

All Party Parliamentary Group for Excellence in the Built Environment

Inquiry into the quality of new build housing in England

Second evidence session – **Consumer perspective**

Monday, 23 November 2016

Speakers giving evidence

British Research Establishment - Chris Cousins, BRE Associate

Wingrove Law - Geoff Peter, Director

Ben Adam-Smith - blogger and campaigner

Barry Grossmith and Cornelius Jeronimus - residents at retirement housing in Surrey

Phil Waller - former site manager and campaigner for better quality homes

Members of the commission present

Oliver Colvile MP (Chair)

Maria Miller MP

Lord Richard Best

Rt Hon Nick Raynsford

Tony Burton

Peter Bonfield OBE

Turlogh O'Brien

Andy von Bradsky

Apologies

Helen Hayes MP

Mark Gardiner MP

Lord Lytton

Stephen Stone

Main points

British Research Establishment - Chris Cousins, BRE Associate

BRE is passionate about the need to increase both the quality and quantity of new houses in the country. We know the government has a target of building a million homes by 2020, the recently published report by the National Housing Federation (?) suggest it may need to be more than 300,000 a year.

But whatever the precise figures, I think there's a consensus that we need to build a lot more houses than we have in the recent past. Where I think there is less consensus is when it comes to particular locations, that consensus tends to break down somewhat.

And I think that a good deal of this resistance is related to the fact that a lot of house building over the last decade has been of a poor quality and has been perceived to be as such. And I don't think people feel that new designs take into account local characteristics, and that they don't lead to the creation of proper communities, and that the houses are built down to a price rather than up to a level of quality.

Looking at an RIBA survey from a couple of years ago, it showed that nearly a third of people felt dissatisfied with their new home only two years after moving in, and that only 1 in 4 would choose a new home rather than a second hand one. I think that acts as a counter to some of the other survey information we've seen.

So I think the key to gaining public acceptance and support for new housing is to improve quality at all stages of the process, and there are various ways of attempting that. One is through regulation, but the government have made it pretty clear they don't want to go down that route. So we're looking at something else.

There's the option of self-policing, but I think there is a difficulty with gaining and keeping public trust and people have an understandable scepticism about allowing them to mark their own homework essentially. So that is a problem.

And then there's also the option of independent, 3rd party standards. And standards such as those have been operating for well over 20 years, the BRE environmental assessment method is the oldest in the world and actually celebrates its 25th anniversary this month. Standards such as that have helped to encourage investment in sustainable solutions, and have also driven innovation in the supply chain.

And I think the key features of those standards are that they're independent, they're verifiable, and they're based on sound science.

In commercial buildings such as offices generally have interests that align. Unfortunately that is not the case in relation to new housing. House builders generally have no long term

financial interest in the houses they've built. But there are signals that demand amongst consumers for quality is growing.

In developing its own Home Quality Mark, which is an independent standard the BRE has launched, we did a lot of work with the independent research company Moneysupermarket.com using their database, and indicated a good deal of support for standards that ensure a level of quality.

I also think, just looking at some individual developments, Hanham Hall [Barratt development] the interim report has recently been published last month, with very promising results. There is a lot of positive feedback from residents and energy data is in line with the expected performance, which as I expect you may have heard is not always the case, by a long way. And the other interesting about that development is if you go to Barratt's homepage, you can see the headline that it's sold out, the development of about 180 houses.

So the demand is clearly there. I mentioned the Home Quality Mark, that's a standard that tries to make the value of qualities transparent to the consumer as well as the producer.

It's very important to take into account the wider costs and benefits of good quality housing. because for society as a whole, building to a higher quality tends to be cheaper overall due to such things as the health costs of poor housing, or the long term cost to social care and health, and not providing enough accessible housing for an ageing population, as well as the maintenance costs for future generations.

And whatever approach you take, I think there's a compelling case for government to provide consistent and adherent policy, in order to provide confidence for both businesses and consumers.

I'd like to finish with three messages and one offer.

The first is that BRE is passionate about increasing quantity and quality of new houses, and that if we don't increase quality we're unlikely to increase quantity, because of public resistance. Second, we need to look at the overall costs and benefits of the type of housing we build, including things like health. And thirdly, the consumer needs to be at the heart of our approach to building quality housing, and independent monitory standards have a key role to play in that.

And my offer is that if it were being of interest to the group to visit a development that illustrates some of these things, I know that the lead architect of Hanham Hall would be happy to give a tour

I run a firm called Wingrove Law which represents buyers of defected housing. Hope this inquiry will lead to better quality workmanship, improve new home owner experience and customer service.

