



Fit for the future - Putting consumers first in the move to net zero

Creating a framework for robust
consumer protection in the energy
efficiency and renewable, retrofit sector

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1. Executive summary

1.1 Who we are

Scotland's Citizens Advice Network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better. In 2018-19, the Citizens Advice Service network helped over 270,000 clients in Scotland and dealt with almost 750,000 advice issues. With support from the network, clients had financial gains of over £131 million and our self-help website Advice in Scotland received approximately 3.7 million-page views.

Upgrading the energy efficiency of Scotland's homes and supporting the use of renewable technologies will play a central role in the Scottish Government's 'whole system' approach to meeting our ambitious net zero targets. With Scottish homes accounting for 40% of all energy used in Scotland and with 50% of energy used in Scotland relating to heat² the scale of this cannot be underestimated. This report examines the current consumer journey when engaging with energy efficiency upgrades and renewable heating and the extent to which consumers are protected from rogue traders, poor quality installs and complex redress processes.

Citizens Advice Scotland (CAS) has supported many consumers impacted by rogue trading, poor quality installs, complicated contract arrangements and those who have struggled to find a redress route in this market. CAS is mindful this market has the potential to grow exponentially as the Scottish Government considers the introduction of owner / occupier, energy efficiency standards, designed to introduce minimum Energy Performance Certificate (EPC) standards for Scottish Homes.

CAS commissioned Changeworks to undertake research to recommend a framework for delivering consumer protection in the domestic energy efficiency and renewable retrofit sector in Scotland. Following delivery of the research report from Changeworks, CAS sought feedback from stakeholders. The feedback received has been considered alongside the research. The report makes recommendations that are intended to act as a starting point for engagement and collaboration with the sector. Despite previous examination of the problems and attempts to understand and improve consumer protection, as was the case after the Each Home Counts Review and the expanded roles of Trustmark, the research has identified gaps and vulnerabilities that still exist for consumers. The potential for detriment in this sector is high, due to the inherent high costs of many installs and technology alongside the vulnerability of some consumer groups and the possibility that a poor install can damage a property or leave it with poorer heat or higher energy bills.

Considering the research undertaken, CAS is of the opinion that the energy efficiency and renewables retrofit sector in Scotland requires a focus on collaboration between public officials, businesses and stakeholders in this sector. Over the last three years, CAS has worked with water industry stakeholders to adopt ethical principles and behaviours as part of a co-design approach. Essentially ethical working encourages mistakes and issues to be flagged up quickly so they can be dealt with openly and resolved both for the industry and its consumers. It discourages hidden or buried issues that cause detriment to the industry's reputation and its service users' experience of the sector. It's not all about shiny straplines and messages promoting how great the sector is. It's about being authentic and transparent, and setting out goals and commitments that set out to do the right thing for consumers and the environment.

¹ Energy Efficient Scotland – [Route Map 2018](#)

² [Scottish Energy Statistics Hub](#)

1. Executive Summary

The Scottish Government's report 'Delivering Better Outcomes for Consumers and Businesses in Scotland'³ supported Ethical Business Regulation in Scotland. Whilst consumer protection is not devolved to Scotland and as such regulation cannot be undertaken here, the ethical principles approach, introduced by Christopher Hodges focuses on Ethical Business Practice (EBP)⁴. EBP reasons, that critical to success of business is the need to: "establish clear core values, which are shared by all members of the workforce, and form an ideology that is enduring and able to be applied consistently in different trading and geographical circumstances".⁵

The benefit of adopting an EBP approach to the energy efficiency and renewable sector is: "This type of culture will generate ideas for improvement (innovation), in which complaints are treated as welcome feedback or gifts, lessons are applied, and things put right when they have gone wrong."⁶

CAS has long promoted the seven consumer principles and believe EBP can support the delivery of these principles as it promotes collaborative working across the sector, in which consumers can be put at the centre. This sector currently sees a proportionately high rate of scams and rogue trading⁸, and consumers needing to access redress are required to navigate complex routes that can ultimately leave them with poor consumer experiences and sometimes no resolution.

Good consumer protection permeates the whole customer journey and cannot be restricted to the enforcement of regulations and legislation. This sector has evolved organically, often its growth has been shaped by government schemes

and incentives. As such brand awareness has developed around such schemes⁹ as opposed to specific businesses or brands operating in the market.

The fragmented growth of this sector has allowed silos to emerge that create distinct consumer stages that can make sense to the sector and not the consumer. Some attempts have been made to combine aspects of the customer journey, but no single system or model exists that is based on sector-wide collaboration and shared consumer focus, values and principles.

The use of EBP in Scotland is now well established in some sectors; SEPA adopted it and have already gone beyond what was required¹⁰ and Scottish Water is now embedding it internally.

The Scottish Government have shown support for the approach, "The Scottish Government want to create the policy environment to allow exemplary practice to become the norm. We will, therefore, enhance our Better Regulation strategy with an ethical based approach, which emphasises securing compliance by changing organisational culture through collaboration and developing ethical values¹¹."

As part of the recommendations of this report, CAS has identified a two-pronged approach to address many of the consumer protection issues. The first is top down, general principles that seek to establish high-level ethical commitments relating to the aims and values of the sector and delivered through national policy initiatives and quality standards. To be complemented by the second, of lower tier guidance and best practice, driven by sector certification bodies, guarantee schemes and trader associations.

³ [Delivering better outcomes for consumers and businesses in Scotland](#)

⁴ Christopher Hodges 2017 Ethical Business Practice and Regulation

⁵ Christopher Hodges [Ethics in Business Practice and regulation](#) This idea it can be extended to sectors and not individual businesses is part of the theory discussed.

⁶ Ibid

⁷ Annex 1

⁸ Trading Standards Scotland 2019 – [Consumer Protection in the Energy Efficiency and Renewables Sector](#)

⁹ such as through Green Deal and ECO

¹⁰ Scottish Government 2016 <https://www.gov.scot/publications/delivering-better-outcomes-consumers-businesses-scotland/pages/4/>

¹¹ Scottish Government 2016 <https://www.gov.scot/publications/delivering-better-outcomes-consumers-businesses-scotland/pages/4/>

1. Executive Summary

1.2 Summary of Recommendations

1. Government framework

The fundamental principle is to create a system that can meet consumer needs whilst achieving the net zero targets for Scotland.

The Scottish Government has the opportunity to use the Quality Mark to encourage collaboration across the certification and trader schemes and establish high-level principles as part of registration. Development of principles should support Ethical Business Practice that seeks to achieve the Consumer Principles¹² and genuinely encourage practices driven by what is appropriate for the consumer, for the property and for the environment. Collaboration throughout the sector can support improved information sharing, intelligence and an understanding of consumer requirements.

