

NEW HOMES OMBUDSMAN CASE STUDY



The Issues

The customer complained that the boiler had not been positioned correctly in their kitchen and that they had been misled about the mortgage incentive payment.



The circumstances

- During the reservation process, two kitchen drawings were presented to the customer: one from the kitchen company showing the placement of the boiler, and another general working drawing displaying items like radiators and electric points, which included an unlabelled item on a wall but did not specify that it was a boiler.
- The customer expected the boiler to be positioned according to the kitchen company's design but was disappointed to find it on the adjacent wall. The developer provided an additional wall cupboard to enhance the area's appearance and a further item requested by the customer.
- Despite efforts to improve the kitchen's aesthetics, the customer remained dissatisfied and wanted the boiler to be relocated or concealed to improve the overall look.
- In addition, the reservation agreement included a financial incentive described as a contribution towards mortgage payments. The marketing information suggested that payments would be made monthly, although the detail clarified that the payment would be made as a lump sum. The customer later learned that the incentive would be a single payment and contrary to their expectations, the allowance was offset against the outstanding payment due from the customer upon completion. The customer initially expected the payment to be made directly to them.

The Ombudsman decision

The Ombudsman considered that the information provided to the customer during the reservation period had not been as clear as it should have been and upheld the complaint in part. It was reasonable for the customer to have expected the boiler to be placed as shown on the kitchen design as that was the only information available that identified the boiler. The developer had taken steps to address the customer's concerns but confirmed that it would not be possible to box the unit fully on either wall. The Ombudsman concluded that the look of the kitchen would not be improved by moving the boiler and full concealment was not possible. However, it would be appropriate for the developer to apologise to the customer for the lack of clarity over where the boiler would be placed.

On the financial incentives complaint, although the headline marketing material implied that regular monthly payments would be made, the customer in this case understood that the incentive was a single payment. The customer may have expected a direct payment to them, but they had not suffered any loss because the amount outstanding at completion would have been higher if the incentive had not been offset against it.

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Outcome

The complaint was **upheld in part**.



Learnings from the complaint

Developers can draw several important lessons from this case study and the upheld aspects of the complaint:

- Customer expectations regarding the visual aspects of a property depend on the drawings and information provided. Discrepancies between documents can lead to confusion and less satisfied customers.
- It is important to provide realistic options to address concerns and, when necessary, explain limitations in making changes to satisfy customer expectations.
- Marketing materials must accurately represent the nature of financial incentives to prevent misunderstandings. After buying a home, customers' financial situations are often strained and they need absolute clarity on how incentives will be paid.

Key Recommendations

- Review and enhance the clarity of documentation provided to customers during the reservation process, with a focus on specifications and cross-checking information across different documents to avoid conflicting details.
- The Ombudsman suggested that the developer assess whether such financial incentives are presented clearly enough for customers to understand how they will be implemented in practical terms.
- Review the presentation of financial incentives in marketing materials to ensure clarity and alignment with the actual terms of the incentive, specifying whether they are one-time lump sum payments paid to the customer or structured differently.