With regards to home owner experience and customer service, they're a bit vague so I'll just clarify what I mean: it's the experience of home owners who are looking to get work done post-completion. Obviously looking for practical strategies to improve these things does suggest that there is a need for improvement, and that would be the view of all of my clients.

It's also worth asking the question of what the current benchmark is. And to my knowledge, the only benchmark of customer satisfaction is that published through the industry itself. That is the HBF customer satisfaction survey, which puts customer satisfaction with new builds at about 90%.

Now, I have to say that is starkly at odds with my clients' experiences. And I think it's important to note the kind of experiences my clients consistently have when dealing with builders, post-completion in particular, suggests more endemic and institutionalised attitude problems in the building industry to dealing with problems.

Which rather suggests that the 90% satisfaction rating doesn't necessarily reflect the reality on the ground. It is at the end of the day a statistic that has been generated by asking particular questions in a particular way to particular people. So there is with those stats, as there are with all stats, an opportunity for those stats to be obtained in a way that gives you what you want, as opposed to being a true reflection of reality.

And although it's not covered in my written submissions, I'd like to make a few observations about the way the HBF survey is run, and give you some good thoughts about a better way of establishing what people's true experience is.

Now, the enquiry did actually ask for practical strategies for improvement. It's all laid out in my submission, but essentially it's about giving home buyers collectively more certainty about the rights they have after the completion and also avoiding some of the ills and some of the deterrents that builders take advantage of at the moment in terms of introducing uncertainty regarding contracts, which in itself is a deterrent to homeowners seeking to enforce the terms.

The other related aspect is the importance of allowing home buyers to view and survey the properties which they'll perhaps purchase after the notice to complete has been served. Also home buyers aren't allowed to see the property until the very day they move in because they don't technically own it.

And of course some of these issues are known by the builder before they get to completion, but by preventing people from being able to see the property before they hand the money over, the home owner is being denied the opportunity to either to negotiate retention or even postpone completion whilst the essential works are carried out.

The Consumer Code for Home builders is routinely being presented by builders as a solution to some of the problems identified in the Barker report, but my understanding of that is that it's not. And it also concerns me to see that the people who are concerned with promoting and seeing the code made into a more significant part of the buying process are now looking to get that approved by the CTSI (Chartered Trading Standards Institute).

Ben Adam-Smith - blogger

I am someone who wants to self-build, so I am representing views from that standpoint. However, I wonder if any of you relate to this, that you're perhaps on a journey somewhere with a partner, and you're travelling through a village, and at its heart is something you'd be proud of it. It's tradition; it's what Britain stands for.

And then as you leave that area, on the outskirts is a new development and what you see is something that's going to be there for a long time. It's something that is happening all over the country, uninspiring architecture, and poorly performing houses. And I don't think it has to be like that.

What I'm trying to say is that we're missing out on a huge opportunity. I'm not anti-development at all, it's important, but we could just be doing a lot more. My story is that I set up a website in August 2012 called House Planning Help, and my background is in the media, I just had this opportunity. It's a blog, a podcast, I've done 100 podcasts now, it's a documentary, and we made a documentary on the future of housing. And I've got an opportunity, because the way I learn is by speaking to people who are on the vanguard, people who want to create better houses, and just trying to learn from their experience.

What I've found fascinating is that actually this is quite simple. It's not difficult and there are a few key things going on that would make a huge difference. And one of them is the PassivHaus Standard. In my mind, humans started out in the caves, and then the next generation thought 'let's put something around us and get a roof on,' and really in the last few centuries not a lot has changed.

But buildings built to the Passivhaus Standard, I would argue this is a big change. This will happen when people understand what it is. Why? Because it addresses some of the biggest issues we're facing, like climate change which is going to disrupt us in many ways. It's also going to make these houses cheap to run; it's going to make them comfortable. I don't think we have a sense of comfort and how hard it is to get this room that we're in right now to actually feel comfortable.

Passive houses provide much better indoor air quality, all the surfaces are a comfortable temperature, and just when you walk around the room it's all evenly heated.

So why are major developers not embracing this? It's so obvious that this is the way to go, and I'm a consumer, I want to build my house like that, why are the bulk of buildings not happening this way? Well I think it's just that they don't sell homes, they sell products. And they're products that they've marked up, and they work really well as a business, there's no denying that if you can get a 30% profit and it's all legal and within the law then brilliant, why would you want to change that?

And particularly because this is such a small group of builders, say 8 or 9 who are building most of the houses, it gives them no incentive to want to improve the quality of the houses, particularly if they're selling. And my argument, as a self-builder who has tried to buy land in my local area, is that it's tough. There aren't the opportunities there. I've seen one plot for sale, which is pretty grotty to be honest.

