



Annual Report 2014 for the Chartered Trading
Standards Institute

Annual Report 2014

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1. Introduction

This Annual Report has been produced for the Chartered Trading Standards Institute (CTSI). It sets out the Renewable Energy Consumer Code (RECC)'s principal achievements during the calendar year 2014. RECC is approved by CTSI who took over responsibility for CCAS from the Office of Fair Trading (OFT) in April 2013. RECC was first approved by OFT in 2007 (Stage One) and 2011 (Stage Two). 2014 was RECC's ninth full year of operating as a Consumer Code in the sector.

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3. Overviewing membership and the wider sector

RECC is designed specifically for businesses that sell, lease and/or install small-scale renewable energy generators. We bring our years of experience in the renewables sector to promote high standards of protection for consumers; and simultaneously to promote the reputation of our members and the wider sector. Buying, leasing and/or installing a small-scale renewable energy generator represents a very significant investment for consumers when compared with other purchase decisions they make. They need plenty of time to scrutinise carefully all the relevant information so as to understand it and be

able to compare an offer with other offers they have received.

Any business agreeing a contract with a consumer for a small-scale renewable energy generator must be certified by the Microgeneration Certification Scheme (MCS) if the consumer is to benefit from Government financial incentives such as the Feed-In Tariff (FiT) and Renewable Heat Incentive (RHI). Any businesses seeking MCS certification must first be a member of a CTSI-approved consumer code. RECC is the only CTSI-approved in the sector at this time.

The launch of the Domestic RHI in April 2014 added a whole new dimension and level of complexity to our work. In line with this, our membership profile continued to change during 2014, with a growing number of heating and plumbing businesses applying to join and, at the same time, the solar PV sector continuing to consolidate and restructure. Across all technologies the majority of sales are now paid for by means of consumer finance. Complaint levels remained high during the year with 1,186 complaints registered with RECC (see page 29 for details). This year again the majority were about solar PV installations with the result that:

- in 2014 0.7% of all domestic solar PV installations were the subject of a complaint registered with RECC (754 out of 110,120 (406 MW));
- in 2013 1.1% of all domestic solar PV installations were the subject of a complaint registered with RECC (937 out of 85,755 (313 MW));
- in 2012 0.5% of all domestic solar PV installations were the subject of a complaint registered with RECC (1,051 out of a total of 201,178 (687 MW));
- in 2011 0.4% of all domestic solar PV installations were the subject of a complaint registered with RECC (439 out of a total of 124,385 (381 MW)).

Fig 3.1 RECC Membership by year

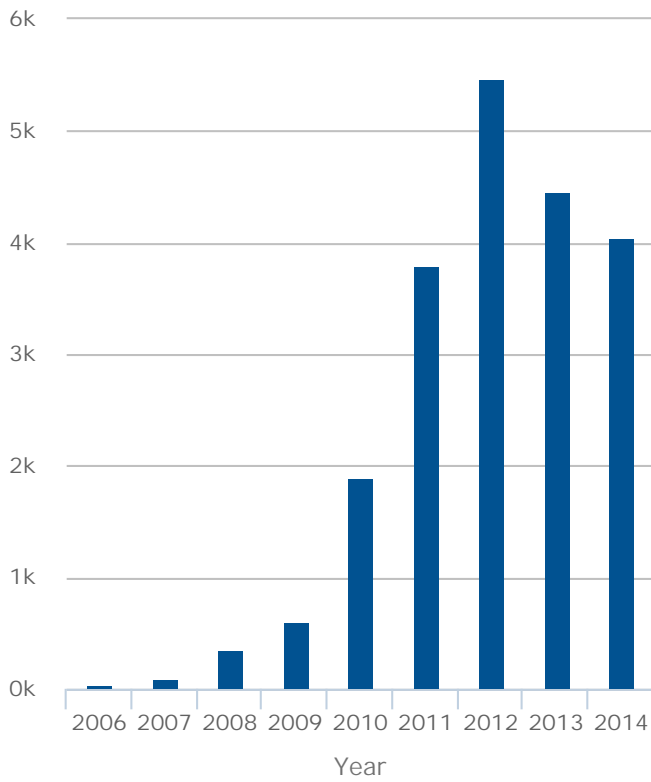


Fig 3.2 RECC membership in 2014 by number of employees

(Membership categories correspond to the total number of employees involved in renewable energy activities, including backroom staff and sales representatives, even when these are not directly employed by the company. The membership category is verified during audit.)

