

# Deal or No Deal: A Local Impact Report about the Green Deal

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East Ayrshire Citizens Advice Bureau





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## Overview

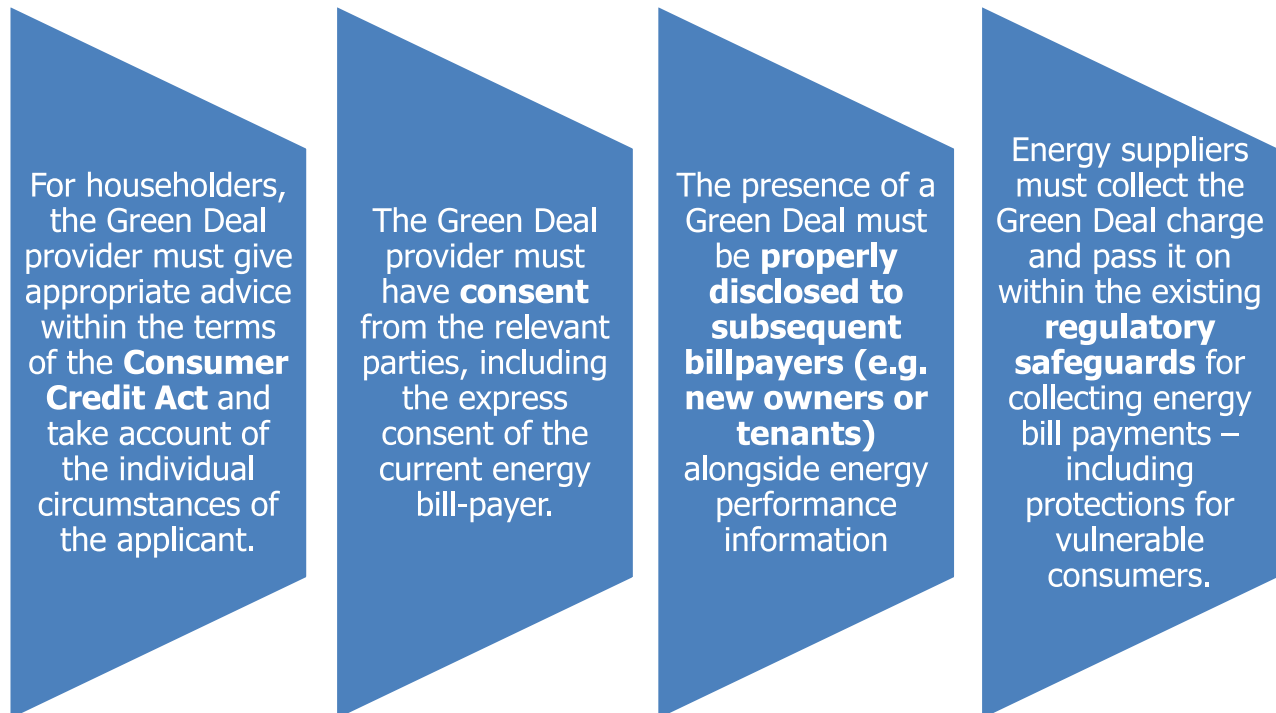
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The Green Deal was a UK government backed energy efficiency scheme that ran from 2013 until 2015. Consumers could take out a low interest loan and use this for Green Deal energy efficiency measures including solar panels, external wall insulation (cladding) and heating systems. This loan could then be paid back through the electricity account for a period of anything from 10 years to 25 years.

As part of the UK government energy efficiency initiatives, the Green Deal was developed as a route of access to energy efficiency measures for home owners across Britain. It received a soft launch by the Department of Energy and Climate Change in October 2012 and then had a full launch in January of 2013.