Does that mean that nothing's happening in my town? No, there are 3000 new homes that are coming up, and it's fascinating to feel that atmosphere of the town change.

But my question in all this is that we had an opportunity to build something better but we're not embracing it. But I do think that one way or the other, this is going to happen, and it's going to change ultimately when people understand more about PassivHaus.

But this whole land equation is fascinating because it's almost... if you look at some of the customer service for some of the big volume house builders, it's not good. In any other industry, like cars for example, you'd go to another manufacturer. But because it needs land, and they probably have the best people to acquire land, they've got all their land stacked up for however many years, that is cementing their position. And they don't need to worry too much because there's huge demand, their product is going to sell, and consumers like me don't know what makes a good house.

So I'd just like to finish up with two points, one being the Passivhaus Standard which I've already mentioned. The second one is that in other countries in Europe, they have quite an interesting approach in that the government or local council will actually force the sale of land. So they'll go to a farmer and say 'well actually we'd like to build 20 houses here, we're going to force a sale,' doesn't have to be a big amount of land, for local people.

And I think that would actually even the landscape, because it would have involvement from local people, who will probably be a lot more pleased than just thinking 'oh no, here comes this Taylor Wimpey band wagon that I just can't stop.'

So I think if that were implemented it could bring around some serious changes.

Barry Grossmith and Cornelius Jeronimus. Main presentation given by Mr Grossmith

Good evening, and thanks for inviting us along to the enquiry. We represent the lessees of a block or 10 flats on three floors. We are also the freeholders through a company. With the exception of one disabled resident, we are all pensioners who have downsized from a larger property. We believe your committee has of our email of the 10th of November.

Amongst the defects, you can see that our building has leaked at both ends; rain water through the roof, and ground water into the lift shaft.

In 2004, the builder sold our flats at an average of £489,000. That gives us our price of approximately £5m for the whole project. During the first 10 years, the cost of rectifying defects has been in excess of £80,000. We will now demonstrate the defects and give our opinion as to what measures should be introduced to improve build quality, particularly of retirement flats.

The four reasons for the defects were poor workmanship, a lack of day to day on site quality control, a change of specifications from a guaranteed product, and miss-assignment of the National House Building Council's build mark policy. Neither Guilford Borough Council's building control department nor the builder have been forthcoming on whether a suitably qualified full time site inspector was employed for the duration of the construction.

For this reason, the building regulation completion certificate issued by local council building control departments are all worthless as a measure of quality. In 2004, the NHBC has 89% market share of the building defect insurance market. We believe that this prominent market position, and NHBC's close relationship with the building industry has been a major influence on current building standards, and here is why.

The builder is only responsible for rectification work within the first 2 years. In the years 3 to 10, the NHBC is responsible. This does the opposite of promoting long term quality, and is disincentive for the builder to apply hi-tech, innovative, branded products with a guaranteed lifespan. Unfortunately, a guaranteed and architect-specified product can be replaced with another, as long as the builder shows that his product meets regulations.

In 2004, the NHBC build mark policy excluded cover for features such as flat roof coverings, because of the high failure rate. Unknown to us, the builder replaced the architect-specified, and branded, 12 year guaranteed flat roof covering with an unknown brand. The roof failed after 7 years. Our new roof has a 20 year guarantee at a cost to us of £44,572.

In effect, the NHBC premiums paid by the builder were kept low, and the NHBC market share kept up, at the expense of us, the home owners. Why do builders and the NHBC collude to assign build mark insurance boxes to flat buyers as a separate transaction after the lease has been signed and sealed?

In our case, the leases expressly appoint a separate company responsibility for the management and up keep of the estate, including the responsibility for insuring the building. In effect, the party with the professional competence to examine the suitability and deficiencies of the build mark policy, with regard to building structure, is denied this responsibility.

The NHBC has ignored our request to explain this anomaly. The financial ombudsman service writes to say the issue of assignment is outside their remit. We say the FOS is a toothless player, and unfit for purpose.

Of the 17 defects listed in our schedule, 12 are in common areas and account for £79,600 in rectification costs. Based on our experience, we suggest the following 5 measures should be introduced.

1. It should be legal requirement for building projects over a certain value to have a qualified inspector on site on a day to day basis for the duration of a build
2. All building insurance policies should make the builder responsible for defects occurring during the first 5 years after completion. Where products with guarantees have been specified by the architect, the builder must assign the guarantee to the freeholder or estate management company
3. The practice of builders substituting specified branded products with others, even though the latter meets building regulations, unless the architect or civil engineer agrees, in writing, to the change
4. The current practice of assigning building defect insurance policies to lessees, instead of the freeholder or estate management, should be made illegal. This is particularly relevant to blocks of flats
5. The financial ombudsman service remit should be revised to include control of assignment of insurance policies

Phil Waller, retired site manager and campaigner for better quality homes

I run a website that advises potential new home buyers, so that they can make a fully informed decision and are aware of the pitfalls and what to expect. Quite the opposite of what the house builders do, where they over-promise and under deliver, I basically tell it like it is. I feel very passionately about the way new home buyers are being treated by the house builders.