In order to achieve this, our recommendations are:

1. The Quality Mark to adopt a collaborative approach with stakeholders, codes and schemes to develop high level principles and values.
2. The Quality Mark to recognise and give credit to businesses who engage in Ethical Business Practice.
3. Development and co-ordination of a multi-agency group comprising consumer bodies and advice providers. The purpose of which is to map out advice provision requirements, collaborate on intelligence to identify scams and consumer pitfalls. Suggested members would include, but would not necessarily be limited to, Quality Mark, Home Energy Scotland, Energy Saving Trust, CAS, Advice Direct Scotland and Trading Standards Scotland.

4. The multi-agency group to feed into the development of a public facing database providing key consumer information including, installers, accreditation schemes, available funding, technology and redress information.
5. The Scottish Government officials may need to assess the Trustmark's information portal to ensure it is providing consumers with access to information relating to installations and work carried out, whether guarantees and warranties exist and who these are with.
6. The multi-agency group to develop a mechanism of referrals between advice organisations and consumer bodies that ensures the consumer journey is more streamlined, from initial advice and assessment to procurement and installation¹³.
7. Developing brand awareness of the Quality Mark around the energy efficiency and retrofits sector and its' purpose, in terms of meeting net zero targets.
8. To demonstrate to the public and potential rogue traders that enforcement action is available and part of a consumer protection framework that enforcers are prepared and able to utilise it.

¹² Annex 1

¹³ An infrastructure for an impartial, multi-agency approach to energy advice is currently available through Home Energy Scotland (HES).

1. Executive Summary

2. Sector framework

The energy efficiency and retrofit sector has evolved in a piecemeal fashion, often in response to government funding schemes. This has created a fragmented landscape which is complex for consumers to find their way around and can allow rogue traders to operate in. High quality and impartial advice is available at many points in the consumer journey, but often does not follow the consumer from the very first inquiry to assessment, procurement, installation, and redress.

The Quality Mark has the potential to facilitate high-level principles across the certification schemes and trader organisations with the intention that performance is assessed against robust inspections, audits, consumer feedback and oversight of complaint data. This approach requires more than evidence of basic compliance but a system that recognises excellent business practice.

The following recommendations

9. Recognition by certification schemes and trader organisation of Ethical Business Practices of their members.
10. Encourage opportunities to share new information, training, auditing, inspections and best practice examples.
11. Adopt fair and proportionate responses to traders, taking into account consumer experiences and quality standards. Robust membership list vetting must be adopted to protect consumers.
12. Seek to embrace collaborative and streamlined redress approaches and support advice organisations to provide accurate information.
13. Collaborative approach to offering consumers a remedy where detriment has occurred but where the business has dissolved, and as such, redress appears unobtainable.



2. Introduction

The energy efficiency and retrofit sector's core purpose is to improve the environmental impact of Scottish homes and the quality of warmth for those living in them, particularly those in fuel poverty. However, in recent years a plethora of government schemes, alongside a disconnected and expanding installation sector, has allowed consumer detriment to grow at worrying levels¹⁴.

Trading Standards Scotland (TSS) reported that cold calling and mis-selling about energy efficiency was the most reported nuisance call in 2018, accounting for 47% of all nuisance calls. TSS also reported that since 2015 over 30% of TSS concluded cases concerned activity relating to energy efficiency¹⁵. At CAS, the Green Deal scheme led to the Bad Company Report¹⁶ which described very high levels of detriment for significant numbers of consumers who participated in the UK Green Deal scheme.

Under current Scottish Government proposals, all Scottish owner-occupier homes are to reach EPC band C standard by 2040, although this is still under review, there is potential for trigger points to start this process from 2024¹⁷. This is an enormous task considering that as of 2017, only 42% of Scottish homes were rated EPC band C or higher¹⁸. The Scottish Government has produced a route map¹⁹ for how it intends to carry this out. The Energy Efficient Scotland programme²⁰ is to deliver energy efficient improvements to properties across Scotland and it recently undertook a consultation²¹ to which CAS provided a comprehensive response²².

The Energy Efficient Scotland programme will impact the installation sector with the potential for exponential growth as consumers will look to invest in various types of long lasting and new technology. As such, CAS has sought to use its consumer experience in this sector to undertake an analysis of how government and the sector can provide robust consumer protection provision.

¹⁴ Trading Standards Scotland 2019 – [Consumer Protection in the Energy Efficiency and Renewables Sector](#)

¹⁵ Ibid

¹⁶ Citizens Advice Scotland [Bad Company \(2018\)](#)

¹⁷ Scottish Government - [Energy Efficient Scotland](#)

¹⁸ Scottish Government - [Scottish house condition survey: 2018 key findings](#)

¹⁹ Energy Efficient Scotland – [Route Map 2018](#)

²⁰ Scottish Government - [Energy Efficient Scotland](#)

²¹ [Energy Efficient Scotland Consultation March 2019](#)

²² [CAS response to EES consultation June 2019](#)

3. Research

3.1 Aim

Citizens Advice Scotland (CAS) commissioned Changeworks to identify what constitutes a robust framework for consumer protection in Scotland's domestic energy efficiency and renewable retrofit sector. The aim of the research was to identify issues and gaps in existing consumer protection measures and outline an effective consumer protection framework. The intention was to engage with stakeholders and establish how working practices, regulation and collaboration can be geared towards providing access to a trusted sector that can deliver high quality installations and effective routes to redress²³.

3.2 Objectives

Specific themes explored in the research included:

- > To identify the key agents in the sector landscape and how they interact and to what extent intelligence is shared.
- > To examine the effectiveness of consumer protection across the types of products and through the finance offered.
- > To explore to what extent enforcement for non-compliant businesses is working as a deterrent and as redress.
- > Identify how to shape the agents and recommendations into a framework that is clear, transparent and effective in offering redress.

Existing research and stakeholder feedback, received following the research, have also been used to inform the development of the recommendations.

Following release of the report from Changeworks to CAS, it was agreed that it could be circulated to relevant stakeholders for further feedback. This coincided with the Covid19 lockdown, nevertheless responses were received from the Scottish Government, Trading Standards Scotland, RECC, Trustmark and HIES.

²³ Research methodology in annex 2

4. Research findings

4.1 Overview of Findings

The research found that existing consumer protection provisions are wide ranging and can be found and delivered through legislation, certification schemes and advice provision.

The energy efficiency and renewable sector has been identified in previous research as having a complex consumer protection landscape²⁴. Following previous reports²⁵, attempts have been made to address the consumer protection issues at a UK level²⁶. Nonetheless the research undertaken here has found that the sector is still complex for consumers to navigate. Poor information provision can make consumers more vulnerable to mis-selling, poor installations and lengthy and difficult redress.

