

RECC's responses to specific questions raised in

MCS Consultation

Q1.1 Do you agree with a proposed new scheme structure to incorporate MISs containing the technical requirements for an installation, new Scheme Rules and Consumer Duty? Please explain why, providing evidence to support your answer.

RECC considers that the changes MCS is proposing will reduce the level of consumer protection in the regulated sector by substituting approved Consumer Code Membership with a tick-box Consumer Duty lacking in all detail and substance. Presented as proposals to strengthen consumer protection and simplify the model, MCS's proposals appear to have been designed to make MCS certification easier and quicker for unscrupulous contractors.

RECC does not consider that the MCS Consultation gives a fair or accurate representation of the work RECC has carried out in the sector since 2006. This is very disappointing given that RECC has worked extremely closely with MCS for the past 15 years and has consistently gone above and beyond to ensure the integrity of the sector. Having put forward many suggestions to MCS for simplifying and strengthening the regulatory model, it is disappointing that RECC has not been invited to contribute to the Consultation in any way and was given no advance notice of its contents.

If the UK is to have a robust and sustainable small-scale renewables sector there must be a balance between contractors' and consumers' interests. MCS' proposals will skew the balance in favour of contractors to the detriment of consumers, removing the balance carefully constructed since 2008. In the absence of consumers being consulted on these proposals in any meaningful way, RECC must stand for redressing the balance between consumers' and installers' interests.

MCS's website contains the following statement: *"The research found that current consumer protections fall short of what consumers expect to be in place."* The consumer research published by MCS in December 2022 reports no such finding and does not back up this statement. The research is published [here](#). Misrepresenting research findings is not an auspicious start to MCS's bid to become the consumer protection champion in the sector.

The importance of a high level of consumer protection inside and outside the regulated sector was highlighted in the recent report published by the Competition and Markets Authority (CMA) into the green heat sector. MCS's proposals fly in the face of the CMA's recommendations since they will clearly result in a lower level of consumer protection in the regulated sector and do nothing for the unregulated sector.

While RECC generally welcomes the proposals to strengthen the relationship between MCS and the Certification Bodies, there is a danger that contractors will be confused as to which is their primary interface and contact point. There are 17 Certification Bodies that are part of the scheme. Together with the other bodies involved this remains a very complex landscape for contractors and consumers to navigate. It is very important that there is clarity and consistency in the relationship that each body has with the other.

Q1.2 In light of the proposed introduction of the MCS Customer Duty are there any risks that need to be considered with the removal of mandatory Consumer Code membership? Please explain, providing evidence to support your answer.

RECC does not agree that Consumer Code membership should no longer be mandated. MCS frequently asserts that the proposals set out in the Consultation will strengthen consumer

protection. There is no substance to this claim. Concerningly, MCS's proposals are not supported by the actual findings of the consumer research which supposedly underpins them.

There are no details in the proposals as to how contractors should comply with the Consumer Duty or of how contractors will be determined to have delivered on it. Rather, the vague set of aspirations set out in the Consumer Duty appears to be no more than a tick box exercise, compliance with which will not be monitored or enforced. Far from strengthening consumer protection in the sector what is proposed will deliver the exact opposite and standards will sink to the bottom.

In MCS's proposed scenario there will be no third-party oversight or validation of its consumer protection 'standards'. MCS is accredited under ISO 17,067 to deliver technical product and installation standards but not consumer protection standards. Nor can Certification Bodies assess compliance with these standards. By contrast RECC has a Code that is approved by Chartered Trading Standards Institute (CTSI) as compliant with the Consumer Codes Approval Scheme core criteria, has two approved ADR schemes within its dispute resolution process and has a Primary Authority partnership with Buckinghamshire and Surrey Trading Standards.

This oversight from multiple bodies provides certainty and assurance for RECC Members and for consumers that RECC's consumer protection standards are *bona fide* and implement the full range of consumer protection legislation in force. RECC has worked closely with MCS over the past 15 years to bring this certainty and assurance to sit alongside the technical standards. This partnership has provided the sector with a healthy balance between contractors' and consumers' interests during that time.