In order to support the roll out of the Green Deal a set of guiding principles were developed alongside a Green Deal Framework, which includes the "Golden Rule". These guiding principles were:





Whilst the guiding principles are applicable to any Green Deal consumer, the Green Deal did allow those who wouldn't qualify in principle to still access the Green Deal by accessing additional funding streams which included:

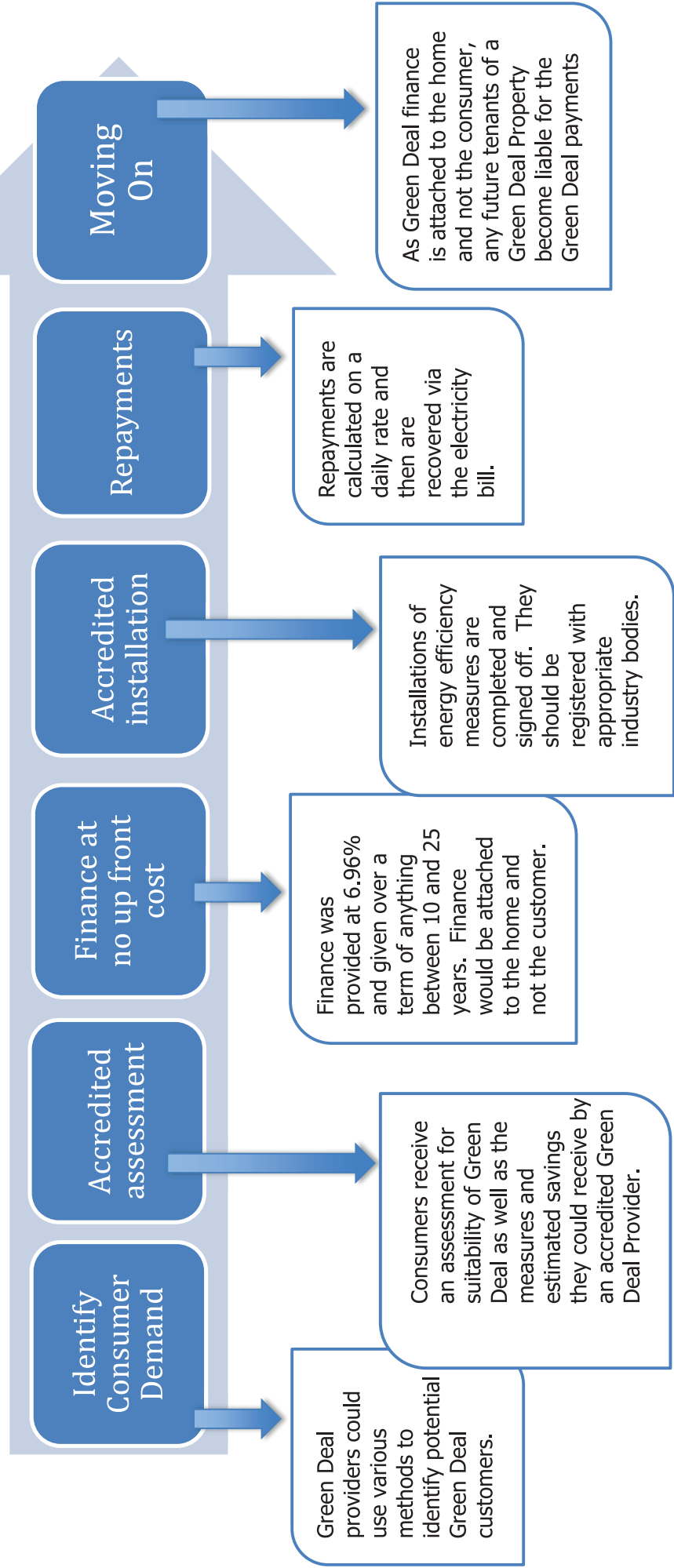
The Energy Company  
Obligation

Transfer of rights to receive  
payments from the Feed in  
Tariff (solar panels)

The Green Deal was underpinned by the Green Deal Framework Regulations 2012 and was also guided by a Green Deal Code of Practice and controlled by other legislation which included the Consumer Credit Act 2006 and The Energy Act 2011. Further to this there was the presence of a UK government register of approved providers.

## The Customer Journey

In order to understand the issues around the Green Deal in East Ayrshire, it is important to understand what an ideal Green Deal Customer Journey looks like.



## The Evolving Issue in East Ayrshire

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The Green Deal customer journey was designed to be simple, robust and fully underpinned by the Green Deal Framework and accompanying legislation. However, in East Ayrshire, consumers have come forward with issues relating to the sale of their Green Deal and how it was carried out which appears to breach both the Frameworks and the Code of Practice.