My background, I was a site manager for over 30 years, and I've worked for several of the major house builders. I know exactly what goes on, and I sympathise with these two gentlemen here for the way they've been treated.

Through my website, blog, and facebook group, I hope to bring this out into the open, and this APPG inquiry is a good starting point, so thank you for inviting me.

I took part in the Dispatches TV programme last week, and made a significant contribution to what the presenters said. The programme showed that new home buyers eventually were actually so stressed out that they gave up trying to force the housebuilder and warranty providers to fix their houses. In the end, they just had had enough, and it was all too much for them. British homebuyers are being sold a dream, but many end up buying a nightmare.

On the 15th of October 2005, a defect in a Persimmon home killed a four-year-old boy, when the stone fireplace mantelpiece fell on him. On 5 November 2015, in Safron Walden, Essex some new homes were being lived in with no mains electricity being powered by site generators.

Everyone in this room will have a different perception of what “quality” means. Whilst a great deal of issues in new build homes relate to aesthetic snags or minor defects; what is clear is that most UK new homes (93%) have far too many actual clear cut, no argument, defects. A total absence of loft insulation cannot be explained away; it isn’t a one-off. There is clearly a lack of quality control within the industry and certainly no desire to improve and build better quality new homes, only more homes, more profitably. Not even the tragic death of a 4 year-old child has changed their attitude.

Quality should consist of getting it right first time, on time, every time. Everything should be (where normally expected) straight, smooth, flat, level, square, vertical, free from damage and blemishes.

The only really acceptable tolerance is plus or minus zero – not those overly generous ‘get out of jail free guidelines’ in the often quoted:

“A Consistent Approach to Finishes” in the NHBC Standards Chapter 1.2

Building a new home isn’t like brain surgery, when a lack of attention to detail results in a dead patient. Anything not 100% in a new home can and should be taken down and done again, until the acceptable standard is achieved. It is only constraints on time and a total lack of desire by housebuilders that prevent it!

For example Glass: It is acceptable for bubbles, blisters, hairlines, blobs and fine scratches not exceeding 25mm long if they are not obtrusive or bunched.

Can you imagine anyone buying a new car being expected to accept this?

There are no regulations that force them to care. They don’t need to rely on repeat customers who will probably only buy a house once, it’s not like M&S where people can just go and buy their clothes from somewhere else. As far as I’m concerned they don’t care but they should be made to care.

I take on board that there isn't going to be any government regulation forcing house builders to care, but until there is, they will not change. And I would suggest that the help to buy scheme should be withdrawn from the worst offending house builders straight away, because they will have to rethink what they do then, with regards to both the quality of the product they have built, and their after sale service.

The house builders by themselves have all sorts of statements on their websites which beggar belief. Bovis for instance, 'a home of quality. All Bovis homes are built to exact industry standards and undergo regular inspections by the NHBC to ensure quality of build.' Well how come that the home of that lady on Dispatches had 75% of its insulation missing? Who inspected that? How is that quality?

Taylor-Wimpey is another case in point; they reckon they're experts in building houses yet they're regularly shown on the television as failures, and I've already mentioned about the poor kid who lost his life.

Now I think irrespective of what they said about the financial ombudsman, home buyers need a New Home Ombudsman, a government appointed body where they can take their complaint, and it won't be looked into by industry people. I think that's the only way it's going to get better, if there's an independent body for us to go to.

And I believe the government is looking at more ombudsmen, and I think that's the one that should take place. I agree with Geoff about the HBF customer satisfaction survey. Firstly, be about 120,000 houses were built last year, and only 38,000 surveys were returned in completed. And only about half of the number of houses built received a survey, because it doesn't go to people who rent or housing associations and non HBF members. It should go to every homeowner, it should be completely independent, it could be sent out with council tax, and then collected by the councils, and then sent to the office of national statistics.

Not by the HBF where they send it out, keep it, let the builders know how they're getting on throughout the year. If it was done after one year, and the answers to all the questions were made public, not just one question.

At the moment, the NHBC issue another survey after 9 months which is completely secret, no one sees the results that apart from the individual builder. Again, that should be made public if the industry's got nothing to hide.