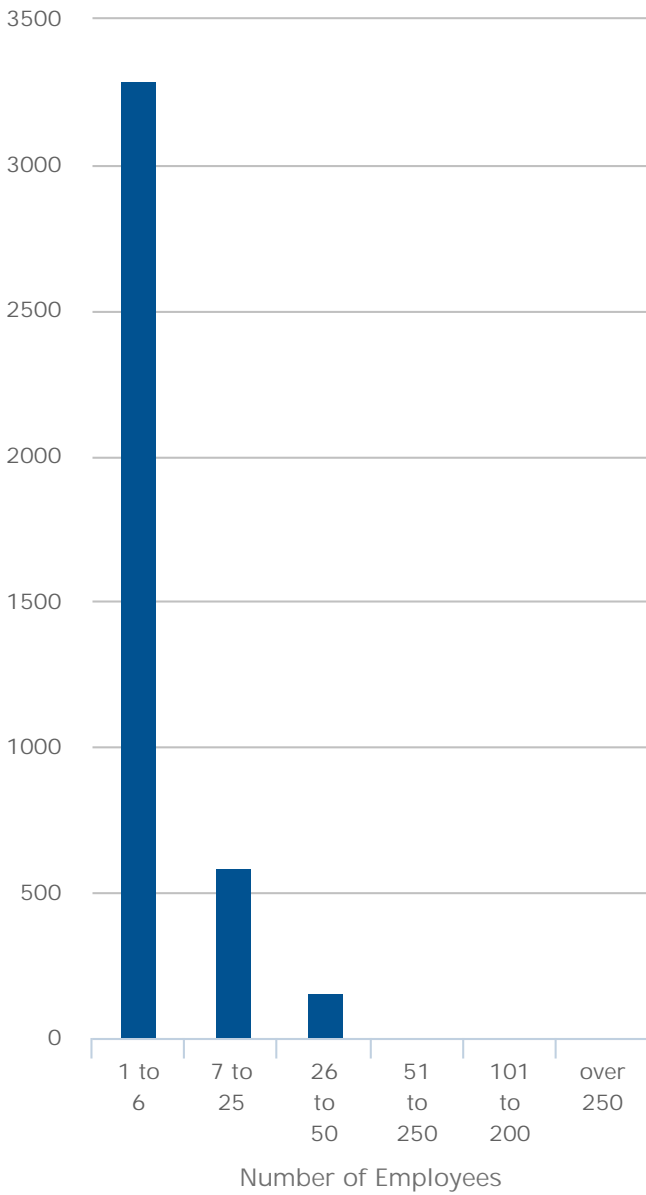


Fig 3.3 Number of installations registered for FiT compared with DECC predictions

