

The Shared Ownership Council's Code of Good Practice consultation

Context

Southern Housing is one of the largest housing providers in the UK with close to 80,000 homes across London, the South East, the Isle of Wight and the Midlands. We welcome the opportunity to comment on the first version of the Code.

The Shared Ownership Council (SOC) is a cross industry body and their Code of Good Practice (the Code) is intended to be one of the solutions to improving consumer experience of shared ownership, irrespective of their location or type of property they live in.

The Code is intended to set out consumer protection standards for the marketing, selling and ongoing management of shared ownership homes. This sits alongside the SOC's broader work on reform to further raise standards.

Their intention is that organisations across the shared ownership sector will sign up to this Code and deliver their function in accordance with the criteria set out. It will be a voluntary Code, outside of regulation, and will initially apply to new properties as the standards become embedded.

Response submitted via online survey

Stakeholder information

The following questions in this section pertain to you and your organisation.

5. Is your organisation a:

- **Not-for-profit provider of Shared Ownership**
- For-profit provider of Shared Ownership
- DIY shared ownership provider
- Mortgage Lender
- Mortgage broker/advisor
- Conveyancer
- Professional body/Trade Body
- Developer/builder
- Sales/marketing organisation
- Prefer not to say
- Other

6. What property types do you provide?

- **Flat, maisonette or apartment**
- **Whole house or bungalow**
- Prefer not to say
- Not applicable

7. Which areas do you currently operate in?

- North East
- North West
- Yorkshire and the Humber
- **East Midlands**
- **West Midlands**
- **East of England**
- **London**
- **South East**
- South West
- Scotland
- Wales
- Prefer not to say
- Not applicable

8. If applicable, how many shared ownership consumers do you currently have a relationship with? (The value must be a number)

9,000.

Feedback on the Code

The questions below are to help us understand how useful the consumer Code of good practice would be to improve consumer experience of shared ownership, and to make sure that shared ownership can meet its market potential.

Within this we are keen to understand both whether you feel the code is clear and easy to understand and whether any item should be added to/or taken away from the code.

If your feedback is specific to a particular item please add the detail in the commentary boxes.

9. To what extent do you agree, or disagree, with the following statement:

"The Code would improve outcomes for shared owners/prospective shared owners".

- Strongly agree
- Agree
- **Neutral**
- Disagree
- Strongly disagree
- Prefer not to say

10. To what extent do you agree, or disagree, with the following statement:

"The document is easy to understand". (If agree, skip to q13).

- Strongly agree
- Agree

- Neutral
- **Disagree**
- Strongly disagree
- Prefer not to say

11. How could the document be improved to make it easier for you to understand?

- Reduce the number of technical terms and jargon
- Change the formatting to make it more visually appealing and easier to navigate
- Make the document available online for easier access and searchability
- Provide more examples and illustrations to clarify complex concepts
- **Include a glossary of terms to help readers understand unfamiliar terminology**
- Break down the content into shorter, more digestible sections
- Prefer not to say

12. Please add any further detail (optional)

The document could benefit from a more balanced perspective on the older shared ownership lease. By adopting a neutral tone, we can provide a clearer and more informative overview of the changes.

More broadly, the document appears to have a number of audiences, which is understandable given the scope the SOC wants to the Code to have. However, the document as drafted changes narrative voice often – in some places the document speaks to the (prospective) shared owner and in other places, to Code Members. This constant switching back and forth means the document does not read well and is likely to cause confusion on the part of the reader.

The next iteration of this draft should more seriously consider whether the intended audience is that of Code Members, or if it's an explanatory document for consumers. We believe it would be more appropriate to have the Code be written with a member audience in mind, with a supplementary explanatory document for the consumer audience.

Additionally, the definitions used throughout the document appear inconsistent and potentially misleading – for example the regular switching between 'consumer' and 'shared owner'. The document will need a thorough review to ensure clarity and accuracy before publication.

The document should also try to avoid emotive, and in particular, negative language about SO and those who provide it. For example, the Code should avoid making it sound like we use high pressure sales tactics as standard. We'd suggest that providing good guidance doesn't necessitate the implication that there is widespread sharp practice.

13. To what extent do you agree, or disagree, with the following statement: "The Code is comprehensive enough?"

- Strongly agree

- Agree
- **Neutral**
- Disagree
- Strongly disagree
- Prefer not to say

14. Are there any items that are missing from the code that you'd like to see included?

The primary audience of the Code should be providers of shared ownership and so a focus on the technical considerations over the consumer experience is appropriate. However, an additional or supporting document that provides a clear and understandable explanation for Shared Owners would be useful.

15. Are there any items of the Code that you would like to see changed within the section "Exploring shared ownership"? (If no, skip to q18).