In late 2017, the East Ayrshire Citizens Advice Bureau (EACAB) was approached by a member of the local public, Isabel McNicoll, who was herself a Green Deal customer and felt that after some intensive research about the Green Deal, that she had been mis-sold her Green Deal Plan. Her Green Deal provider was Home Energy Lifestyle Management Systems Limited (HELMS).

Following consultation with Isabel, she took action to better understand the Green Deal and to offer a support mechanism to any other local people who felt they may have been mis-sold their Green Deal. This led to several outcomes including meeting and contact locally elected members including MP's and MSP's to inform them of the issue. From there she set up a closed Facebook Group called the HELMS Action Group for Ayrshire which very quickly grew from around a dozen members to over 100 and now has a membership of circa 175.



The group allows those local consumers from East Ayrshire who feel they have been mis-sold their Green Deal to have a safe space to share their stories and experiences.

The group also sports several advisory members such as the Energy Adviser from EACAB, advisers and support workers from the MP's and MSP's offices and other who are involved in Green Deal issues.

As part of the local awareness raising, Isabel was supported by Alan Brown MP, to host a public meeting about Green Deal. This consisted of an expert panel who spoke about Green Deal issues and gave local consumers an opportunity to come forward with their story. The aim of the meeting was to better understand the scope and difficulty of Green Deal issues in the local area and how those on the panel could look to progressing issues of redress for consumers.

## Why HELMS?

This report has referenced a single Green Deal Provider, namely HELMS and this is because with the normal Green Deal complaints procedure as set out below, if there is cause to complain, then in the first instance you would complain to your Green Deal Provider, however in 2016 HELMS went into liquidation.

This liquidation means that consumers no longer were able to complain directly to HELMS. The complaints process, would normally point the consumer to the Green Deal Ombudsman however in this case, the Green Deal ombudsman had no entity in which to take a complaint to.

Since the main funding element of the Green Deal is a Consumer Credit Agreement, the next port of call for complainants would be the Financial Ombudsman. The ombudsman took on complaints, however had difficulty progressing these as again there was not longer an entity in which to take the complaint to i.e. the green deal provider.

Ultimately, this meant that Green Deal consumers who were sold their plan by HELMS, were unlikely to be able to access any form of redress without going directly to the Secretary of State for Business, Energy and Industrial Strategy, however many consumers advised us that due to the complaints process, they could not get a ruling on their case from BEIS due to the need to have an outcome from an ombudsman first.

In summary, if consumers follow the normal Green Deal complaints procedures then ultimately they should receive an impartial outcome to their complaint. However in the case of HELMs complainants, very few outcomes have been reached.

As of the 24<sup>th</sup> of October 2018, BEIS had a total of 79 HELMS/Green Deal cases, only 2 of which have been finalised. In two further cases 'intention notices' have been issued acknowledging that the Green Deal Framework Regulations had been breached as per the Citizens Advice Scotland report.

This means that many consumers making a complaint can expect a protracted wait before getting a resolution to their case.



## Who are the Green Deal Finance Company?

The Green Deal Finance Company (GDFC) was originally created in 2012 as part of an initiative launched by the government in a bid to tackle energy inefficient homes throughout Britain, namely the Green Deal.


The GDFC administered the Green Deal Charging Database which held the details of all the Green Deal Plans throughout Britain.

In January 2017, the GDFC was acquired by new shareholders and has a current loan base of over 12,500 properties in which a variety of energy efficiency measures have been fitted including boilers, insulation and solar panels.

Since the GDFC was acquired by new shareholders, the issue of HELMS complaints was made evident to them and moving forward it was agreed that the Financial Ombudsman would pass their outstanding HELMS and Green Deal complaints cases over to GDFC. This was on a voluntary basis on the part of the GDFC.

The GDFC are able to review cases and re-assess the Green Deal plan based on suitability, appropriateness and whether or not the Golden Rule for the Plan was implemented correctly.

There are 3 main outcomes to complaints raised with the GDFC:

- 
- Rejection of complaint including an explanation as to why.
  - Offer of reduction on Green Deal Liability. This is calculated before interest.
  - Offer of write off of Green Deal Plan. This would include a refund of payments already made.

