.

[WHERE THE RMC HAS CONTRACTED WITH A PROFESSIONAL MANAGEMENT COMPANY/PROPERTY FACTOR]

- Have there been any disputes between the Residents' Management Company and the professional management company/property factor it has contracted with? **IF YES**, please explain what happened. What was the outcome? Prompt if needed: disputes could relate to disagreements about the quality of service, who is responsible for what, how much you should pay or non-payment, for example.

[ALL WHERE THERE IS AN RMC]

- Are you involved in running the Residents' Management Company? If so, in what way (**PROMPT:** e.g., director)?

[FOR THOSE INVOLVED IN RUNNING THE RMC]

- What are the pros and cons of being involved in the running [**PROBE:** pros – involved in decisions; cons – liabilities as a director; burden of the work involved]?
- How well prepared did you feel to take on such a position? Are there aspects of the role that you find difficult with the information/preparation you had to take it on?

FOR PARTICIPANTS WITH A PROFESSIONAL MANAGEMENT COMPANY/PROPERTY FACTOR IN PLACE (INCL. VIA AN RMC)

- As an individual homeowner, have you had cause to make a complaint to the professional management company/property factor for any reason at any point? **IF YES**, please explain what happened. What was the outcome?
 - How satisfied or dissatisfied were you with the way your complaint was handled? Why do you say that?
 - How satisfied or dissatisfied were you with the outcome of your complaint? Why do you say that?
- Do you know if they have a formal complaints procedure in place?
 - Were you given a copy of the complaints process when you moved in?
- As far as you know, do you and the other freeholders have the option to switch to a different professional management company/property factor?
 - Have you ever done this, or considered doing this?
 - **IF YES/CONSIDERED: Why?**
 - **IF NO: Why not? PROBE PRACTICAL BARRIERS (E.G. LEGAL PROHIBITIONS) VS LACK OF INTEREST/SUPPORT AMONGST ESTATE FREEHOLDERS OR LEGAL RESPONSIBILITIES INVOLVED FEELING DAUNTING TO FREEHOLDERS**
- **[IF DIRECTLY MANAGED/NO RMC]** As far as you know, do the freeholders on the estate have the option to form a residents' management company (RMC) to take on the management of the estate (in place of the current management company)?
 - Before today, were you aware this might be an option, and do you know whether it is actually an option for this estate?
 - **IF AWARE: Have you ever considered doing this?**
 - **IF AWARE AND CONSIDERED: Why?**
 - **IF ACTUALLY PURSUING OPTION: How far have you got in the process of forming a Residents Management Company? And how are you finding the process?**
 - If aware but have not considered (or if considered but decided not to pursue): Why not? **PROBE PRACTICAL BARRIERS (E.G. LEGAL PROHIBITIONS) VS LACK OF INTEREST/SUPPORT AMONGST ESTATE FREEHOLDERS OR LEGAL RESPONSIBILITIES INVOLVED FEELING DAUNTING TO FREEHOLDERS**
 - If not aware: How appealing is the idea of forming a residents' management company to you? What do you see as the pros/cons?
 - Do you think this would be better/worse than the estate being managed by a professional management company? Why do you say that?
- Have you and the other freeholders considered applying to the council/local authority to adopt the estate roads and/or other estate amenities?
 - Before today, were you aware this might be an option, and do you know whether it is actually an option for this estate?
 - Is it something you would be interested in doing? Why do you say that? **PROBE PRACTICAL BARRIERS (E.G. LEGAL PROHIBITIONS) VS LACK OF INTEREST/**

SUPPORT AMONGST ESTATE FREEHOLDERS INTEREST/SUPPORT AMONGST ESTATE FREEHOLDERS

- **IF ACTUALLY PURSUING OPTION:** How far have you got in the application process?
And how are you finding the process?
- Have you and the other freeholders considered applying to local water company to adopt the estate drains/sewers or the drainage system?
 - Before today, were you aware this might be an option?
 - Is it something you would be interested in doing? Why do you say that? **PROBE PRACTICAL BARRIERS (E.G. LEGAL PROHIBITIONS) VS LACK OF INTEREST/SUPPORT AMONGST ESTATE FREEHOLDERS**
 - **IF ACTUALLY PURSUING OPTION:** How far have you got in the application process?
And how are you finding the process?

J. Disputes with the Management Company (5 minutes)

- As an individual homeowner, have you been in dispute with the management company for any reason at any point? What was the reason for the dispute? Prompt if needed: disputes could relate to disagreements about the quality of service, who is responsible for what, how much you should pay or non-payment, for example.
- Have you ever been threatened with action, or has action ever been taken against you, for non-payment or arrears of estate management charges or rent charges? If so, what were you told could happen/what action was taken?
- What are your views on the actions that were threatened/taken?
- Has the dispute been resolved and, if so, how was it resolved?

Wrap-up (5 minutes)

Just one more question to wrap up...

If any new rules/regulations were introduced about estate management charges, what areas/issues do you think they should cover/focus on?



THANK YOU

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