- **Yes**
- No
- Prefer not to say

16. Why would you like to change this item?

- This item is not relevant to my experiences
- I do not think this item would support shared ownership
- The item does not feel realistic or achievable
- The language used in this item is unclear or confusing
- This item overlaps with another item in the code
- Implementing this item would be too resource-intensive
- This item does not align with my values or priorities
- The scope of this item is too broad or too narrow
- This item may have unintended negative consequences
- I believe this item should be the responsibility of another stakeholder group
- Prefer not to say

17. Please add any further detail (optional)

Pre-completion processes for shared ownership differ significantly from outright sales. While buyers have the opportunity to report defects upon completion, the pre-completion inspection process typically undertaken in outright sales is not applicable to shared ownership properties. This is due to the Registered Provider's contractual responsibility for property standards.

The document's suggestions regarding lease provisions may be unnecessary where a model shared ownership lease is in place. In such instances, the Code should clarify that additional requirements only apply to properties without a model lease.

The concept of 'sufficient information' for buyers should be aligned with the existing Key Information Document (KID) requirements. Overlapping information should be avoided to prevent confusion.

The Code should provide a clearer customer journey, outlining expectations at each stage of the shared ownership process. This would help buyers understand their rights and responsibilities more effectively.

References to advising buyers and/or existing shared owners on financial matters should be removed. It amounts to financial advice which we're not able to legally provide.

18. Are there any items of the Code that you would like to see changed within the section "Living as a shared owner"? (If no, skip to q21).

- **Yes**
- No
- Prefer not to say

19. Why would you like to change this item?

- This item is not relevant to my experiences
- I do not think this item would support shared ownership
- The item does not feel realistic or achievable
- **The language used in this item is unclear or confusing**
- This item overlaps with another item in the code
- Implementing this item would be too resource-intensive
- This item does not align with my values or priorities
- The scope of this item is too broad or too narrow
- This item may have unintended negative consequences
- I believe this item should be the responsibility of another stakeholder group
- Prefer not to say

20. Please add any further detail (optional)

We'd strongly recommend removal of any language that indicates Code Members should support shared owners with financial advice. For example, point 2.1.6 refers to telling Shared Owners about market conditions. Private registered providers are not regulated to provide this information. References to Key Information Documents (KIDS) should come in earlier.

21. Are there any items of the Code that you would like to see changed within the section "Moving as a shared owner"? (If no, skip to q24).

- **Yes**
- No
- Prefer not to say

22. Why would you like to change this item?

- This item is not relevant to my experiences
- I do not think this item would support shared ownership

- The item does not feel realistic or achievable
- **The language used in this item is unclear or confusing**
- This item overlaps with another item in the code
- Implementing this item would be too resource-intensive
- This item does not align with my values or priorities
- The scope of this item is too broad or too narrow
- This item may have unintended negative consequences
- I believe this item should be the responsibility of another stakeholder group
- Prefer not to say

23. Please add any further detail (optional)

In an additional or supporting document that directly addresses Shared Owners instead of addressing Code members, there could be the opportunity to recommend Shared Owners refer their lease and/or get independent advice if needed.

24. Are there any items of the Code that you would like to see changed within the section "Making complaints"? (If no, skip to q27).

- Yes
- **No**
- Prefer not to say

25. Why would you like to change this item?

- This item is not relevant to my experiences
- I do not think this item would support shared ownership
- The item does not feel realistic or achievable
- The language used in this item is unclear or confusing
- This item overlaps with another item in the code
- Implementing this item would be too resource-intensive
- This item does not align with my values or priorities
- The scope of this item is too broad or too narrow
- This item may have unintended negative consequences
- I believe this item should be the responsibility of another stakeholder group
- Prefer not to say

26. Please add any further detail (optional):

27. Are there any items of the Code that you would like to see changed within the section "Monitoring and sanctions"? (If no, skip to q30).

- **Yes**
- No
- Prefer not to say

28. Why would you like to change this item?

- This item is not relevant to my experiences
- I do not think this item would support shared ownership

- The item does not feel realistic or achievable
- The language used in this item is unclear or confusing
- This item overlaps with another item in the code
- **Implementing this item would be too resource-intensive**
- **This item does not align with my values or priorities**
- The scope of this item is too broad or too narrow
- This item may have unintended negative consequences
- **I believe this item should be the responsibility of another stakeholder group**
- Prefer not to say

29. Please add any further detail (optional):

Private registered providers are already regulated and audited for a variety of reasons including:

- To reassure lenders who provide us with funding
- To maintain standards that Government and the public expect
- And most importantly, to ensure fairness and transparency for our consumers.

The Regulator of Social Housing has a number of regulatory and enforcement powers at its disposal, including the ability to issue unlimited financial penalties should registered providers fail to meet its consumer standards.

Given this context, we're not convinced there is need for additional sanctions. We'd suggest the Code makes clear the existing processes that registered providers must follow, including those of the Regulator of Social Housing, without creating an additional process.

We don't believe introducing the Code in this way – requiring all providers to sign up from inception with monitoring and sanctions – is the best approach. We'd instead advocate for its introduction as guidance, improving it with time and real-world learning before introducing sanctions and monitoring for those signed-up.