In the Consultation MCS lists 3 items of consumer protection legislation with which contractors will be urged to comply, implying that they and consumers understand the legislation which can be very complicated to interpret. By contrast RECC's Code interprets all sector-relevant consumer protection and other legislation on behalf of Members. They include the following:

- Alternative Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015
- Arbitration Act 1996
- Business Names Act 1980
- Companies Act 1980 & 2006
- Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013
- Consumer Protection Act 1987
- Consumer Protection from Unfair Trading Regulations 2008 ('CPRs').
- Consumer Rights Act 2015
- Data Protection Act 2018
- Direct Selling Association Consumer Code
- Enterprise Act 2000 (and all the legislation covered by it)
- Misrepresentation Act 1967
- Ofcom Consumer Code
- PhonePayPlus Consumer Code
- Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR)
- Provision of Services Regulations 2009 ('the Regulations')
- UK Code of Broadcast Advertising (BCAP Code)
- UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (CAP Code)

RECC Members have full details of how to comply with the Code and Bye-Laws, together with a comprehensive suite of guidance and model documents all approved by RECC's Primary Authority

partner, Buckinghamshire and Surrey Trading Standards. These include a model Contract which most of our members use, model Express Permission form, statutory Cancellation Notices covering both on-premises and off-premises contracts, a model workmanship warranty, a model proposal and quotation and a model performance estimate. The last three are technology specific and cover all MCS-certified technologies.

RECC Members also have full details of how RECC will monitor compliance, how RECC will deal fairly and transparently with any alleged non-compliance, what the range of available sanctions is and how to appeal against a non-compliance decision they are unhappy with. All of this is backed up by comprehensive consumer protection training which is free to access.

RECC's executive team of 15 is engaged full-time in monitoring and enforcing compliance with the consumer protection standards set out in the Code and Bye-Laws. In 2022 RECC assessed a record **1,658** businesses for compliance with the Code and Bye-Laws including by due diligence and compliance checks, desk-based and on-site audits and compliance surveys. The businesses were selected using RECC's risk-based methodology.

MCS states that its 'survey of contractors' found that that Contractors do not always understand the role of Consumer Codes. There is ample explanation of the role of Consumer Codes on both the MCS and the RECC websites. This information is also available on the Ofgem website and elsewhere. MCS's survey elicited responses from 151 out of almost 4,000 MCS-certified Contractors. This is a tiny response rate which cannot be said to be representative of all contractors' views. It seems extraordinary to base such far-reaching proposals on such flimsy evidence.

The Consumer Duty

The Consumer Duty is described as a '*set of obligations on MCS Contractors*'. Yet it is not addressed to MCS contractors. It is addressed to 'the Customer' and contains a vague set of aspirations. (The terms 'consumer' and 'customer' are used interchangeably throughout the Consultation, without any explanation as to what the difference might be.) The Consumer Duty is written in a way that no consumer will be likely to read or understand and assumes legal knowledge on their part and on the part of MCS contractors.

The Scheme Rules contain no information at all as to how an MCS contractor will be expected to demonstrate compliance with the 'obligations' in the Consumer Duty. Without such a yardstick any judgement about compliance will be entirely subjective and open to challenge. Furthermore, the Consumer Duty assumes detailed consumer and installer knowledge of rights and responsibilities under consumer protection legislation which is entirely unrealistic.

There is a reference to 'initial and ongoing' checks being carried out on a business, but no further details of these are provided anywhere in the Consultation. Rather, the section implies that compliance with the Consumer Duty will be 'measured' by consumer satisfaction feedback. This is entirely different from compliance monitoring.

There are no details in the Consultation of how contractors are expected to assess whether consumers are or could be in vulnerable circumstances or indeed of what these vulnerable circumstances could be. There is no information about what special arrangements should be put in place according to different circumstances. The RECC Code and Bye-Laws give specific instructions to Members about how to assess whether consumers might be in vulnerable circumstances. RECC has published detailed guidance for Members which we consulted widely on before finalising.

RECC counter proposals

RECC has made constructive suggestions as to how Consumer Codes can work seamlessly with MCS going forward, including implementing a 'white label' scheme that would see RECC carrying out its duties within MCS on the basis of a sub-contract. The strength of this model, in our view, is that it would allow MCS to harness all the knowledge, experience and resources of a Consumer Code without having to reinvent the wheel. It therefore achieves the goal of a simplified system without throwing the baby out with the bathwater.

Q2.1 What risks, associated with MCS allowing for the certification of extended systems should be considered? Please highlight any differences or limitations for the various technologies certified.