And I asked the HBF why the results of the individual builder scores for every question were not made public and their spokesman told me 'publishing more detailed company results would not have had any more impact on raising customer satisfaction among new homebuyers. But it would certainly provide food for those who are prejudiced against the industry and simply seek to criticise.' That would imply that the industry has got something to hide and is doing a very good job hiding it!

I also think we need new workmanship standards incorporated into the building regulations, the standards we've got don't go far enough. As it is at the moment, there is a case of 'should be this, should be that,' not 'must be this,' or 'must be that.' So when there's a claim by a purchaser, the NHBC turns up and says 'oh no it's only guidance, it only says it should be, it doesn't say it has to be,' and the claim is dismissed.

I agree with Geoff, there needs to be more independent inspectors, and there needs to be more inspections as the houses are built. At the moment, there's only a requirement for 8 stage inspections, 6 of those are mandatory. There should be independent Gas and Electrical safety inspections, not work being signed off by the installer or his boss.

A legal requirement for Professional Snagging Inspectors (qualified inspectors), chosen by the buyer and paid for by the housebuilder to independently snag and inspect all new homes before legal completion. As it is many buyers inspectors are not even permitted access until after legal completion.

We need regulations to force housebuilders to build larger, healthier new homes. The new Space Standards should be improved and incorporated in the Building Regulations. Britain should not be building the smallest, darkest new homes in Europe.

Last year, 369 NHBC inspectors carried out 750,000 inspections at key building stages, identifying 337,000 items that required the builder's attention. Around 80,000 building control inspections were carried out. So it works out about 10 homes are inspected per day per inspector. That's not exactly hard work considering some of these inspections would be for 3 or 4 homes on one site. So I think they could definitely visit more. And if there was more time for the building process, there would be more time for more inspections to be done.

Questions

Question: Maria Miller MP

I'd like to thank everyone for the evidence they've put forward, and I think this session particularly is incredibly important in the report we're developing to get the consumer perspective from people who've got experience in this area.

We heard in our previous session about the increasing role of houses as being almost a lifestyle purchase, which made them more complicated and therefore more likely to have problems associated with them, and therefore an increased risk of failure in terms of the

delivery of that project. Which I thought was interesting, but the problems that you've been talking about today aren't about lifestyle elements, they seem more fundamental than that.

So given that what we're hearing is much more complicated than that and much more fundamental, how do you think we can get to a situation where there is more transparency in what actually happens when a building is built?

Geoff Peter, Wingrove Law: yes, and this is something I touched upon in my submission, which is to do with special requirements on builders and the sale contract. The process generally is you go to the sales office, and they ought to have copies of the plans for the property you're buying. Not many people know to ask for those, and sometimes if they do ask, they're not given copies.

When it gets to the sale contract stage, there'll typically be a clause that says the buyer has seen and approved the specifications and plans in the office, regardless of whether they actually have seen it. But of course it's still unlikely that they'll have a copy of that.

The bit that's missing is telling people to ask the questions and then get them written down and relayed via the system, so that there can be some kind of certainty

Maria: *if I'm buying a second hand house, I get transparency by getting a full survey, so what is the equivalent?*

Phil Waller – better housing campaigner: With a second hand house, you get a full structural survey for £1000, and if there's anything in the years to come that the surveyor missed, you can sue him and get it all fixed.

With a new house, you've got the warranty so 10 year's peace of mind, you should also have it snagged and inspected by a professional inspector who'll pick up what is acceptable and what isn't. Because 'quality' can be a very subjective concept.

But when there's a socket that's uneven, or a floor on which a ball runs from one end to the other, they can't turn round and say under the consistent approach to finishes 'we can have a 25mm fall in every four metres,' unless those finishes are brought down to line with a plus or minus zero tolerance

Barry Grossmith: Well the thing about defects is the serious ones are usually hidden. If you were to come to our residence you'd be quite impressed. We have oak everywhere, and stone flooring. The trouble is the stone flooring has cracked, and the roof gave out, the lift shaft became full of water, and you don't see those things.

Appearance is everything really when you go to look at a property. It's only really when you look under the surface, which is why we have to have our buildings looked at on a continuous basis by a clerk of works.

The stone flooring looked great, until we found out about the crack. And this happened because the most innovative underlay wasn't used, there is an underlay you can use under stone to stop it cracking, but it wasn't used.

Question: Lord Richard Best

I chair the property ombudsman which looks after estate agents and things like that, so at some stage I'd like to explore the ombudsman concept as a way of trying to handle some of these disputes.