A recent omnibus survey CAS conducted²⁷ on awareness of rights and redress found that of adults who had recently purchased energy efficiency equipment:

- > 28% were aware of the cooling off period (period in which the policy can be cancelled for a full refund)
- > 34% were aware of the terms and conditions
- > 34% were aware of coverage available if the purchase was made on a credit card
- > 22% were not aware of any of the above
- > 25% could not remember or recall.

Of adults who had recently purchased renewable energy products:

- > 41% were aware of the cooling off period
- > 49% were aware of the terms and conditions of the product
- > 39% were aware of cover available if the purchase was made on a credit card
- > 4% were not aware of any of these
- > 16% could not recall.

In both questions, respondents could select multiple answers. The prevalence of cold calling and scams combined with relatively low levels of awareness about consumer rights and protections underline the need for a consumer protection framework which incorporates an easily accessible system of redress.

Whilst existing consumer protection measures can offer protections through legal routes and through certification schemes, the research identifies questions about the practical accessibility of these measures. Without smooth referral mechanisms between advice agencies that allow consumers access relevant and impartial advice throughout the various stages of their energy retrofit, confusion can thrive, and consumers can be left in the dark. The fragmented landscape can be compounded by lack of collaboration and sharing of intelligence and information.

²⁴ Pye Tait (2015) [Research into quality assurance in energy efficiency and low carbon schemes in the domestic market](#)

²⁵ Bonfield Review - [Each Home Counts](#)

²⁶ Trustmark now delivers ECO3 following the Each Home Counts Review (2015)

²⁷ 2019 Omnibus survey commissioned by CAS, available on request

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4.2 Legislative Provisions

Legislation in this sector provides the foundation for consumer protection in the UK, it cannot be avoided, for instance, by businesses using contracts that remove a consumer's statutory rights. For this protection to be effective and enforceable, a consumer must know how to find out about their rights and be able to access this information easily.

The matrix mapped out during the research, alongside feedback from stakeholders, identified the main pieces of legislation available to consumers:

- > The Consumer Rights Act 2015
- > The Consumer Credit Act 1974
- > The Green Deal Regulations 2012
- > The Consumer Protection from unfair trading regulations 2008
- > The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

Local Trading Standards and Trading Standards Scotland (TSS) also have powers to use the following legislation in pursuing consumer protection:

- > The Consumer Protection from Unfair Trading Regulations 2008 (CPRs) for criminal and civil charges
- > The Enterprise Act 2002 for civil proceedings

Consumer protection legislation imposes obligations on installers, offers consumers redress and can provide criminal sanctions.

Currently use of Alternative Dispute Resolution and ombudsman services can support consumers to access their statutory rights. However, rogue traders and businesses intent on scamming consumers can cause consumer and market harm and evade redress and sanctions. Trading standards play a role in addressing aggressive selling or mis-leading selling practices and can use their powers under the Consumer Protection Regulations and the Enterprise Act to stop businesses acting in breach of consumer protection laws²⁸.

Trading Standards Scotland (TSS) reported to Citizens Advice Scotland (CAS) that carrying out investigations under these pieces of legislation can be time consuming and complex and may require the consumer to be a witness in any potential court case. Ultimately the purpose of a Trading Standards investigation is to stop the trader acting in breach of the law, and does not typically offer redress to the consumer.

TSS reported to CAS that very few consumer cases ever get to court²⁹ despite 30% of their concluded case work since 2015 relating to energy efficiency. This amounted to consumer detriment in excess of £4.5m. Yet, apart from one successful outcome and a deserted case, no other case has had a successful outcome³⁰.

TSS suggested several contributory factors are responsible

- > Complex consumer law and case detail.
- > A reliance on vulnerable witnesses can impact on the strength of the case. Typically, energy efficiency selling is targeted at vulnerable and elderly groups, as rogue traders align themselves with government schemes.³¹

²⁸ Trading Standards Scotland 2019 – [Consumer Protection in the Energy Efficiency and Renewables Sector](#)

²⁹ Ibid Trading Standards [report 2019](#)

³⁰ Ibid Trading Standards [report 2019](#)

³¹ Ibid Trading Standards [report 2019](#)

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- > Sanctions may often be a small fine and there is no provision for the future conduct of the trader.
- > Decisions to prosecute do not lie with Trading Standards, but with the Crown Office and Procurator Fiscal Service. As such TSS are unable to effectively combat this growing area of crime, beyond investigatory work.

Poor enforcement figures should be viewed through the lens of the growth in crime in this area, with 47% of all nuisance calls reported by TSS in 2018 relating to cold calling and mis-selling about energy efficiency.

The Society of Chief Officers of Trading Standards in Scotland (SCOTTS) reported the average cost to consumers for contracts in energy efficiency and renewables was £4,000 and “over 30% of reported cases were noted as having a criminal concern”. SCOTTS further commented,

“These figures illustrate the particularly high value commonly involved in contracts of this type and the fact that a significant proportion of consumers have reported trading practices which at least suggested criminal activities.”

Since 2018 TSS have seen an increase in social media adverts intended to generate consumer interest in this sector. Consumer details obtained from these mis-leading adverts are passed to rogue traders, who are currently or have previously been investigated by TSS.

4.3 Certification Schemes and Trader Bodies

4.3.1 Number of certification schemes on offer

Consumer protection is not limited to legislation but is provided through trader certification schemes, offering protection through their membership and associated codes of practice. The research identified 12 schemes across the sector, including:

1. Insulation industry:
 - 1.1 two guarantee schemes
 - 1.2 two installer certification schemes
2. Three Glazing schemes
3. Renewable generation installers are covered by three schemes
4. The Scottish Government operate an approved certification scheme allowing self-certification by the trade for complying with building regulations.

The Society of Chief Officers of Trading Standards in Scotland (SCOTTS) commented:

“...the confusion consumers are likely to experience due to the variety and number of different schemes so making them more vulnerable to being scammed or making the wrong choices. What is more, this will impact disproportionately on those who are less well informed or otherwise vulnerable due to age, disability or low income.”

Trading Standards Scotland (TSS) highlighted in their 2019 report³² that they advise consumers to choose a certified installer but “the problem is that there are numerous different assurance schemes within this sector that can become confusing to consumers.”

³² Ibid Trading Standards [report 2019](#)

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Previous research commissioned by Citizens Advice in 2015³³ examined the extent of coverage of the numerous codes, guarantees, warranties etc and found they created a “highly convoluted landscape” for consumers. There have been attempts by the UK Government to address this through introduction of Trustmark, currently being rolled out for ECO3 installations, with the intention to extend this more widely over time.