Though in principle RECC considers this to be a good idea, care needs to be taken with the way it is implemented. There have been various scams with unscrupulous contractors persuading consumers that their installed systems were not performing optimally and that they required attention to qualify for the incentives (such as the DRHI). Most recently, contractors have targeted consumers with solar thermal systems. After paying out considerable sums the consumers concerned were left with systems which did not work well and were not eligible for the DRHI.

Q2.2 Should MCS allow for the adoption of incomplete installations and, if so, what additional checks or consumer protections might be necessary? Please explain why, providing evidence to support your answer.

RECC considers that this should be permitted though under strict conditions. The agreement of all parties must be secured and MCS must prepare model contract terms for the parties to ensure that all risks have been covered off.

Deposit insurance providers have systems in place to complete unfinished installations at the original, quoted price. Many unfinished installations have been completed in this way since 2008. The installer, who are contracted by the insurance provider, adopts the installation and takes responsibility for it.

Q3.1 Do you agree with our plans to refocus the scheme's CB-delivered compliance assessments on 'delivered quality', with a reduced focus on a contractor's back-office systems and paperwork? Please explain why, providing evidence to support your answer.

RECC considers that this is an area in which a Consumer Code can work effectively with a Certification Body. It must be clear what back-office systems need to be in place and why. The quality of installations is linked to the quality of the back-office systems. MCS's proposed approach risks having unintended consequences. It is not at all clear how consumer protection standards will be monitored and enforced without any reference to a contractor's back-office systems and paperwork.

No compliance monitoring for consumer protection standards is envisaged. This means that contractors will be assessed for risk based only on technical performance. An installation can be installed correctly but still be disastrous in terms of the needs of a household and what the customer was promised.

Q3.2 Do you agree with the deployment of a scheme-wide compliance risk model that determines the volume and nature of contractor assessments, with the aim of ensuring more compliance

effort is spent on higher risk contractors, with low-risk contractors rewarded with less [sic] site assessments? Please explain why, providing evidence to support your answer.

RECC agrees that risk assessment has a role to play in compliance monitoring. However, the identification of these risks needs to be transparent and objective if it is to be fair. There must be an independent Appeals Panel for those who are not happy with the way their risk factor has been assessed.

RECC agrees in principle that more monitoring effort should be directed to higher risk contractors. However, this presupposes that the risk assessment has been carried out transparently and objectively and that contractors have access to a fair Appeals Process. There are no details which give us confidence that this will be the case. Without this it is more likely that MCS decisions will be legally challenged. To date MCS has not demonstrated any appetite for defending legal challenges in Court and nor have the Certification Bodies.

Q3.3 Do you agree with the level of assessment burden described and that this can only decrease after 2 years on the scheme? Please explain why, providing evidence to support your answer. If you disagree, please propose alternative assessment levels and reasoning behind your recommendations.

RECC considers that contractors assigned to the 'high risk' category, if faced with increased assessment costs, will be more likely to leave the MCS scheme thus further lowering the standards of those operating in the unregulated sector, to the further detriment of consumers and especially of consumers in vulnerable circumstances. We consider that this should be guarded against if possible.

RECC also wonders why those in the 'low risk' category will once again have their back-office systems audited as opposed to their recent installations. This seems to go against MCS's central proposal to concentrate only on 'delivered quality'. It appears from MCS's proposals that the majority of contractors will remain in a system very similar to the one they are currently in.

If assessments are to be made on the basis of complaint history, MCS will not have the historic information it will require from the 15,000 complaints registered in RECC's complaints database. Further, there is no mention in the proposals of consumer protection assessments other than of 'feedback from MCS customer engagement'. As described above, this will not provide an accurate assessment of consumer protection in the sector. We know that Certification Bodies will not assess The Consumer Duty as it contains no details against which it can be assessed. These standards will therefore not be part of any risk assessment process.

Q3.4 Do you agree with our proposed list of factors that should influence a contractor's risk of non-compliance (increasing or decreasing)? Please provide any further recommendations in addition to the factors already described, along with their relative importance.

It is important to make sure that all the factors can be objectively measured so that Contractors consider they are being treated fairly and that they have access to an independent Appeals Panel if they do not.