It does seem to me that once a house builder has acquired the land, or the right to develop the land, then competition has gone. They've got the land, and after that there is no competition. This is where it's so unlike having a car where there are so many other alternatives. If you want to live in this particular place, it isn't that there are just 8 volume house builders, it's that there's only one who owns that site. And what can do about it, what kind of protection can we give?

While we have that system, there seems to be a built in conflict that's going to go on between the consumer, and as we say there's going to be no repeat business, no one's going to come back. It's extraordinary how many house builders I talk to are so uninterested in the actual house. They're interested in interest rates, the availability of land, all kinds of other things, but they're not actually interested in the house itself, which is the product that you'd think that they were selling.

So big time, how to sort of change that around, if you think of Poundbury and Prince Charles' way of doing things, you have a whole variety of different house builders who are building out the 3000 homes at Poundbury, because the land is not owned by the builders, the land is owned by the Duchy of Cornwall.

On a smaller scale, I ran the Rowntree Foundation for many years, we bought 53 acres on the side of York, and that is being built out as a new community. But Rowntree will be there for 100 years, and we will choose the builders. That's so unusual! In all other cases, once you've got the land, you're away.

So I suppose my question is, have we got a system that is inherently flawed and is never going to work while we have this monopolistic position whereby whoever manages to grab the land, and however that happens, it's then an uphill battle to get them to take interest in what actually happens on it.

Ben Adam-Smith (blogger and self-builder): I thought that was very insightful, because it's absolutely right. I'd look at other countries and see what they do. In Germany, they don't really have volume house building in the same way, and it's funny how we've developed this culture.

I think one point we haven't mentioned is involvement. So say you want to live in a certain area, you've only got one development to pick from. But if the people from that area got involved somehow, the best schemes that I've seen, some of them are co-housing as well, they tend to involve people who are going to live in those houses having input.

I know that complicates the situation and it's the last thing that volume house builders would want to do, but that's how you get better homes, definitely.

Phil Waller: Barratt actually let's people look at the houses that they buy at every stage of the build, they invite them in to look at their house and answer their questions. They're the only builder I know that does that. They also give a five-year warranty, which doesn't cover everything but at least it's a five-year warranty. So I think Barratt have come a long way in getting where we want to be.

Chris Cousins, BRE: I suspect in some ways that question goes a bit wider than the issue of quality, but I think it is fairly fundamental. I live in Oxford, agricultural land on the edge of Oxford is about £12,000 per acre [think that's what he says]; with planning permission for housing, £2-4 million. And that's not an uncommon differential in the south east.

The vast majority of that goes to the land owner, but it distorts the whole house building model in this country. And I think sometimes it's thought of as a party/political issue, which it shouldn't be. It was over 100 years ago that Winston Churchill was describing it as dysfunctional. But it is different from practically every other western and European country.

The uplift in land value which is created by a decision of public policy going to a particular land owner means that there is far less to invest into the quality of the place, into the infrastructure, into the services, and it does create a problem.

Question: Turlogh O'Brien

How can we get the buyers to want to buy higher standards in this very difficult sellers' market?

Phil Waller: well they think they are buying a higher standard, but if you look at the websites and promotion and marketing they do, that's where the housebuilders spend their money. It isn't on quality control, it isn't on supervisors on site making sure it's built well, it's selling the dream to people that if you buy a new house, it'll be perfect.

The reality of it is when they move in, they find everything is not as they thought it was. And that's where the problem starts, because the builders then use every trick in the book to delay doing anything about it.

Geoff Peter: certainly my clients feel that there is a mismatch between what's sold and what's delivered

Chris Cousins: people are pleased to have lower energy bills, and to have comfortable houses, but these experiences are quite rare and need to be much more common.

Another problem is that a lot of these homes are going to be hopelessly inept at dealing with the type of climate change that we are going to see in the next few decades, and I do think the insurance industry will start responding to that.

Barry Grossmith: the big problem I find is that the British building industry is something of a dinosaur; builders can get a plot of land and almost do what they like. And our industry is so Jurassic because it has never been subject to foreign competitors. Other British industries have had to be competitive to survive against foreign competition. And the problem with the British building industry is that it's indigenous, they buy their land and they can do what they like with it.

This is the difference between companies that have to compete with foreign competition, which usually raises standards internationally. In Germany, they are miles ahead. They are inventing things which they're using in buildings – the material for example that should have been used on our roof was German.

Ben Adam-smith: just a very quick point, I mentioned PassivHaus earlier, air tightness is quite interesting. Because the passivhaus standard is an as-built standard. So it doesn't get signed off until you do an air tightness test of the building. And what that means is that air tightness is synonymous with quality, you can't cheat it, unless you can cheat the test somehow or get someone to fake the results, which I think is very interesting.