The GDFC complaint route is in substitution for being able to make a complaint directly to HELMS, however it should be noted that the GDFC are in no way affiliated with HELMS, nor are they responsible for the actions of HELMS or its agents.

Working closely with BEIS, the GDFC have ensured that consumers can still make escalations of complaints to the Secretary of State if they are unhappy with the outcome of their complaint to the GDFC.

## Local Research

Following on from the earlier mentioned public meeting, East Ayrshire residents were given an open invitation to meet with the EACAB Energy Adviser in order to discuss the details of their own Green Deal and to receive the support to make a complaint should they wish.

After starting case work with clients who came forward, we quickly realised that there is a much wider impact on clients than just the financial, with many telling us they wished they had never agreed to take the solar panels (or other measures).



94% of people said that if they'd had the correct information about Green Deal they would NOT have signed up!!!

We have undertaken a small local study of Green Deal customers in East Ayrshire. Whilst this was only a small study we felt the results of the research clearly demonstrate both the complexity of the issues as well as the financial and emotional impact to consumers and the results very much correlate with anecdotal evidence.

Our study comprised of a 20 question survey which local Green Deal consumers could complete either online or by requesting a paper copy.

We had 45 responses which constitutes approximately a 10% sample of all known Green Deal/HELMS consumers in the East Ayrshire area. (Circa 450).

### Our Aim

- To better understand the impact of Green Deal on the community of East Ayrshire

### Our Method

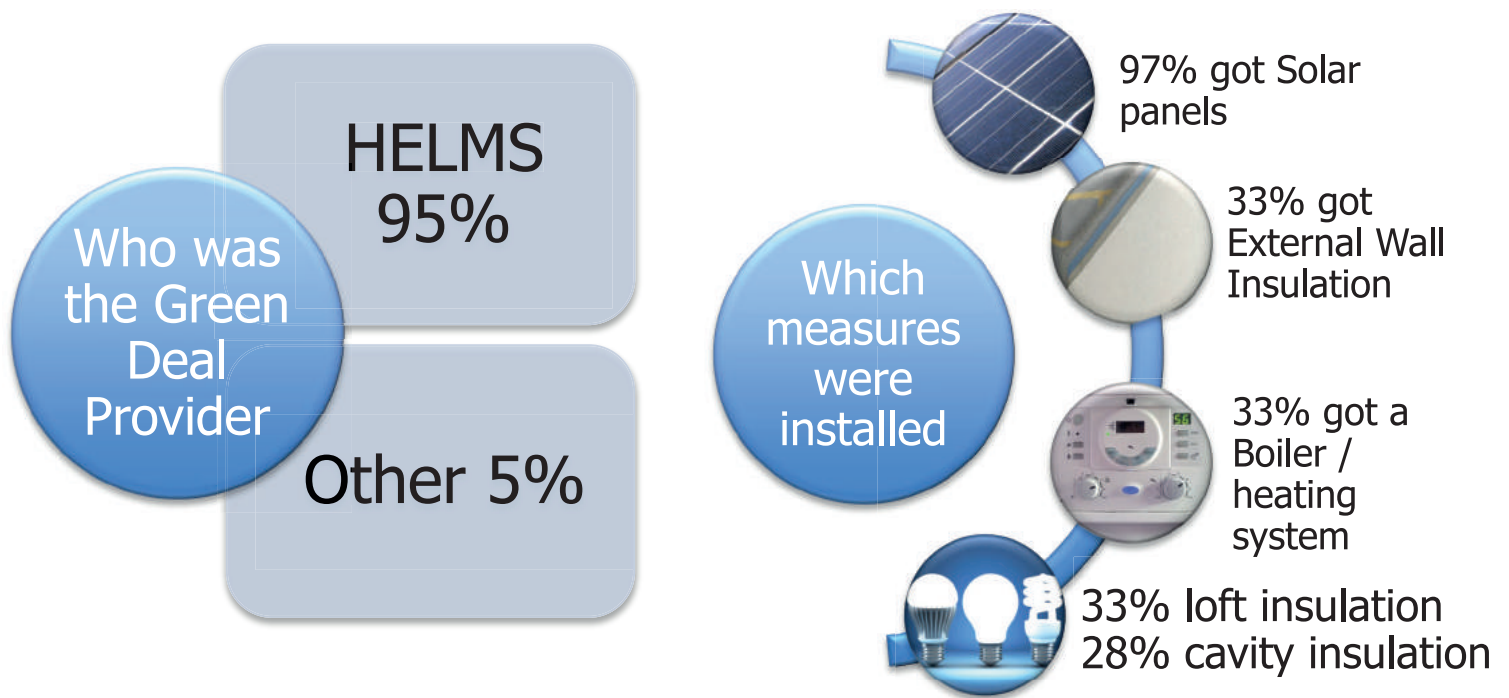
- Local research and consultation with other groups

