



Chartered Trading
Standards Institute
ADR Competent Authority

ADR Approval Audit

Advantage Home Construction Insurance (AHCI)

July 2023

Advantage Home Construction Insurance (AHCI)
Alternative Dispute Resolution (ADR) Entity
ADR Approval Audit Report

Information supplied by: Vicky Ng – Consumer Code Coordinator

Audited by: Louise Savage – Consumer Codes & ADR Manager

Methodology

Advantage Home Construction Insurance (AHCI) applied to operate as an approved ADR scheme for the purposes of the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 and The Alternative Dispute Resolution for Consumer Disputes (Amendment) Regulations 2015. This approval audit was to ensure the processes being operated are following the criteria required.

The Chartered Trading Standards Institute (CTSI) has been designated by Government to act as Competent Authority auditing and approving applications in the unregulated sector.

AHCI has been assessed against the criteria laid down in the above-mentioned regulations, and must meet set criteria from Schedule 2 and Schedule 3 which covers:

- Access to the ADR body
- Expertise, Independence and Impartiality
- Conflict of Interests
- Transparency
- Effectiveness
- Fairness
- Legality
- Grounds for refusal

Background information

AHCI are building warranty specialists who operate within the UK, offering development related insurances and services. AHCI have an established and operating Consumer Code and have previously using an external provider for their ADR.

They are a limited company owned by its shareholders with offices around the UK. The company has no funding requirements and reinvests profits into the business before distribution to shareholders. They propose that they will charge traders £200 per case fee and consumers will be charged a nominal fee of £20.

AHCI will be providing ADR for their members (developers) when they have a dispute with a consumer (home buyer). For a consumer to access the ADR scheme, they must have first exhausted the trader's internal complaints process. The consumer must then submit a standard Code complaint and go through the AHCI Code complaints process before the case can be viewed by ADR. The ADR team is part of the general administration arm of the business.

Audit Summary

Vicky Ng (Consumer Code Coordinator) was our contact with AHCI throughout the approval process. Vicky has been very helpful with providing all the evidence and supporting documents along their approval journey. The AHCI approval audit was undertaken remotely with relevant meetings held with Vicky Ng throughout the process to ensure that CTSI had all the information and documentation needed to prove compliance.

The approval process consists of CTSI completing checks against the ADR approval criteria and legislation requirements and requesting the necessary documents needed to prove compliance. Several virtual meetings have been had with AHCI to clarify items and for them to talk us through their process for the ADR scheme. Finally, all documentation and the audit report are sent to an external auditor for verification.

Previously AHCI had been using an external ADR provider that is approved by CTSI.

The ADR team at AHCI will comprise of one mediator and one case handler. Both ADR officials will be made aware of the conflict-of-interest policy which they will keep to when handling cases.

The audit report is broken down into several parts that are highlighted in the 'methodology' section above. CTSI have audited TDS and highlighted any additions or changes required to ensure full compliance with the ADR legislation.

Type of ADR Scheme

AHCI will be using mediation as their method of resolution between the parties, with the agreed outcome being binding on their member. The mediation process will seek to resolve disputes through a mutually agreeable solution between the parties.

There will be a nominal fee of £20 to the consumer, while the trader will be paying a fee of £200.

AHCI have a minimum claim threshold of £1,500, and a maximum of £10,000.

AHCI are aware of the data which must be collected for the annual Schedule 5 and biennial Schedule 6 reports, and are aware that the Schedule 5 must be published on their website and CTSI e-mailed the link / report within 1 month of the anniversary of their approval and every year following and that the Schedule 6 report must be submitted to CTSI within one month of their second anniversary and every subsequent two years following.

Access to the ADR body (3.1a – 3.2f)

The AHCI website can be found [here](#). All documentation that is to be added to the website has been seen and is satisfactory, web content will be checked once it is live. See Document 11 for website content and Document 5 for the scheme rules.

The complaints form and process can be accessed electronically, by e-mail or can be requested by post. AHCI will happy to correspond with parties via post or email.

The complaints and ADR process flowchart can be seen in Document 10.

All the points for this section are met and there are no actions required.

Expertise, Independence, and Impartiality (3.3a – 3.3h)

As explained above in the audit summary, the AHCI ADR scheme will consist of one mediator and one case handler. The mediator is qualified to provide mediation and is employed on a case-by-case basis. The case handler is employed on a full time, permanent basis with AHCI with an annual salary. Neither ADR officials is remunerated or provided bonuses based on the outcome of cases.