Question: Tony Burton

I've been both fascinated and appalled by all the evidence presented tonight, which sits completely in dichotomy with what I know goes on in the wider construction industry outside of housing. So a standard contract, quite the norm in a relationship between the commissioner and deliverer of the building . A contract that's widely understood, that sets out the rights of the parties, that contract is the norm for most major construction projects.

And quality control is at the heart of that, usually by an architect or engineer or services engineer, checking the design that they've produced all the way through that process, and at the end of that process, setting out a list of defects that the builder must make good. And to make sure they rectify those defects, money is withheld. Which actually guarantees beyond that period of time construction not for 5 years, but for maybe 12 years – my professional indemnity insurance is on the line under a contract for as many as 12 years.

What seems to me to be missing from that description I've given you in the housing world are a number of things. One is the clearly understandable contract between the purchaser and the supplier of the house.

The other is the ability to have some statement of the quality of the finished product. And to my mind that depends pretty much on the specification you're purchasing. If I'm buying something, I expect it to do what the specification tells me it does, and your evidence I found interesting that very often you can't get access. And if you can't get access how on earth do you monitor whether that's being delivered?

So the concepts that you've described here, if they are operated in the way that the construction industry understands, where you get completion and the ability to inspect, to have a list of defects provided that have to be made good in the period of time before you make your final payment, I wonder what sort of difference that might have made to the purchase of your flats, if you'd had something like that in place? Which is quite standard.

Grossmith and Jeronimus: the problem was the freeholder was actually a company appointed by the builder. And it changed hands, we've since taken over and we are now our own freeholders. But at the time the freeholder was a company called Trinity Land & Investments, and they didn't even do a survey. I asked them if they did a survey when they took over the property from the builder, and they never answered so they obviously didn't do it.

Phil Waller: another difference between a building contractor building a large project or a housing association project and the way that the PLC house builders operate is that the contractor will be paid monthly after the evaluation, as they do the work, whereas the house builder will only get paid when the property is finished and occupied.

And they will fork out for the land up front, millions of pounds, borrow money from people, and build 30 or 40 houses. And that creates an enormous incentive to get people in as quickly as possible. Whereas the contractor agrees with the client from the outset, it's a cash flow production and everybody knows what going to happen, how much money they're going to need, how much money is going to be coming in, how much work is going to be done.

Chris Cousins: I don't have a great deal to add to that, but I think there is certainly scope for the changes you're suggesting that might be applied to the housing industry. In the meantime, I think the use of monitory standards which are independently and externally verified are at least a move in the right direction, and could help with that.

Question: Peter Bonfield

Listening to consumers is very useful, can be very insightful so thank you for all you evidence. I want to ask a question about cost and value, two questions actually. Firstly, of all those

stakeholders you mentioned, government, insurers, house builders, supply chain, who would you target to fix it? Is it one of them, or is it a team effort?

The second question is how much more do you think it might cost to have a proper [can't hear him here, something about fixing measures before or after they go wrong].

Phil Waller: Can I just say where the cost will come from? The builders will work backwards from the market value that they sell the house from, and everything that they need to do in that process to when they buy the land. So that cost will come from lower land values.

Peter Bonfield: *but I'm asking what you think the additional cost might be to do a proper job on this? Well the question is twofold, firstly who do you think we need to focus our energy on to get it to change and improve? And the second question is, if there's an additional cost, how much do you think that cost might be?*

[Mr Jeronimus asks how much it would have cost to have on site supervisor for the duration of the 18 months spent building the flats he lives in; Phil says about £100,000 which they both agree is not very much]

Geoff Peter: you make an important point about how it costs more to fix problems than to get it right in the first place, and of course there's a lot of energy expended in the industry on avoiding doing things wrong because of that.

So to answer your question about who should take responsibility for quality control in the first place, home owners should be empowered to be able to hold builders to account, for example through some measures that have been suggested like standard contract forms which create the certainty that will encourage people to take action if things aren't right.

And the increased likelihood of facing those actions would not actually impact very significantly on builders' cost modelling on developments, because they will take quality control more seriously and ensure that things are done right in the first place.

Chris Cousins: I think if we look at some of the ideas touched on earlier about longer guarantees for example and builders having responsibility for much longer, then that will emphasise the incentive to get things right the first time.

And in terms of cost, I think that if you go down that route, whether it's by that sort of guarantee and or mandatory standards, then you will get pressure on builders to get it right first time and costs will actually come down.

Ben Adam Smith: I can only really answer your first question, and I know you didn't like the regulations route but I really think that is integral, nothing is going to really improve with the volume house builders until you do down that route to raise that up.