### The Purpose

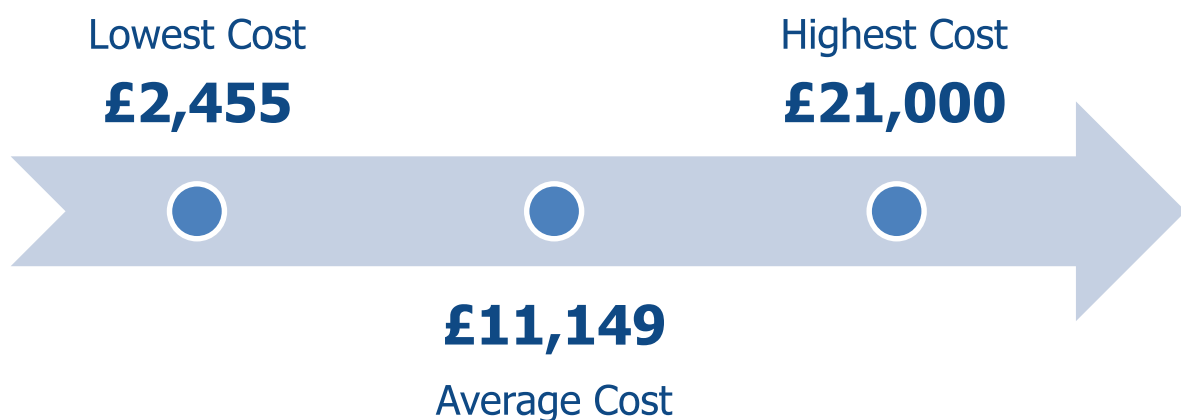
- To be able to produce an impact report that demonstrates the effects of any possible mis-selling of the Green Deal in the local area

## Local Research - Results

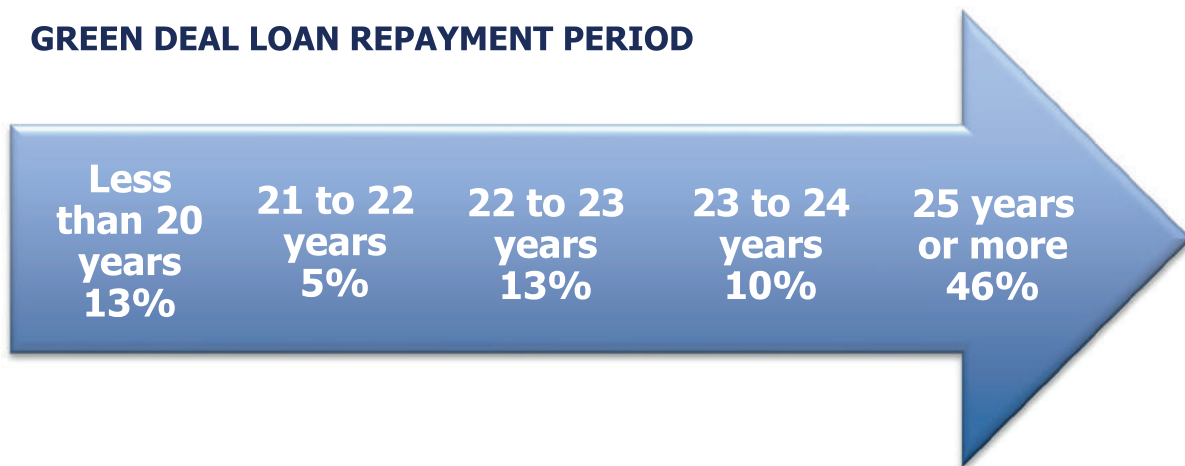
We asked our survey participants 20 questions covering a variety of aspects relating to their Green Deal and these ranged from who the installer was to how much their final costs for the measures were and we also asked if they felt they were mis-sold their Green Deal Plan and did this impact their health in any way.