Conflict of Interest (3.4a)

AHCI provided CTSI with a copy of their proposed conflict of interest policy. All ADR officials are required to disclose any conflicts of interest and in a case where a conflict arises, the mediator or case handler that has the conflict must not have any involvement with the case. If a conflict of interest arises with the mediator for the scheme, AHCI will either make alternative arrangements for mediation to take place or the case will be refused on this ground.

Any conflicts of interest must be logged.

The conflict-of-interest policy can be seen in Document 8.

Transparency (3.5a – 3.5p)

The ADR scheme rules that AHCI proposes to display on their website is available in Document 5. The scheme rules include details of the method and duration of each ADR official's employment and the types of disputes that they are competent to deal with. AHCI will only accept and handle disputes in English. The scheme rules explain that relevant legislation as well as trader obligations under the AHCI Consumer Code will be taken into consideration when AHCI seek to resolve a consumer dispute and the average length of the ADR procedure. The ADR process will be able to be conducted orally, but a written complaint and evidence must be submitted for the case to move forward.

Effectiveness (3.6a – 3.6d)

The proposed scheme rules that AHCI have created explain that parties are not required to seek independent or third-party advice or representation to access their ADR scheme, parties can choose to do so if they wish. The cost to the consumer is £20 to access the ADR process.

AHCI have not handled any ADR cases yet, however, they are aware that parties must be notified once AHCI have received the 'complete complaint file' and the ADR procedure has commenced. The ADR process must be completed within 90 days from the 'complete complaint file' being received. This timescale can be extended if the case is deemed 'highly complex', but AHCI must notify the parties of any timescale extensions.

CTSI explained the importance of collecting feedback from consumers regarding the AHCI ADR process to ensure their scheme is running effectively. Additionally, CTSI suggested that AHCI have a service complaint process in place in case any consumers complain about the ADR service. AHCI do not have to investigate complaints regarding the outcome reached for a case.

Fairness (3.7a – 3.8d)

The scheme rules in Document 5 explain the timescales allowed by each party to provide evidence and comment on the other party's evidence. Parties are not required to seek legal

advice or representation to participate in the ADR procedure. Consumers can withdraw from the ADR procedure at any time, but once they withdraw then they cannot reopen their case once they have withdrawn. Both parties have 14 days to reflect on the outcome proposed by AHCI and to challenge it if necessary.

All outcomes will be given to consumers in a durable medium, either e-mail or a letter by post. These outcome letters will explain the outcome and conclusions clearly in accessible plain language, including details of the reasons for the decision and how it was reached.

A sample of cases will be viewed at subsequent audits to ensure fairness. AHCI have not handled any cases yet.

Legality (3.11)

AHCI will be providing mediation, this will try and find an amicable solution between the two parties, once this solution has been found it will be binding on their member, but the consumer has a choice whether or not to agree to the outcome.

The scheme rules provided by AHCI explain that they take into consideration their Consumer Code and legislation when they resolve disputes.

CTSI will view a sample of cases handled by AHCI in subsequent audits.

Grounds for refusal (3.13a – 3.16)

The grounds for refusal will be made available on the AHCI website with the rest of the information regarding the ADR procedure. They are clearly stated for consumers to understand.

There were no advisories for this section.

Action Required

Throughout the audit report, CTSI has outlined any changes that are needed to be made by AHCI to make before they can be found fully compliant with the ADR legislation.

CTSI did not find any areas of non-compliance from the documents they supplied for approval. All the website information and scheme rules provided in Document 5 and 8 are uploaded onto the AHCI website needs to be added as soon as possible to ensure compliance with the ADR legislation. CTSI will supply the ADR approval logo and statement to AHCI to display on their website.

Changes to be Implemented

AHCI need to upload all the relevant ADR information onto their website within 8 weeks of their approval being granted to be compliant with the legislation. Any other changes that have been outlined are shown in the table below.

Points Required as per Legislation (<http://www.legislation.gov.uk/ukxi/2015/542/contents>)

Schedule section	Requirement	Guidance	Complete by

Schedule 3.5	Make publicly available on your website or on a durable medium upon request, the following information in a clear and easily understandable way.	CTSI will check that the required information has been added to the AHCI website after approval.	8 weeks after approval has been granted.
Schedule 3.5 (b)	A statement that you have been approved as an ADR body by the appropriate competent authority (Once approval is granted)	CTSI will supply the ADR approval logo and statement to be supplied on the AHCI website.	8 weeks after approval has been granted.

Additional supporting documents

1. ADR application form
2. Approval criteria
3. Complaint data
4. Sample cover letters
5. Scheme rules
6. Annual report for 2022
7. Consumer Codes Audit Report
8. Conflict of Interest Policy
9. Info for CTSI website listing
10. Process flowchart
11. Website content