And I do think the consumers are to blame too, that we don't investigate it enough, and that's what personally motivates me on what I'm doing in that I'm trying to get that information out there so people can make their own decisions

Question: Andy Von Bradsky

I have two sort of focuses. I entirely agree with Ben's point about regulation by the way, I think at the end of the day regulation has to be part of it, but I think we're talking hear about the consumer and consumer pull, how do we as a society ensure that consumers are protected in some way?

So one of my questions is about how do you address that, and I think the point about the ombudsman, there are lots of regulatory bodies such as Ofsted and Ofgen that ought to be considered in housing from the sound of it. So my first point is how do consumers actually get together?

The second point is really asking the point of the BRE, I mean I think the Home Quality Mark is an excellent initiative, but it is slightly hampered by the fact that it's not mandated by government, it is optional for developers to choose to go into it. Evidently those who are performing well will want to use it, those who are not performing so well will not want to use it. So the question really is how do you make use of the Home Quality Mark in a wider way? Is there something to government needs to do to make sure it's an effective tool?

Phil Waller: the first point I'd like to make about the Home Quality Mark is that looking at the website, it seems to be about home design energy performance and wellbeing in the home, that sort of thing, as opposed to structural integrity, finishing quality, thickness quality and plumbing leaks. And I think builders will use this as another marketing badge, the same way they use their star rating from the HBF survey.

And I think if you want to call it a quality mark there needs to be some kind of measurable qualities of the product built that isn't just related to energy performance or connectivity for Wi-Fi or whatever it is. I'm all in favour of bigger windows, letting more natural light in and everything, it's all good, but it doesn't go far enough to be called a quality mark in my opinion

Chris Cousins: one of the things you asked was how do consumers get together, and that is a challenge because it's a purchase that people don't make that often. But I think there is scope for much greater publicising of people's experience with their home buying, both good and bad. I would dearly love to see the Consumers Association take more interest in the housing market.

Regarding the home quality mark, I think it is intentionally a much wider set of metrics than just energy, it covers a whole range of things including quality of materials and so on. By design it is intended to be... if you like, the front end, the bit that the consumers see is very

simple, but what lies behind it is a lot of science and detail. But that is something the assessor deals with and then gives a relatively simple message to the consumer, so I would take issue with the point that it's not a very rounded or trustworthy measure of quality

Question: Maria Miller

It seems like a question going back to the start, but when I buy something like an iPhone, Apple really cares about what I think about them, because they want me to buy their other stuff. When it comes to housebuilding, I know all of us only buy a limited amount of houses, but the reputation of the house builder is important, not just to other house builders but to people who give planning consent, to people who allow builders to come into the community. Why is it that house builders don't seem to have the same regard for customer perception of their brands as other people who own brands?

Ben Adam-Smith: as someone who really works in marketing, I find it incredible, I've never seen anything like this. I was at a conference with social media people the other day, and I was trying to explain the situation in house building. They just give the worst possible customer service, there's no trust, and it just keeps on going. And I can only come back to the fact that they've just got no competition

Geoff Peter: the competition point I was going to echo. And the second one was to consider ways in which house builders protect their reputation, which in my experience involves an awful lot of confidentiality agreements to keep from publication some of those experiences, particularly the more extreme experiences.

I have a client recently who was in dispute with a builder, and the builder was insistent upon a confidentiality agreement that not only prevented the flaws being publicised but prevented any publication saying that the flaws even existed. So the use of confidentiality agreements does seem to be used as a compensation for that fact that these issues do arise.

Phil Waller: I think a lot of people buy a house because of location or price, or the ability to buy because of something like help to buy. The fact that the builder has got a terrible online reputation on online forums, twitter or whatever, they tend to believe it won't happen to them, and then they're very disappointed when it does.

There isn't a single builder that puts in its marketing material '93% of homes will have a defect,' even though their own survey says that. And they actually lower people's expectations to expect to have problems with their houses, and therefore they're not interested in their reputation

Chris Cousins: not a great deal to add, but perhaps the made point which has been alluded to is that it's a seller's market at the moment. And in such circumstances, there's less incentive to address that issue

Lord Richard Best: *I think another factor could be that people don't want to moan about their new home having invested such a large amount of money, and knowing that one day they're going to sell it to. It's counterintuitive to rubbish something that you're going to sell later, which you've invested so heavily in*

Ben Adam-Smith: In Phil's Dispatches program there was a guy called Luke Mahon who I got a chance to interview, and because I'm interested in what's going on I was able to dig into his story. And he said that basically he was isolated when he tried to make a complaint, the first thing they do is say 'oh this is an isolated incident, don't speak to your neighbours about it,' and it's incredible that they have this system to bully you into that