RECC's Monitoring Strategy is designed to be both risk-based, focussing monitoring resources where the potential risk of consumer detriment and/or non-compliance is highest; and comprehensive, seeking to ensure all Code Members' compliance with all key elements of the Code is monitored at regular intervals.

Based on our long experience operating the Code, RECC has found the level of risk associated with a Code Member to be related to:

- the level of business being undertaken and the technologies dealt with
- the business model, including where sales leads come from
- whether deposits and further advance payments are taken
- complaints/feedback logged in the past two years

The Executive collects information on all the above indicators by means of information gathered at application, through Consumer Satisfaction Surveys, through complaints received by the Executive and through information received from third parties and stakeholders. The Executive uses this information to identify which Code Members should be subject to monitoring. In the first instance this will be either by Membership Surveys or Compliance Checks.

Q3.5 Do you agree with the proposal to record a contractor's risk rating on the MID and make this visible to them? Please explain why, providing evidence to support your answer.

RECC does not understand why it would be useful to record a contractor's risk rating on the MID and only visible to them. Presumably this would be communicated to them in any case. Our concern is that the judgements which will be made are extremely subjective and will leave MCS open to legal challenge. To date MCS has not demonstrated any appetite for defending its position in Court which will be a likely outcome, and nor have the Certification Bodies.

Q4.1 Do you agree with a move away from Nominated Technical Person (NTP) to a Technical Supervisor recorded on the MID for each installation? Please explain why, providing evidence to support your answer.

If the Technical Supervisor is no longer at the contractor business it is not clear that they will retain responsibility or liability for the installation. On this basis it is not clear what benefit recording the name of the Technical Supervisor on the MID will bring.

Q4.2 What checks should be made when assessing an installation as to the technical supervisor that was put in place and the involvement and competency of the Technical Supervisor? Please explain, providing evidence to support your answer.

RECC notes that, in the past, it has been shown to be very difficult to track individuals who are 'technically responsible' for installations. They move between businesses, retire and change professions. It will therefore be difficult to rely on this registration other than in the extremely short term. There is a further danger of creating a Blacklist of individuals who are responsible for unsatisfactory installations.

RECC questions who within a contractor business will be held responsible for consumer protection and what recourse there will be to that person if it is found that the contractor has not complied with its (very vague) obligations in the Consumer Duty. Where will any of this be recorded and by whom and what will be the recourse? None of this is explained in the Consultation.

Q4.3 We do not plan to include the Technical Supervisor's details on an MCS Certificate but retain this information in the MID for compliance reasons only. Do you agree with this approach? Please explain why, providing evidence to support your answer.

If the Technical Supervisor is no longer at the contractor business, it is not clear that they will retain responsibility or liability for the installation. On this basis it is not clear what benefit recording the name on the MID will bring.

Q5.1 Do you agree that a “pending certification” option is of benefit to contractors struggling to secure a first installation without having to complete an installation at their own cost? Will this resolve the issue of contractors needing to complete a first installation to support their initial assessment, but unable to find a customer willing to contract with a contractor who isn’t already MCS certified? Please explain why, providing evidence to support your answer?

RECC considers that this is likely to act as a disincentive to joining the MCS for those who are not required to do so.

Q5.2 Will taking a bond to offset the cost of completing a customer’s installation if a contractor fails to achieve MCS certification, provide adequate protection for customers? Do you have any other suggestions that could provide adequate customer protection during a contractor’s “pending certification”? Please explain, providing evidence to support your answer.

RECC considers that the question should be: ‘How can consumers be protected if a contractor fails to achieve MCS certification?’ It is obvious that consumers must be protected in these circumstances. A bond could have a role to play, but MCS will have to make good any deficit in the amount owed and too large a bond will be seen as a barrier to entry to the scheme. It would be possible to underwrite this risk and this might be a preferable way to proceed.

Q5.3 Is a bond of £5,000 enough of a deterrent to prevent unscrupulous contractors taking advantage of an option for “pending certification”? Please explain why, providing evidence to support your answer.

RECC is clear that, if a consumer does not have a system that functions effectively, they will either want a repair or a full refund. A bond of this size is likely to be enough to cover most repairs but not a full refund. On the other hand, this is a high sum for small traders which they will see as a barrier to entry. The danger is that the bond could fall between two stools and will be difficult to enforce.