During stakeholder engagement, concerns were raised in relation to the Trustmark framework, as it relates to ongoing installer registration management and how effectively it is set up to manage consumer complaints. Trustmark provides consumers with assurances that businesses displaying the Trustmark badge are members of a certification scheme that is Trustmark approved. Reliance by consumers on badges such as Trustmark, are significant because it is common for consumers to take installers on trust and often not undertake checks on the countless schemes or to obtain three quotes³⁴.

4.3.2 Administration of schemes

Trading Standards Scotland are concerned that sometimes certification and trader schemes do not remove businesses from their membership lists, when they fail to meet the scheme standards. This can mean consumers are putting their trust in poor quality businesses, who are able to hold a badge of quality.

This type of scheme management can dissolve the trust that consumers have in certification schemes. TSS are advocating for rigorous vetting procedures, as recognised by the SLWG³⁵ and for trader certification schemes to include vetting of:

- Credit and trading history of the business

- Criminal convictions of directors, senior management and operatives

4.3.3 Cold calling

Stakeholder feedback identified a negative difference in the behaviour and quality of installers who generally cold call as opposed to those who don't use these methods to get new business.

Cold calling was identified as an issue that is not being addressed in this sector and the consumers targeted by cold callers are more at risk of harm. TSS identified:

“the key enabler for mis-selling by rogue traders in the energy efficiency and renewables sector is unsolicited telephone calls”.

Cold calling is not limited to businesses operating out with certification schemes³⁶ and certified schemes and trader bodies will need to address the harmful practices commonly associated with cold calling.

4.3.4 Access to information

Consumers cannot always access the information that relates to their property and the installations or work that have been previously carried out. Consumers who cannot find information relating to the existence of a guarantee, a warranty or the name of the installer, is, as such unable to access remedies.

Trustmark are now using the Data Warehouse for holding information that relates to an installation. They have advised that data storage in this started operating in January 2020. They have received thousands of lodgements, although currently these are limited to ECO3 measures. The Data Warehouse is not a consumer facing database, so Trustmark have

³³ Pye Tait (2015) [Research into quality assurance in energy efficiency and low carbon schemes in the domestic market](#)

³⁴ Future Climate and purple market research (2015) A Review of consumer experience of solar PV systems.

³⁵ [Quality Assurance short life working group \(2019\) Recommendations report](#)

³⁶ CAS Bad Company report (2018). The Company HELMS was a certified scheme member and used aggressive cold calling practices

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developed a consumer facing version called the Property Hub, which is expected to launch in 2020³⁷.

The Property Hub has the potential to plug the information gap in terms of any work that has been carried out on a property, including associated guarantees and warranties³⁸. In order for this to be useful it needs to remain available even as property ownership changes. Ongoing analysis of the effectiveness of the Property Hub will be required to ensure it meets consumer requirements and whether it can work alongside the Energy Efficient Scotland programme

4.3.5 Certification scheme best practice

Examples of best practice of both installers and Code organisations was identified during the research. These included the strength of the RECC compliance panel and its ability to impose sanctions. Alongside good practices of de-coupling property assessments from sales³⁹, the use of pre-install surveys and robust examples of pre-contractual information⁴⁰.

Good examples of collaboration were identified between RECC and MCS, who audit each other and provide constructive feedback on the issues they were seeing.

In the paper by Chris Hodges, he suggests as part of embedding Ethical Business Practice (EBP), regulators and enforcers should take steps to:

“...incentivise and promote wider and deeper adoption of EBP within the business community and in markets.”⁴¹

Trustmark’s Code of Practice may provide a route to roll out examples of best practice more widely. However, in the research examples of

good practice were not found to be adopted consistently across businesses and scheme providers, nor were efforts identified that sought to do this on a large scale.

4.3.6 Certification and trader practices

Common practices featured across the sector that do not support good consumer protection were identified by the research and related to issues with sub-contracted work, the complexity and inaccuracies of performance modelling and low levels of independent inspections.

Where inspections are taking place, they are often limited to technical checks as opposed to assessing consumer and contractual issues, with a stakeholder saying:

“what is consistently forgotten... is that it’s possible to have a technically perfect install but it be a financial disaster for the customer.”

The world of performance figures for energy efficiency and renewable technology is often new to many consumers and can vary by product, property and occupier-use of their property⁴². It is perhaps unsurprising that during stakeholder interviews concerns were raised, with one interviewee who had been analysing Air Source Heat Pump data, to have said

“I was shocked at what we were seeing, there was obvious exaggeration of performance and there was very little compliance with the MCS standard.”

Coupled with the fact that lab-test data is used as opposed to real-world data, means the consumer is not able to access accurate and reliable information on which to make a substantial financial investment⁴³.

³⁷ There are some Covid-19 implications to this timescale

³⁸ CIGA identified consumers cannot always identify who carried out work on their property and who a guarantee is with.

³⁹ In the HEEPS:ABS scheme. Therefore, removing the any trader vested interest.

⁴⁰ The RECC, HIES and GGF consumer codes contain clear guidance as to what information a consumer should receive.

⁴¹ Christopher Hodges - [Ethics in Business practice and Regulation](#)

⁴² Home Energy Scotland currently offers impartial and independent advice from their home renewables specialist advisors, who have access to tools such as the Domestic Home Energy Home Renewables Advisor to provide householder specific assessment of the likely efficiencies and scenario planning for installations.

⁴³ Over-estimated performances were also a problem with the Green Deal scheme

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4.3.7 Complaints

The research found that whilst consumers may have interacted with only one business for their installations, if a consumer needs to escalate a complaint, they may have to navigate the redress offered through multiple certification schemes, warranties and guarantee organisations. This can create layers of protection, in theory offering redress but in practice it can quickly become confusing to consumers. It can become compounded where certification and trader bodies aren't aware of the involvement of other bodies, nor how many times the customer may have already sought redress.

The current model of certification and trader schemes does not provide for established links that can support consumers to escalate complaints or shift between schemes where appropriate. The process for a consumer can be long, redress can still fail at the end where a trader goes out of business and processes can vary from scheme to scheme.

Trustmark provides information and assurances at the first stage of the consumer process, but leaves consumers to navigate the 'highly convoluted landscape'⁴⁴ of certification and trader schemes, at the other end of the process.

4.4 Advice provision

“...it is often not enough simply to provide consumers with a surplus of information and expect them to solve everything alone. Where people are making complex, or difficult long-term decisions we also need to ensure that consumers are properly supported and/or protected.”⁴⁵

The quantity and complexity of trader certification schemes can make consumers less likely to actively check installers registration because knowing where and what to check is difficult.

Stakeholders described the current consumer landscape as “confused”, “needs better coordination”, “unclear”, “disjointed”.

The certification scheme model has developed over some time and whilst confusing for consumers, its purpose is partly to support and certify the businesses installing the many types of energy efficiency and renewable technologies. This may be difficult to simplify, in which case the consumer needs to know where they can go for independent, trusted advice about installers, products and suitability of installations that suit their circumstances.