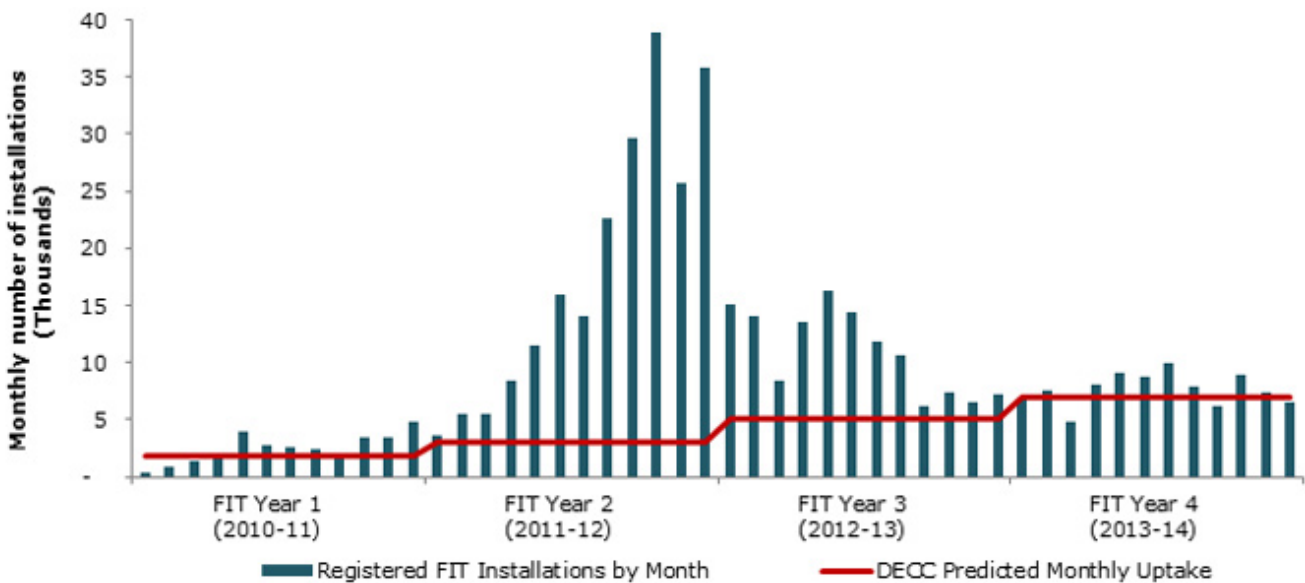
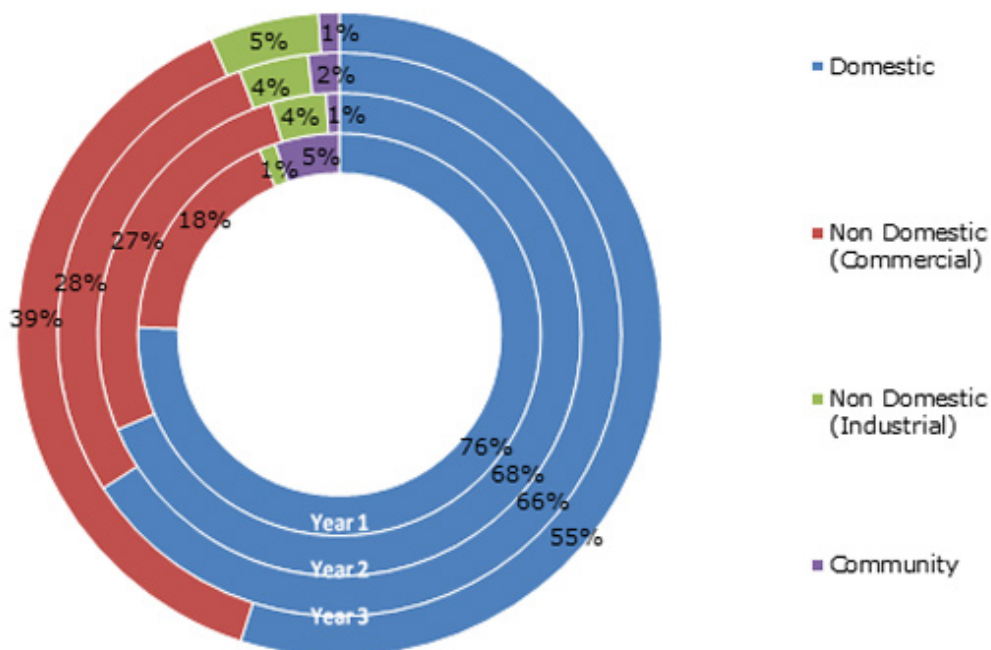


Figure 3.3 (above) shows the number of installations registered each month since the Feed-in Tariff was introduced in April 2010 compared with DECC's predictions. Figure 3.4

(below) shows the relative decline of domestic installations as a proportion of total installed capacity over the four years of the Feed-in Tariff. (Source of both charts: Ofgem.)