From the measures installed, we were able to see that many consumers were often sold more than one energy efficiency measure as part of their Green Deal plan and this led us to wonder at the final amount a consumer may end up having to pay. These costs may consist of Green Deal Plans (with interest) as well as any additional finance that a consumer may have taken in order to cover any additional costs such as extra measures. (These figures are based on our survey responses).



## GREEN DEAL LOAN REPAYMENT PERIOD



Some of our survey respondents were unsure about how long the term of their Green Deal was, however given that the life of Solar panels would not be expected to be more than 25 years, it seems unreasonable that consumers should be locked into a financial agreement that lasts longer than some mortgages.

As the Green Deal constitutes a Consumer Credit Agreement, it's important to be aware that agents selling credit have a responsibility to give accurate information and to ensure consumers understand the nature of what they are entering into. So, with this in mind we asked our survey participants what information they were told and also what they weren't told about Green Deal.

### True statements

- 13% were told it was a type of finance / credit agreement
- 0% were told that external wall insulation requires a building warrant
- 0% were told about complaints procedures
- 9% were told about their cooling off period
- 27% were told that payments are made through the electricity account

### False statements

- 72% were told the measures were free because it was a govt scheme
- 78% were told they would get free electricity all day with their panels
- 86% were told they would see "really big reductions" in their bills
- 61% were told they could make extra money off their solar panels
- 58% were told that solar panels will make their house easier to sell

The mis-information given to the large majority of our respondents gives a clear indication that over-selling the benefits of the Green Deal was one way in which consumers were encouraged to sign up and this is a breach of the Green Deal Code of Practice.

## The Feed In Tariff

As part of the installation of solar panels, consumers could access a Feed In Tariff. This is a payment made for the extra energy generated by solar panels that is sold to the national grid.

In the case of the Green Deal, the Feed In Tariff for those getting solar panels, was not only a positive incentive but ensured that Green Deal Plans would meet the Golden Rule. The combinations of energy saving costs and income from the Feed In Tariff had the potential to ensure not only would the Green Deal Plan meet the Golden rule but the consumer would more than likely be in the black financially.

In some cases, however, consumers could choose to sign over their "rights to receive payments from the Feed In Tariff" as a method of part payment towards Green Deal installations where the Green Deal Finance on its own would not suffice. However, in the case of HELMS, the consumers were pressed into signing over the rights to their FIT whilst also being told that they could make money off the panels or in some cases, they were told that it was only temporary and that they could get their Feed in Tariff back in a couple of years' time once the costs of installations were covered. This is in fact not correct as the only way to recover the FIT would be to pay a buy-out price to the new recipient of the FIT, which in HELMS cases was a sister company called PV Solar Investments (PVSI).



97% of our respondents have Solar Panels through HELMS, 71% are NOT in receipt of a Feed In Tariff with only 22% being told what the Feed in Tariff actually was.

From our cases, we were able to analyse those that had signed over their FIT to PVSI and noted that the buy-back fee could be as much as £4000 and anecdotally, our clients are telling us that they simply cannot afford to pay this.

Whilst there are pathways of potential redress for those consumers who feel they were mis-led into signing over their Feed In Tariff, anecdotally we are only aware of a small number of consumers having bought back their rights to receive payments from the FIT. Citizens Advice Scotland have commissioned a legal opinion which has identified possible areas of framework breaches in relation to FIT and this is referenced in their report "Bad Company".

## Local Impact

It's important to understand the statistics and evidence that demonstrates the mis-selling of the Green Deal, however we wanted to understand what the impact of this was for consumers on a more personal level.