Q6.1 Do you agree that MCS should further strengthen its ability to hold contractors to account for poor quality installations via a new Contractor Agreement? Please explain why, providing evidence to support your answer.

RECC considers that the company checks set out in this section appear very flimsy. On this basis it is inevitable that more ‘Phoenix Companies’ will be admitted to MCS. RECC has a database with the trading history of every contractor active in the sector going back to 2006. This includes Directors, shareholders and other persons of influence. We check all applicants against this database which will not be available to MCS and so all this intelligence will be lost.

There is a reference to contractors being checked *inter alia* for their compliance with the Consumer Duty without any indication as to how this will be checked and against which yardstick. Rather it appears that someone will be making subjective judgements based largely on consumer feedback immediately following an installation. There is likely to be pushback against these proposals who do not constitute effective compliance monitoring.

Q6.2 Do you agree that MCS should adopt powers so that a contractor who is no longer on the scheme is not absolved from the liabilities and responsibilities accrued during their operation as an MCS certified Contractor? Please explain why, providing evidence to support your answer.

RECC does not understand what these powers would look like and how they could be legally enforced. How would MCS pursue any such business other than through the Courts? Does MCS want to pursue all these businesses through the Courts? Is there a Provision in the MCS accounts to pay for regular legal action? If the answer to any of these questions is 'no', this is not a practical suggestion.

Q7.1 What are the most important aspects of complaint management that we should consider? Please explain why, providing evidence to support your answer.

MCS's proposals mirror RECC's dispute resolution process. However, this section does not do justice to the dispute resolution work RECC has carried out since 2006. We have registered 15,000 complaints on the RECC complaints database since then. The majority of those within our scope have been resolved to each party's satisfaction. We have seen **£2.8 million** returned to consumers since 2011 through our effective, two-step dispute resolution process.

Mediation is the first step in this process. Carried out by RECC caseworkers it is CTSI-approved as compliant with the ADR Regulations 2015. Arbitration (now adjudication) is the second stage in this process. Carried out independently on RECC's behalf by CEDR it is also CTSI-approved as compliant with the ADR Regulations 2015. It is a very useful stage of our process which consumers can access if their relationship with the Contractor has broken down and they have been unable to reach a resolution through mediation. Since its inception **354** complaints have been referred to the independent arbitration service and have reached resolution as a result.

RECC has for many years proposed a 'one stop shop' for complaint handling and we continue to believe that there is scope for working more closely with MCS and the Certification Bodies to deliver this. In 2016 we ensured that the independent arbitration service, provided on our behalf by CEDR, included assessment of compliance with MCS standards and was open to MCS and the Certification Bodies. MCS has directed consumers towards it several times since then and has been a signatory to the three-way contract with CEDR.

The RECC Monitoring Team regularly assesses the root cause of complaints and takes steps to enforce compliance with the Code and Bye-Laws. The number and cause of complaints is regularly reviewed as part of the risk assessment on which the Monitoring Team bases its activities. However, there is a clear distinction between complaint handling and compliance monitoring. While there may be an overlap it is essential that they are not seen as interchangeable.

RECC has 85% of MCS-certified contractors in the sector within its membership. RECC has always invited, welcomed and analysed consumer feedback. However, this is no substitute for proactive monitoring and enforcement of compliance with consumer protection standards. See [here](#) for details of RECC's Monitoring Strategy.

MCS proposes setting up a different dispute resolution process which is based on another form of arbitration or adjudication. There are no details of this in the Consultation, and nor is it clear how MCS will enforce compliance with the resulting ADR awards/decisions or what the sanction will be for non-compliance.

MCS's proposals are all directed to contractors who continue to trade. It is not clear that MCS's proposals will improve the situation for consumers with contracts with contractors who have ceased to trade. It has always been extremely difficult to resolve such disputes and these proposals do not appear to advance the situation.

Q7.2 How should we judge the success of our complaint management and dispute resolution, including through the partnerships we form for the provision of dispute resolution services and ADR? Please explain, providing evidence to support your answer.

RECC judges the success of our complaint management by measuring against the following key performance indicators (KPIs):

- amount of consumer detriment avoided,
- percentage of disputes resolved,
- amounts recovered by consumers,
- actions taken against persistent offenders,
- analysis of most common causes of complaint against a set of key compliance areas (CAs)
- changes to rules implemented as a result of systematic breaches of the Code and Bye-Laws.