The importance of information and advice was evidenced by the Scottish Government's SLWG recommendation, for an awareness raising campaign⁴⁶ and the Each Home Counts review and responses made to the Scottish Government for the role of Consumer Scotland, suggested creating a single portal for consumer advice.

⁴⁴ Pye Tait (2015) [Research into quality assurance in energy efficiency and low carbon schemes in the domestic market](#)

⁴⁵ Financial Conduct Authority and the Competition and Markets Authority (2018) [Helping people get a better deal: learning lessons about consumer facing remedies.](#)

⁴⁶ SLWG <https://www.gov.scot/publications/quality-assurance-short-life-working-group-report/pages/2/>

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4.4.1 Advice provision

Energy efficiency and renewable advice provision offered across Scotland is delivered by various bodies. Home Energy Scotland offer free, impartial advice through a network of advice centres across Scotland, including advice on the various grants and funding available to households. There are other advice providers in this area such as local authority funded advice provision, energy company funded advice, Changeworks, Citizens Advice Bureau energy advisers, independent advisers, and others.

Advice provision may be targeted at specific groups such as tenants, or by the types of product, or at those struggling with fuel bills and in fuel poverty.

A large network and variety of advice providers each of which has their own expertise or particular user groups or needs is beneficial and important in that it offers consumers scope to choose what is most suitable to their needs. However, as consumer entry points vary, more could be done to promote quality, impartial advice⁴⁷. It is important to focus on measures that can smooth the consumer journey and ensure that robust, impartial advice offering is cohesive and accessible for consumers as their needs change. Consumer confusion can arise when unqualified individuals associated with the energy industry give incorrect or inappropriate advice – “cowboys” who seek to exploit householders. Research carried out by the Renewable Energy Consumer Code about the quality of information given to consumers pre-installation found that

“many customers and potential customers are receiving confusing, misleading and potentially damaging information from small-scale renewable energy generation installers. There is evidence this is causing consumer harm⁴⁸.”

A “no wrong door” approach that, through increased signposting and referrals and improved collaborative working practices between qualified and impartial advice bodies makes all services available to every client no matter which organisation they initially contact would help prevent consumers falling through the gaps and receiving unqualified or detrimental advice.

Collaboration in the advice sector should seek to deliver clear and consistent advice and signposting where appropriate to support the client throughout the entire consumer journey, including procurement, installation and redress. This would support a well-informed consumer market.

4.4.2 Quality of Advice

Ensuring advice providers have the information required to support consumers navigate a complex landscape is a crucial step in consumer protection. Trading Standards Scotland provided the following case study:

“A consumer was cold called by an energy efficiency company about insulating their home for free under a government scheme. The consumer was unsure if the trader was legitimate. Trading Standards contacted HES who stated they knew nothing about a scheme in the

⁴⁷ Home Energy Scotland offers a single freephone number, online web pages and customer service available to the public anywhere in Scotland, and partners with local advice agencies.

⁴⁸ Scottish Government (2019) [Energy Efficient Scotland: recommendations from quality assurance short life working group](#)

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consumer’s area but also could not categorically say if there was or was not a government scheme running.”

Availability of information to consumers about existing funding or the quality of installers is an essential step in protecting consumers against misinformation and rogue traders. TSS called for “a clear picture of legitimate funding schemes” which can support “consumers to make informed decisions... and to allow trading standards to target rogue traders.”⁴⁹

The myriad of advice providers across Scotland are not able to access a central database of funded schemes that can provide information on both local and nationally available funding, nor a centralised register of all qualified installers that may span a number of certification schemes. This clearly impacts the quality of accurate advice that consumers need⁵⁰.

In interviews with stakeholders it was felt that if advice providers were able to access the Trustmark Data Warehouse as a place to investigate the installer this would be useful. Whilst Trustmark offer a supplier directory, there appears to be no links to availability of funding options, inspections nor to established review sites, such as local authority trusted trader site⁵¹.

Consumers will often contact advice providers for support in seeking redress for an install. During the research it became apparent that the complexity of redress was not fully understood by all advice providers. When asked how a complaint should be directed the answers provided by different stakeholders were inconsistent and the correct route for escalating to trading standards was not correctly identified. In response to this TSS suggested the confusion amongst stakeholders and the public should be addressed with awareness raising⁵².

4.4.3 Behaviour change advice

Changes in heating systems usually require behaviour change from the consumer in order to make the system work efficiently in terms of heat and costs. However, the success of government schemes is often assessed on the number of installs as opposed to the effectiveness of the product and its impact on energy use and warmth in the consumers home⁵³. As such, any advice provision must include required occupier behaviour change, although stakeholder engagement about who should deliver this advice was mixed. A collaborative approach by advice providers that establishes accepted and consistent messages may be able to be delivered by all providers.

⁴⁹ Trading Standards Scotland (2019) Consumer Protection in the energy Efficiency and Renewables Sector

⁵⁰ Home Energy Scotland (HES) does offer a publicly available and free to use database of funding and support options for energy efficiency and home renewables.

⁵¹ <https://approvedtrader.scot/>

⁵² This related to awareness of Advice Direct Scotland’s role as point of contact for advisers and consumers to raise complaints for trading standards

⁵³ Energy Scotland arranges its performance metrics around advice delivery, including follow up calls to consumers and signposting to partner organisations. HES advice provision draws on behavioural advice research to better reach the householder.

5. Conclusion

5.1 Overview

This research highlights that despite efforts to address and improve consumer protection in the energy efficiency and renewables domestic retrofit sector, there remain significant gaps and vulnerabilities for consumers entering this marketplace.

We have created recommendations which attempt to establish a coherent energy efficiency and retrofit sector. Key aspects addressed are around high-level development of principles and values that can incentivise Ethical Business Practices, as well as advice delivery, information provision, proportionate enforcement when required, robust inspections, auditing processes and complaint structures.

The report has been able to identify a high-level framework. The framework attempts to provide recommendations that take a two-pronged approach to improve consumer protection and make the consumer the heart of the energy efficiency and retrofit sector. The two-pronged recommendations support an effort to draw together the silos that create the complex landscape. This complexity of the certification and trader bodies is, to some extent, required to ensure technical oversight of complex technologies and traders is acceptable.

However, through collaboration and support for Ethical Business Practices, principles and values, promoted through the Quality Mark, it is possible for good business practices to be acknowledged and rewarded and for consumer protection gaps to be closed.

As part of Scotland's drive towards meeting our net zero targets, homeowners will be required to meet energy efficiency standards in their homes and may need to consider renewable technologies. Achieving this goal will only be possible if consumers have trust in the sector. Trust is developed through effective enforcement of criminal practices, comprehensive and accessible advice provision and a clear and penetrable redress process. The best practices of nation-wide free and impartial energy advice should be integrated throughout the consumer journey, from the first visit to installer standards, accreditation, performance, complaints, and redress.