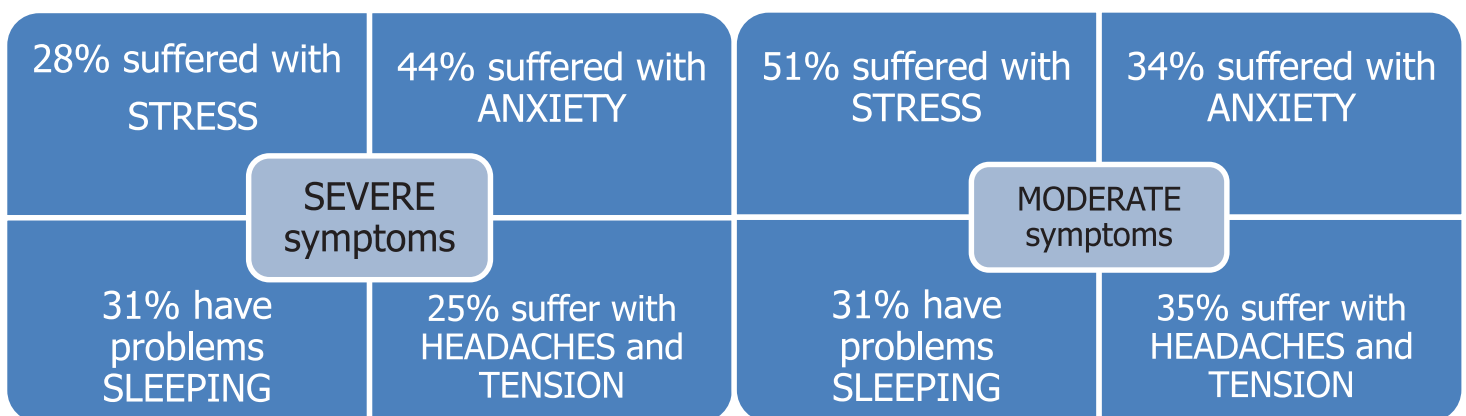


69% of all respondents say they have struggled with depression on a scale of mild to severe as a result of their Green Deal!!!

Consumers were able to let us know that for the most part their solar panels were fitted with no problems or no need for repair (40%). What we found striking however was that over 40% were unsure if their panels were even working correctly. This follows a similar trend for the other measures installed under Green Deal with most respondents not having identified any issues, however with others simply not being sure.

In some cases, our participants reported having to pay for retrospective repairs to be made with almost 10% of them telling us they have had to pay anything from £500 up to £1500 for these repairs.

Whilst we can appreciate the physical impact of having problems not only with faulty installations but trying to cope with increased electricity bills and not being in receipt of a FIT, what was coming across was the emotional impact of having the Green Deal via HELMS. So we asked them what that impact was.



## What Next?

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Given the huge impact that the mis-selling of the Green Deal has on consumers financially and emotionally, it's vital that ongoing support remains in place.

At East Ayrshire Citizens Advice Bureau, we will continue to offer our free and impartial advice services to those residents who have been affected.

To ensure that we are keeping abreast of the ongoing larger issue we will continue to be involved with a variety of activities which includes:

- Ensuring that all Social Policy cases are escalated to Citizens Advice Scotland
- To maintain a close working relationship with the Energy Policy Team at Citizens Advice Scotland
- Continued membership of the HELMS Action Group for Ayrshire
- Partnership working with the founder of HAGA, Isabel McNicoll
- Working in partnership with local MP for Kilmarnock and Loudon, Alan Brown
- Continued participation within the Cross Party Group for Consumer Protection for Home Energy Efficiency and Renewable Energy
- Undertake any other relevant activity that will aim to support consumers who have been affected

As part of ensuring consumers have continued access to free and impartial advice, we worked very closely with the Information Team at CAS and supported them to develop a series of comprehensive online advice content.



This new advice content includes advice and guidance on:

- The Green Deal
- HELMS
- Making a complaint about Green Deal
- If you've been sold an extra finance deal
- If you no longer have your FIT

This online advice content not only benefits consumers, but acts as a vital point of reference for other Energy Advisers working in bureau across the country who may be working with consumers who have been mis-sold their Green Deal.

Click onto [www.citizensadvice.org.uk/Scotland](http://www.citizensadvice.org.uk/Scotland) to see the online advice content.

