

WinckworthSherwood

NHBC Rules Update & the Insurance Distribution Directive (IDD)

The Rules

The Insurance Distribution Directive (“IDD”) came into force on the 1st October 2018.

The purpose of the IDD is to ensure that all customers are well informed about insurance products and to ensure that they are aware if the cover that does not meet their needs. NHBC (and other such warranty providers) fall within the scope of IDD as they are acting as a regulated insurer. On the 1st March 2020 NHBC set out “Rules” for Developers to follow in order to ensure compliance with the IDD.

The Rules stipulate that Developers provide the following information as soon as possible after a plot is reserved:

- Purchaser’s details - Name, correspondence address and email address for them and their conveyancer;
- Plot address - the property the developer is selling;
- Dates - exchange and completion dates;

The required information may be provided by the Developer via the NHBC portal or contacting NHBC in writing. NHBC also require that they are notified immediately of any changes. Once NHBC have received all of the required information as set out within the Rules a personalised summary of the

Buildmark policy information to the Customer.

The Rules Update

The Rules were updated on the 1st January 2021. The NHBC Rules now require the following information to be provided:

Rule 51 c) - On or as soon as is reasonably practicable following the date of the Reservation Stage, you shall provide to NHBC the Owner Data.

Rule 51 d) - At any time after the Reservation Stage, you agree, on an ongoing basis, to provide to NHBC: i) any changes to the dates for exchange of contracts and legal completion of the Home(s); ii) an update as to whether or not the purchase of the Home(s) will not proceed to legal completion (for whatever reason); and/or iii) any material changes to the Owner Data.

What this means for Developers

This means that from the point of reservation the following information must be obtained:

- the Customer’s name, correspondence address, email address;

- the Customer's conveyancer details; plot address;
- anticipated dates for exchange of contracts and legal completion;

All Developer staff should be aware that NHBC must be advised immediately of any changes to this information. Developers should ensure that there are sufficient processes in place so that they are informed of any changes to the Customers information. Developer's should frequently monitor Customers information and the reservation form should be clear that the Developer should be notified immediately of any changes to the Customers information.

Ideally a Developer should have a dedicated team that are responsible for updating NHBC. In practice this may be the Technical Team, therefore all Developer staff should ensure that there are internal processes are in place so that NHBC are fully updated immediately of any changes to the required information.

Breach of the Rules

If there is a breach of the Rules, this could jeopardise a Developers registration with NHBC.

GDPR Consideration

Customers must also be advised that their personal information will be forwarded to NHBC and consent must be expressed by the Customers in order for General Data Protection Regulation (GDPR) to be complied with.

NHBC have also expressly set out Rules as to how they hold the customers personal data and comply with GDPR.

How we can help

To summarise it is imperative that a Developer sets out at the point of reservation a clear process for the Customer. The reservation form should highlight all of the information that is required as well as notifying the Customers that their personal information within the reservation form will be disclosed to third parties. It is important that NHBC should be referenced as one of these parties.

If you require any assistance in amending your reservation form to ensure compliance with the NHBC rules and or other rules as set out within the Consumer Code for Homebuilders we have a dedicated team that will be able to assist to ensure that all of your needs are met.

For more information, please contact:



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