Collaboration between government, policy, certification and accreditation schemes and the trade is a key part of the recommendations required to build an effective energy efficiency and retrofit sector that can support Scotland's homeowners improve the energy efficiency of their homes and work towards meeting the net zero targets.

5. Conclusion

5.2 Evidence insights

The following insights have been drawn from the research:

5.2.1 Enforcement capabilities not being fully utilised

Evidence of low enforcement rates, as seen in the Trading Standards Scotland (TSS) report⁵⁴, in which energy efficiency cases accounted for 30% of all their concluded case work is worrying, when this is coupled with lack of outcomes through⁵⁵ and growing levels of criminal activity in this sector. Effective enforcement is not acting as a deterrent to rogue traders looking to enter this sector.

5.2.2 Certification Schemes and trader bodies

Consumers lack access to reliable, centralised information in relation to the history of installs and work on their property. As such, a consumer can be unaware of guarantees, warranties and installer details of previous work undertaken, leaving them unable to follow up with on these.

Lack of accurate and up to date information extends to trader certification and availability of funding both locally and nationally. If consumers do not know how to easily check the validity of sales claims made by businesses, they are more vulnerable to mis-selling and inappropriate installs.

Certification schemes offer varying models of redress which may vary depending on the specific issue the consumer presents with.

Consumers may need to establish which certification body can offer the appropriate redress, where more than one scheme covers their issue. This overlap of redress puts the onus on the consumer to navigate the system, rather than on the certification schemes. Improving the complex redress landscape could be achieved by a shift towards collaboration within the sector that puts the consumer at the heart and seeks to aid the consumer's journey. There is an opportunity for the Quality Mark to acknowledge and recognise collaborative efforts.

Many small businesses can operate in this sector, which is likely to be of benefit to rural communities. However, the ebb and flow of smaller businesses can leave consumers vulnerable to traders who cannot offer redress through a certification scheme. As part of collaborative efforts, consideration could be given to a collective approach to protect consumers who are left unable to access redress for poor quality installs.

As part of building trust in the benefit of using certified traders the certification schemes need to assure consumers that their members are meeting requirements expected of them. Central to this, the vetting processes should be robust and there should be efficient removal or limitations put on businesses when they fail to meet scheme standards. Whilst also recognising the need to balance businesses who require support and training to address problems against businesses who fail to improve or who are acting criminally. Ethical Business Practices recognise the need for this balance:

“Imposing a punitive response to non-compliance that arises despite ethical behaviour would be counter-productive⁵⁶.”

⁵⁴ Trading Standards Scotland (2019) Consumer Protection in the energy Efficiency and Renewables Sector

⁵⁵ Trading Standards Report (2019), page 19

⁵⁶ C. Hodges Ethics in Business Practice and Regulation

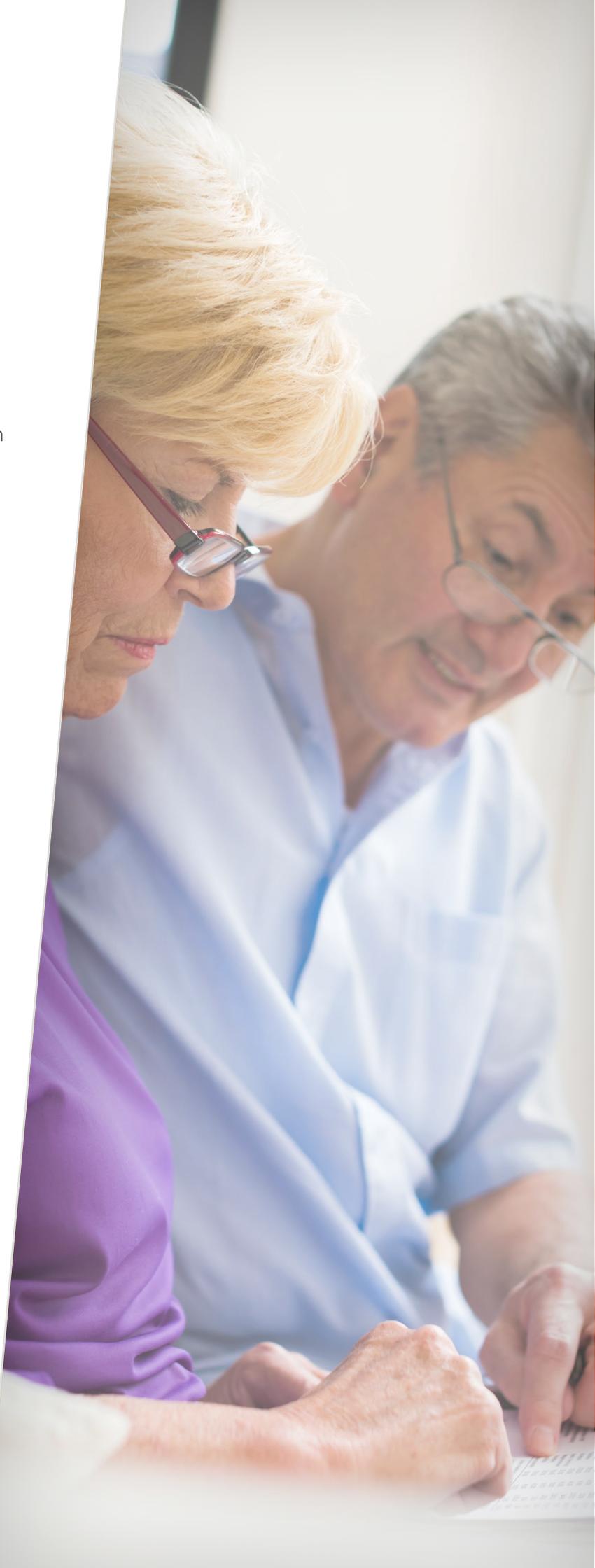
5. Conclusion

5.2.3 Consistency and depth of consumer advice

The myriad of trader schemes and the forms of accreditation mean the need for quality consumer advice about traders and funding is an essential element of a good consumer journey. Advice should include reliable and up-to-date information relating to traders. The benefits of multi-agency feed-in to provide intelligence and information on traders or methods that employ disreputable tactics make them an important part of overall advice provision.

The variations and gaps in advice provision across Scotland can leave consumers unable to undertake due diligence and thus more vulnerable to cold callers and rogue traders. Collaborative practices that, through collaborative working and signposting pull advice into a centralised form, could provide the consumer with more knowledge and the ability to make more informed decisions.