Q8.1 Do you agree with the premise of the “MCS Guarantee” as a new financial protection to be associated with MCS associated installations? Please explain why, providing evidence to support your answer.

Given the central role the ‘MCS Guarantee’ has in MCS’s proposals, RECC is surprised that so few details about it are set out in the Consultation. It is not clear how the role of financial guarantor, which MCS is proposing to assume on behalf of the sector, fits with its existing role of a standards organisation or what experience MCS has to assume this role. There is no discussion of FCA authorisation or approval and no description of any relationship with an insurance underwriter that might be necessary to provide consumers with a 6-year guarantee that will add anything to the statutory rights they already have.

It is not clear how consumers will be able to claim against the MCS Guarantee if the contractor they contracted with is no longer trading. This is the key criticism that MCS makes of the current system yet the proposals do not describe how MCS will tackle this in the new system it is proposing.

In particular, there is almost no information in the Consultation about the ‘Fund of Last Resort’. RECC has many questions about how the Fund will operate, be managed and regulated and provide certainty for consumers in the sector. Given the central role of financial protection to MCS’s proposals, we consider these questions should be answered before any of the other proposed changes are implemented. Our questions about the Fund are as follows:

- How will the Fund be set up, funded and administered?
- Will the Fund be scaled up to the necessary level?. (RECC has registered 15,000 complaints since 2006 and seen over £2.8 million returned to consumers through its dispute resolution process since 2011.)
- How much will each certified Contractor have to pay into the Fund?
- Will the Fund be FCA regulated?
- Will consumers who are eligible to benefit from the Fund have access to the Financial Ombudsman Service and the Financial Services Compensation Scheme?
- Will the Fund be discretionary?
- If the fund will be discretionary, who will decide who will benefit from the Fund?
- How will a discretionary fund provide increased consumer confidence in the sector?
- How will MCS reclaim funds paid out to consumers in respect of Contractors who have ceased to trade?

- Will Directors of Contractors be required to give a personal guarantee? If so, how much will this be for and what will happen if they refuse?
- Why would unscrupulous Contractors pay what they owe to consumers when they know MCS will pick up the tab on their behalf?

Q8.2 What should be considered in designing the “MCS Guarantee” and in our choice of a financial protection partner(s)? Please explain, providing evidence to support your answer.

RECC is unclear what these proposals offer in terms of increased consumer protection. All consumers have a 6-year protection by virtue of their legal rights. These rights cannot be removed by the provision of any other ‘guarantee’ or ‘warranty’. So these proposals are offering nothing additional for a consumer other than the promise that they will be reimbursed by MCS from the Fund of Last Resort in the event of anything going wrong. However, there are so few details set out about what the Fund of Last Resort will look like and how it will operate and be managed and regulated that this appears to be an empty promise which will not inspire confidence in the sector.

A key question that remains unanswered is how MCS will recover funds for consumers if their contractor has ceased trading. This is the single greatest hurdle in the current system and the Consultation does not contain any new proposals for overcoming it.

Q8.3 Do you agree that there is little or no consumer detriment from removing the current mandatory requirement for IBGs? Please explain why, providing evidence to support your answer.

RECC does not agree that there is little or no consumer detriment from removing the current mandatory requirement for Insurance-backed Guarantees or Warranties (IBGs). The Consultation makes much of the shortcomings of IBGs, both those which back deposits and those which back workmanship warranties. Yet the basis for MCS’s conclusions is analysis of just one insurance provider. MCS has made no attempt to glean equivalent information from the other insurance providers active in the sector. Government, Competent Persons Schemes and TrustMark all require IBGs to be in place to protect consumers so this is a strange departure for MCS.

Furthermore, MCS’s own consumer [research](#), published in December 2022, states:

"When asked about a range of other consumer protection measures, consumers ranked the compulsory provision of an insurance backed warranty (that ensures the warranty remains valid even when the installer goes out of business) as most important, supported by more than 80% of all consumers and more than 90% of those who already have a renewable installation."