We would also recommend reading the CAS report "Bad Company" which references to the breaches of Green Deal Frameworks and Codes of Practice by HELMS.

## A Green Deal Case Study

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To date, within our Bureau we have had multiple cases receive an offer of reduction from the Green Deal Finance Company. Only one of our clients has accepted an offer and we supported them through this process. Other clients have been supported to escalate their complaint.

The clients in question are a married couple with young children in the home, both of them had been working, however circumstances had changed over the years since their Green Deal installation meaning that they had become concerned about the ongoing costs of not only their fuel bills but also their Green Deal charges.

They attended the public meeting held in 2017 and approached us for advice and assistance with making a complaint about their Green Deal.

Working closely with the clients, we gathered evidence including their Green Deal papers and collected information on the nature of what advice they were given by HELMS at the time of the sale of their Green Deal.

It was clear from the clients' story that there were multiple breaches by the HELMS agent of the Green Deal Code of Practice and so we submitted a complaint along with evidence to the GDFC on the 15<sup>th</sup> of March 2018. We additionally had to take time to get further evidence in the form of energy bills from the supplier which were then sent on to the GDFC.

The offer of reduction of Green Deal liability came through in late September 2018. The clients accepted this offer and chose to pay off the remaining capital balance to the GDFC in order to no longer be Green Deal customers.

This pay off of the capital balance saved the clients £5191.23 in Green Deal charges and means they no longer have to make an extra payment through their electricity account for the next 20 years. Further to this the clients have made the decision to have the panels removed from their home as they still felt that the panels were having a negative emotional impact on them.

Going forward the clients no longer have Green Deal charges and can now choose to change energy suppliers to get a better energy deal on the wider market.



## Comments from Consumers

It was vital that we capture statistics as well as understanding the impact of the Green Deal as part of this research, but we also wanted to know what Green Deal Consumers had to say in their own words. Here are some of their comments.

I just thought I was getting a good deal, I have been disillusioned of that.

Really the government should have put better information out about the Green Deal since they backed the scheme.

We should never been offered this scam, at our age I would have to live to 100+ to pay it off

I would like to maybe move within the next couple of years, and don't want this still hanging over us.

I used to pay £40 per month for electricity as of next month they want £115 per month

I feel I was taken advantage off and told a load of lies. I am a single parent out working hard to try and get a better life for us and now I've got £14 a week coming straight off and money I put into my meter.

I was told only half a story; I'm a working single mother who would never have signed up for this if I had been told all of the facts.

I think the salespeople from helms should be charged with fraud!

I am unhappy that I am tied to the Green Deal and now cannot get a cheaper energy deal.

I feel more angry than anything else.

I am 74 my wife is 72, we can't stop worrying about this millstone round our necks.

## Further Information and Resources

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### Online

- [www.citizensadvice.org.uk/Scotland](http://www.citizensadvice.org.uk/Scotland)
- [www.cas.org.uk](http://www.cas.org.uk)  
(The CAS report "Bad Company" is available on both the above websites)
- [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/47978/1010-green-deal-summary-proposals.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/47978/1010-green-deal-summary-proposals.pdf)
- <http://www.legislation.gov.uk/ukdsi/2012/9780111525227/contents>
- <https://www.gdfc.co.uk/about-the-gdfc/>
- <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2018-10-15/179252/>

### By Telephone

- The Citizens Advice Consumer Service 03454 04 05 06  
<https://www.cas.org.uk/about-us/consumer-advice>

### In Person

- To Find your nearest bureau go to: <https://www.cas.org.uk/bureaux>

### Contact Us Directly

- If you would like to know more about this report or to request an extra copy please contact our Energy Adviser:  
Linda Corbett, Energy Advice and Projects Worker  
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E: [Linda.Corbett@eastayrshirecab.casonline.org.uk](mailto:Linda.Corbett@eastayrshirecab.casonline.org.uk)
- For hard copies of the Citizens Advice Scotland Report "Bad Company" please contact them directly on: [cfuenergy@cas.org.uk](mailto:cfuenergy@cas.org.uk)

## Thanks

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Linda Hutton of CAS

## **East Ayrshire Citizens Advice Bureau**

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