It should be recognised that adding to the certification schemes without addressing the complex landscape risks diluting consumer protection further. Where layers of consumer protection exist, the consumer can be left as confused and just as vulnerable. An approach that starts with how the consumer views the landscape and streamlines a process to drive principles and values to this end is likely to have a far greater impact on improving consumer protection.



6. Recommendations

In order to provide robust consumer protection in the Energy efficiency and retrofit sector there must be a drive towards Ethical Business Practices, with collaboration across the sector and involving the Scottish Government, being used to formulate high level principles and values. The current system creates opportunities for rogue traders and can leave consumers navigating complex pathways.

As part of developing a consumer protection framework the Quality Mark has an opportunity to incentivise and promote collaborative work practices across this sector.

Consumers are currently faced with silos that cover, individually, information and advice provision, trader bodies, certification schemes, guarantee and warranty provision and complaints processes. Each silo can appear non-sensical to the consumer, as its purpose was not designed with the complete consumer journey in mind.

Consumer protection is delivered through various participants in the sector and as such the recommendations have been divided into a two-pronged approach. The first prong is top down, high-level general principles relating to the aims and values of the sector and delivered through national policy initiatives and quality standards. The second prong complements this when it examines lower tier guidance and best practice, driven by sector certification schemes and trader associations. Scottish Government officials and the industry will be best placed to work out how to implement some of the recommendations as part of a collaborative approach that seeks to support improved information sharing, intelligence and understanding of the consumers requirements.

6.1 Recommendations for the first prong – A Government framework

The Scottish Government can use the Quality Mark to go further than the Trustmark and to encourage collaboration and an Ethical Business Practice (EBP) approach across the certification and trader schemes and establish high-level principles as part of traders' registration. Development of principles should support ethical behaviour that fundamentally and genuinely encourages practices that are driven by what is appropriate for the consumer, for the property and for the environment.

In order to achieve this our recommendations for Scottish Government officials are:

Recommendation 1

The Quality Mark to work with the certification and registration schemes to develop high level principles and values, based on genuine collaboration amongst stakeholders, certifications and code schemes. These principles should be based on the consumer journey and viewing the touch points a consumer has during their installation and any subsequent issues that arise with it. Principles should also recognise the net zero goals and ensure an install doesn't fail at the first hurdle in making the home consume more energy or be less efficient and therefore increasing costs and disadvantaging further, those in fuel poverty.

Recommendation 2

The Quality Mark to assess how to recognise and give credit to businesses who engage in Ethical Business Practices. Whilst acknowledging that the size of the business should not act as a deterrent to achieving this, genuine adoption of EBPs will vary based on business size and location and should therefore, not be reduced to a 'tick box' exercise.

6. Recommendations

Recommendation 3

The Quality Mark or a body such as Consumer Scotland, to co-ordinate the development of a multi-agency group comprising consumer bodies and advice providers. The purpose of which is to map advice provision requirements, identify best practices from existing advice schemes, to collaborate intelligence, and identify scams and consumer pitfalls. Suggested members would include, but would not necessarily be limited to, Quality Mark, Home Energy Scotland, Energy Saving Trust, Citizens Advice Scotland, Advice Direct Scotland and Trading Standards Scotland.

Recommendation 4

The multi-agency group formed under recommendation 3, to feed into the development of a public facing database that includes key information required by consumers looking to install measures.

Analysis by the Group may be required, of the Trustmark Information Hub, in order to assess where duplication can be avoided whilst addressing the need to ensure Scottish schemes, Scottish funding options and Local Authority schemes are included. The database would need to include, installer details for choosing an installer, accreditation scheme details, all funding options, technology information and redress information, signposting and support. The group could explore augmenting existing databases.

Recommendation 5

Consumers require access to information relating to existing measures and Trustmark's new Property Hub should be able to provide this. There may need to be analysis as to whether this offers consumers adequate access to information in relation to installations carried out on their properties, such as guarantees, and warranties. It is most important that this information is made available to new homeowners.

Recommendation 6

The multi-agency group to support the development of a mechanism of referrals between advice organisations and consumer bodies that ensures consumers can access up to date and comprehensive advice. Improvements to referrals, signposting, and collaborate working between all advice providers will help ensure the consumer journey is streamlined from initial idea to post installation.

Recommendation 7

Provide investment in developing brand awareness of the Quality Mark around the energy efficiency and retrofits sector and its' purpose in terms of meeting net zero targets. This should include the high-level principles, values of the sector, and the benefits and reasons for having work undertaken. CAS has previously highlighted the need for the Scottish Government's energy efficiency programme to be accompanied by simple, clear, convincing and compelling messages, addressing the reasons for consumers to undertake work on their homes⁵⁷.

Recommendation 8

To ensure enforcement remedies are available and can be utilised, in order to demonstrate to the public and rogue traders, that enforcement action is an effective tool in a consumer protection framework.

Ethical Business Practice recognises that "enforcement should be fair and proportionate" and that "if people engage in criminal activity, people expect to see the law upheld and for there to be a proportionate response. Serious wrongdoing deserves a serious response to protect society and to uphold its values⁵⁸."

As part of encouraging and incentivising good business practice in the sector there should not be easy rewards for acting criminally. If

⁵⁷ Citizens Advice Scotland (2017) [Warming Scotland up to Energy Efficiency](#)

⁵⁸ C Hodges [Ethics in Business Practice and Regulation](#)

6. Recommendations

businesses can enter the market because consumers are unable to verify what is a good business, then the ability for good businesses to compete is reduced. Likewise, there will be less incentive to invest in collaborative principles and values through EBP, when rogue trading and criminal behaviour is able to evade a proportionate response.

6.2 Recommendations for the second prong – A sector framework

The energy efficiency and retrofit sector has evolved in a piecemeal fashion, often in response to government funding schemes. This has created a fragmented sector which is complex for consumers to find their way around and can allow rogue businesses to trade in, even if for short periods. The first-prong of the framework focuses on government and the Quality Mark and how they can facilitate the adoption of high-level principles across the certification schemes and trader organisations.

However, certification schemes and trader bodies will need to show how they are working towards these principles to put consumers at the heart of their practices. This goes beyond a regulatory approach that requires specific, often formulaic practices to be carried out by businesses. Instead businesses that can demonstrate a consumer focused, ethical based approach, through undertaking training, developing communication and complaints processes and actively taking part in inspections, audits and consumer feedback, should be recognised through an identifiable badge or tiered system, that is a sector wide collaborative approach.

Recommendation 9

Certification schemes should seek to establish a system that recognises evidence of collaborative working practices and Ethical Business Practices that are trying to meet the sector's principles and values as they work towards the seven Consumer Principles⁵⁹.