Fig 3.4 Total installed capacity by installation type for each year of the FIT



4. Governing the Code

RECC is administered by Renewable Energy Assurance Ltd (REAL) with a Board of Directors, both Executive and Non-Executive. REAL is a wholly-owned subsidiary of Renewable Energy Association (REA), the leading trade association in the renewables sector. REAL operates on a not-for-profit basis: we use all the membership fees we receive to encourage and monitor members' compliance with the Code, and continuously to improve the services we provide for our members.

4.1 Updating the Code

The Code sets out the relationship between RECC members and consumers. The Supervisory Panel oversees the Code which is a living document and has to reflect developments in the policy, legal and industry context within which it operates. CTSI also requires us to ensure that the Code reflect the lessons drawn from our monitoring activities, any feedback we receive and the complaints registered. In addition we take account of guidance and specific suggestions we receive from CTSI, the Supervisory Panel, the REAL Board and a range of consumer-facing organisations.

The Code has been adapted and revised annually since it was first drafted in early 2006. It was amended in October 2014 to take account of changes in the law and developments in

the sector. The principal amendments were designed to:

- revise cancellation rights arising from the implementation of the Consumer Contracts Regulations 2013 (Section 6.2)
 - revise arrangements for third party client accounts, in line with CTSI core criteria (Section 6.3)
 - require members to comply with the Data Protection Act (Section 4)
 - revise requirements for the behaviour of sales representatives (Section 5.2)
 - revise arrangements for independent conciliation, in line with CTSI core criteria (Section 9.1)
 - reflect recent amendments to the Microgeneration Certification Scheme (MCS) overarching installer standard MCS 001) (Section 7.1)
 - set out more details on the content of the handover pack (Section 7.3)
 - reflect recent amendments to the Bye-Laws (Section 9.4), (see next section).
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4.2 Updating the Bye-Laws

The RECC Bye-Laws govern the relationship between RECC and its members. The REAL Board is responsible for adopting and overseeing the Bye-Laws which were reviewed in parallel with the Code and updated in February 2014. The principal amendments were designed to:

- revise the procedures for the independent Applications Panel
 - introduce the concept of Temporary Membership and Conditions
 - revise the procedure for investigating potential breaches of the Code or Bye-Laws
 - introduce the concept of Consent Orders for members with potential breaches of the Code or Bye-Laws
 - revise the procedures for the independent Non-Compliance Panel
 - revise the sanctions available to the independent Non-Compliance Panel
 - allow the independent Non-Compliance Panel to award costs to the parties
 - allow the RECC Executive to share information with and receive information from Financial Conduct Authority, or 'as otherwise required by law or in the interests of consumer protection'.
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4.3 Overseeing the Code

The Supervisory Panel oversees and advises on the running of the Code. Its governance arrangements are set out in full in the RECC Bye-Laws. Its members are independent of the RECC Executive, and a majority of them including the Chair must also be independent of the sector. The Panel's responsibilities include:

- reviewing and updating the documentation relating to the Code and the scheme;
- overseeing the implementation of the Monitoring Strategy;
- reviewing RECC Members' compliance with the Code based on the results of monitoring activities;
- establishing such Expert Groups as it may consider necessary to advise it; and
- reviewing any reports presented to it by the Executive.