30. If you have any other commentary please add it to the box below.

The Code seeks to improve consumer satisfaction in shared ownership, an idea we support. But we question whether a quasi-mandatory Code is the right approach, and if it were, we believe the Code as drafted isn't fit for this purpose.

Our understanding is that many of the challenges identified as being specific to shared ownership are in fact generic issues faced by residents across housing tenures. Some are related to living in large blocks where service charges relate to living in big blocks or estates and the housing market itself. They're not specifically about the marketing of shared ownership. Indeed, some of the issues with satisfaction relate to being a property owner and the risks and costs that has, especially considering the lower levels of equity we're dealing with here. Few levers are available to us to meaningfully change buyers' and owners' experience of shared ownership given the types of controls in place that set out how we conduct business. For example, the capital funding guide sets out how we offer

someone shared ownership. A very useful thing the Code could do is setting out for consumers that buying equity carries risks and setting out what those risks could be.

A good practice guide could be a useful first step for creating shared standards of customer service. But we question whether a code of conduct alone will significantly improve customer satisfaction. We shouldn't expect this to turn the dial on dissatisfaction in difficult cases, where shared ownership is being 'scapegoated' as the cause and people in difficult positions feel dissatisfied. However more explicit explanation at point of purchase may help make sure buyers go into the sales process 'with their eyes wide open'.

The Code should look at supporting Shared Ownership as a middle ground option which provides an affordable quality secure home and press for its acceptance as that for those who buy it and those that are involved in its supply.

We're more inclined to support a guide to good practice that isn't a *De Facto* mandatory code, especially as a first step rather than rushing to a code and potentially entrenching something with unexpected consequences. We have some concerns about how ambitious – and in some places unfeasible – the content is. We set these out by theme below.

Supporting consumer understanding and experience: Dissatisfaction with shared ownership often stems from the way it's sold, described, and what being a shared owner means in law. The consumer version of the Code should explicitly address these points.

Inconsistently written: We believe the Code itself is written without consistency in tone of voice or audience. It switches audience and narrative voice many times, and conflates 'consumer' with 'buyer' and 'owner' in many instances. It would need to be quite extensively re-written to be near the quality of comparative documents. As stated previously, our view is the Code should primarily be aimed at providers of shared ownership, with a supplementary document explaining 'what this means for me' to consumers.

Negative language: We are on-board with the concept of self-regulation, intended to demonstrate the industry's commitment to best practice and consumer protection. But in many places this draft starts from a negative position. For example, p15, point 1.1.16: "The Code Member must not use high-pressure selling techniques...". The Code being overly negative about the product/providers it regulates is problematic because it could:

- erode consumer trust in the industry
- lead to adverse media coverage
- create friction among stakeholders meant to sign up

Lack of detail: The terms 'fair' or 'fairness' are referenced 15 times in the draft Code with no regard given to the meaning. Especially when relating to costs, like service charges, the idea of fairness will be disputed at worst or variable at best. Given the Code member is expected to follow the Code or face sanctions, either much greater clarity is required,

or references to fairness should be removed or replaced with the concept of reasonableness, which is adopted by the Regulator of Social Housing and in law in relation to service charges.

Glossary terms:

- The definition around the Affordable Homes Programme is not clear and it should be explained that the Ministry of Housing, Communities and Local Government (MHCLG) sets the policy. Funding is allocated by Homes England and the Greater London Authority to registered providers.
- The explanation of leasehold could be misleading and should be updated. For example, it needs to explain more clearly how shared ownership differs.
- The term legal completion period is not a recognised legal term and should not be used.
- The definition of 'New Home' is not correct as not all are sold by a developer to a provider. The definition should be expanded to reflect that some homes are contracted by HAs and LAs.
- The term 'homeowner' should be avoided to minimise confusion as the Code currently suggests shared owners have the same rights.
- Include an explanation of the FCA's role.
- Exchange deadline and reservation agreements should be included in the definitions.

Duplication: The Code duplicates content that we're already subject to within existing regulations. And for private housebuilders, the New Homes Quality Code for housebuilders outlines the approach. We understand the need to drive for a baseline in customer service within the sector, but believe the draft doesn't currently reflect that private registered providers are already regulated as providers of social housing.

Impact on resource: We have concerns about the possible additional costs and resources required of Code members, who would have to evidence they're meeting what's included in the standards on top of existing regulatory commitments.

Complaints, monitoring and sanctions: We believe the approach set out in this section is an overextension of the SOC and the Code at this early stage. We're concerned by the inclusion of:

- the sharing of complaints data with the SOC
- audits
- referral of any instance of non-compliance to an Ombudsman or an alternative dispute resolution specified by the Council.

Future uncertainty: Finally, we're concerned there is a risk to signing up without adequate detail on the content and the monitoring regime of the Code. While it'd start as a voluntary Code, we understand following conversations with SOC chair, Ann Santry, the intention is that in the long-run, lenders wouldn't lend to properties marketed by providers not signed up to the Code. And that the Code would potentially become

mandated – either by a Government-appointed regulator, or it would be so ubiquitous as to be voluntary in name only.