Workmanship warranty protection policies may have their limitations. However, this protection sits alongside the manufacturer’s warranties and the consumer’s statutory rights. In RECC’s experience, many consumers have been assisted by their insurance provider in the case of workmanship issues arising after a contractor has ceased to trade. In RECC’s view MCS should be working with insurance underwriters to build up a positive risk profile for certified technologies. Once they are confident that the risk profile is robust they will be able to offer more comprehensive cover in the sector.

MCS suggests that extended warranties have a role to play in the sector. Extended warranties are insurance products in the same way that IBGs are. They all have their limitations and consumers will be required to pay extra for them. What research, if any, has MCS done to investigate the availability of suitable extended warranty products for the sector? Where are the results of this research set out? There is no reference to it in the Consultation. If Contractors are recommending extended

warranties to consumers they will be required to be FCA authorised. If MCS is recommending extended warranties to consumers they will be required to be FCA authorised.

Q8.4 Are alternatives to credit card protection of deposits necessary in today's market and, if so, what form of protection would you suggest? Please explain, providing evidence to support your answer.

MCS proposes that deposit protection should take the form of credit card payments which are protected by the Consumer Credit Act. Yet RECC's experience shows that many consumers do not have or use credit cards. This is particularly true of consumers in more vulnerable circumstances. The proposals do not explain how compliance will be checked or what the penalties for non-compliance will be. As a result, this proposal does not have any substance. Consumers will be left very exposed here as the level of allowable deposits is proposed to be unlimited (see next question).

The Consumer Credit Act will not necessarily cover lost deposit payments if it is deemed that alternative cover is in place (in this case the Fund of Last Resort).

On this basis, RECC considers it essential that contractors are required to protect deposits. This is especially true in the case of consumers in vulnerable circumstances who will be even more vulnerable without this. Protection can be by means of an insurance policy, by means of an escrow account or by means of a credit card payment. This requirement must be checked and enforced. Where contractors have not complied, the installation should not be eligible for an MCS Certificate.

By way of example, RECC has recently registered 20 complaints from consumers of a company called Install Solar Ltd. The company is neither MCS certified nor a RECC Member though claiming to consumers to be both. The 20 consumers who have registered complaints with RECC have paid a total of **£80,096.50** in deposits. None of the deposits was insured or otherwise protected. The company has now ceased to trade so these consumers will not recover their deposits. It is not clear whether MCS's proposals for a Fund of Last Resort will cover consumers such as these since the company was not MCS certified when it signed contracts with consumers. Clarity on this is urgently required.

Q8.5 Should MCS prescribe the maximum deposit a contractor can take from their customer, as a percentage of the overall cost of an installation? Are there any other considerations in relation to a contractor taking deposits that we should review? Please explain, providing evidence to support your answer.

These proposals in the Consultation are blatantly designed to help contractors with their cash flow at the expense of consumers, particularly those in vulnerable circumstances. Deposit abuse is widely recognised as a key area of consumer detriment which MCS needs effectively to grasp.

It is not acceptable to require deposits to represent a 'reasonable' percentage of the total contract price. This is subjective and impossible for Contractors to comply with. Permitted deposits should represent no more than 25% of the total contract price. They should be protected and fully refundable if the contract is cancelled. Deposit protection policies, which are usually valid for 60 or 90 days, can be adjusted to account for supply chain delays should these be likely. It is not unusual to see deposit protection policies valid for 120 days, and even longer on some occasions.

Consumers must be given the correct statutory Cancellation Notice or the contract will be void. Contractors must not start work during the Cancellation Period unless the consumer has given their express permission. This must be couched in the correct terms and be signed to be valid. It cannot be a tick box contained within the contractual documentation. The contractor cannot require further

advance payments before the goods are delivered unless they are limited and fully protected. Where goods are delivered to the consumer's home they must be labelled as the property of the consumer and covered under their home insurance.

Q9.1 Do you agree that we can retire MCS 001-1, MCS 001-2, MCS 025 and MGD 001 as a result of proposed changes to MCS? Please explain, providing evidence to support your answer.

RECC is unclear whether all the provisions of MCS 001 have been incorporated into the new, proposed arrangements. Where are umbrella schemes covered in the Consultation and what is the rule for how they will be expected to comply? An essential element of consumer protection is the requirement for the same MCS-certified contractor to sign the contract with the consumer and raise the MCS Certificate. This is not reflected in any of the proposals. Without this requirement we will return to the Wild West which existed before it was included in MCS 001 over 10 years ago.