Recommendation 10

Certification schemes and trader bodies to consider creating spaces for shared and collaborative practices. To promote and incentivise collaborative audit processes, inspections, training, style contracts and use of consumer feedback. To recognise that inspections cannot be limited to technology performance in isolation but need to assess the effectiveness of the install on the home and its occupants. The sales processes and the explanations given to the consumer should be evaluated to ensure the product was appropriate for the occupant, their budget and the property.

With innovation and new technologies entering the market and the knowledge required to install appropriate products, alongside the variation in house types across Scotland, there is the potential for poor quality installs. Creating a culture that recognises mistakes and sees them as an opportunity for genuine learning is part of supporting a healthy growing sector.

Recommendation 11

Certification schemes and trader bodies should look to ensure enforcement responses are fair and proportionate. There should be permanent and temporary removal options from membership lists, of traders who do not meet agreed standards and do not demonstrate attempts to improve or engage with training. This is required in order to protect consumers and recognise the value of businesses who choose

⁵⁹ Annex 1

6. Recommendations

to operate fairly and to an approved standard. Temporary limitations or removals from membership lists, supports a consumer focussed approach that recognises the risk to consumers from businesses who appear to be offering sub-standard services.

Recommendation 12

There needs to be collaborative efforts made to deliver a sector wide approach to redress that is streamlined and simple for consumers to navigate. This should include developing practices, in which the consumer does not need to contact multiple redress providers. This would require 'behind the scenes' collaborative working across the whole sector that goes beyond signposting. Furthermore, there should be provision of redress information to advice organisations, to allow them to support consumers effectively.

Recommendation 13

Where redress and remedies are not available to consumers because a trader has gone out of business, collaborative approaches that seek to address this, should be considered so that consumer detriment is minimised. An example may be through a sector wide redress scheme.



Annex 1

Consumer Principles



Annex 2

Research Methodology

The research was conducted using a qualitative approach comprising:

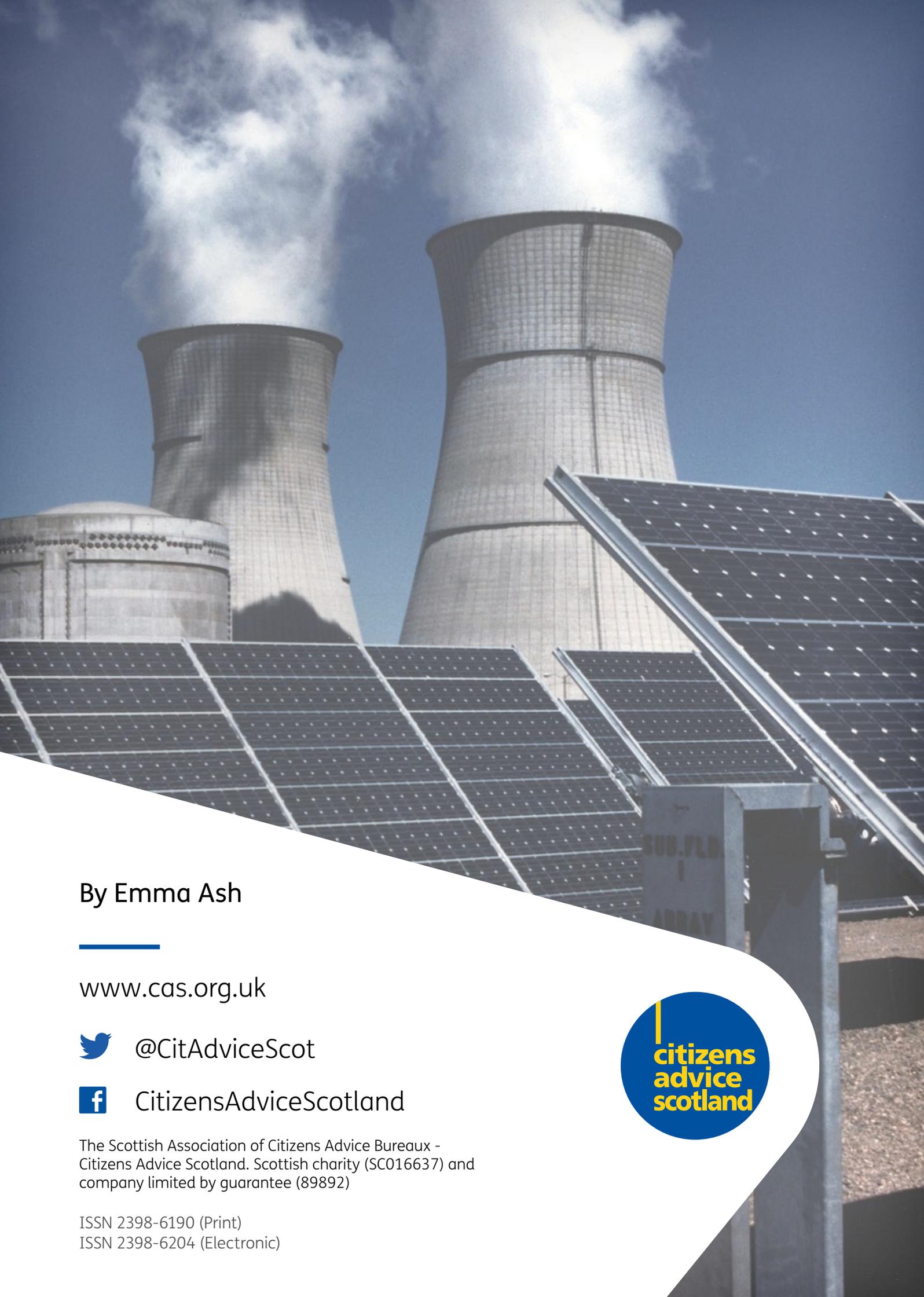
- > A matrix was developed using the customer journey as a framework. The matrix was populated with existing consumer protection provisions and was able to identify gaps in protections.
- > A literature review was undertaken to ensure previous research was considered and duplication of effort was avoided.
- > Ten in-depth interviews with stakeholders⁶⁰ were carried out. The purpose of the interviews was to identify the range of issues experienced by consumers and the redress they were able to access. The interviews also highlighted best practice examples and collaborative efforts.
- > A workshop analysed the framework Changeworks had developed. It was attended by the stakeholders previously interviewed and a wider group of stakeholders, many of whom would be impacted by the recommendations.

The interviews were carried out either face-to-face or over the phone and the data obtained was analysed using qualitative handling software using the topic guide. The key themes from the interviews began to shape a framework.

Once a framework had been developed this was presented at the stakeholder workshop. It was represented in the form of the customer journey with examination of recommendations for each of the three stages identified: pre-contractual, contractual and post contractual. At the workshop a brief analysis of the strengths, weaknesses, opportunities and threats of the framework, was carried out. This analysis was used to shape the framework further and contributed to the final recommendations reported by Changeworks.

⁶⁰ Annex 1. List of Stakeholders





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