In 2014 the Panel met four times, on: 19 March, 18 June, 17 September and 10 December. Since August 2012 David Laird has been the Chairman of the Panel. He replaced Dr Gill Owen who had been the Chair of the Panel from June 2006 to July 2012. The Minutes of the Supervisory Panel Meetings are available on the website here:

www.recc.org.uk/scheme/supervisory-panel/meetings-notes . In 2014 the Supervisory Panel members were as follows:

David Laird	Chairman
Bryn Aldridge	former City of London Trading Standards
Walter Carlton	Deloitte
Tom Chapman	MCS Administrator
Louisa Coursey	Renewables UK
David Frise	B&ES
Gretel Jones	independent consumer expert
Liz Laine / James Court	Citizens Advice
Mike Landy	REA (now Solar Trade Association)
Steve Lisseter	Independent consumer and competition issues expert, formerly Director of Consumer Codes at the OFT
Gideon Richards	MCS Chair
Neil Schofield	Worcester Bosch
Dave Sowden	Sustainable Energy Association
Steve Storey	SSE
Jim Thornycroft	independent solar PV expert
Philip Wolfe	independent renewables expert

5. Promoting the Code

Throughout 2014 RECC has continued to take every opportunity to promote the benefits of the Code, and the consumer protection it offers, including through:

- attending and presenting the Code at industry and other related conferences and exhibitions;
- contributing to Government-run roadshows;
- publishing a quarterly newsletter to update members with developments in the Code and the wider sector;
- ensuring that only RECC members use the RECC logo and that they use it correctly and in line with the guidelines on the website;
- informing members about how they can use the CTSI approved logo and be listed on the associated My Local Services website;
- providing members with high-quality leaflets explaining the key provisions of the Code and requiring them to provide these leaflets to consumers;
- producing and circulating widely a set of 'Top Tips' for consumers to consult to avoid 'being taken for a ride' when signing a contract;
- liaising with regulatory and other bodies, including Trading Standards departments, Citizens Advice Consumer Service, the Advertising Standards Authority (ASA), Energy Saving Trust (EST), the Financial Conduct Authority (FCA) and the Companies Investigation Branch of the Insolvency Service;
- liaising with finance providers active in the small-scale renewables sector;
- liaising with insurance providers who offer insurance-backed warranty products in the small-scale renewables sector;
- making sure the Code is clearly linked from other websites including: MCS, MCS Certification Bodies, EST, British Standards Institute (BSI), ASA, Department of Energy and Climate Change (DECC) etc;
- responding to media enquiries; and
- providing evidence to Government and other bodies in response to consultations on, for example about the Feed-In Tariffs, the domestic Renewable Heat Incentive, the Green Deal and the wider energy efficiency market.

RECC has continued to work to protect the reputation and integrity of the Code in 2014 by:

- carrying out in-depth due diligence checks on all those applying to join the Code;
- carrying out frequent audit compliance checks to ensure that all members are

- complying fully with the Code and Bye-Laws;
- continuing to develop a wide range of guidance and model documents freely available to members and applicant members; and
- continuing to develop the comprehensive online training resource freely available to members and applicant members.

5.1 Enhancing the services RECC provides to members

During 2014, RECC continued to develop and enhance the range of services it offers to members in several important ways. Below are some examples.

5.1.1 Primary Authority Arrangement with Slough Borough Council

RECC concluded its 'Primary Authority' arrangement with Slough Borough Council (SBC) in April 2014. According to this SBC provides RECC and our members with dedicated advice on a range of different consumer protection issues; and checks the accuracy of our guidance and model documents so that Code members can rely on them. During the year RECC requested SBC's advice on some 20 issues. Primary Authority arrangements are overseen by the Better Regulation Development Office, part of the Department of Business, Innovation and Skills. More details are available here:

www.gov.uk/government/organisations/better-regulation-delivery-office

5.1.2 Quarterly newsletter

RECC continued to publish a quarterly newsletter in 2014. It provides Code members with an easy-to-read update of developments with the Code and the wider sector. It continues to be very well-received. The 2014 editions of the newsletter are here:

January: www.recc.org.uk/images/upload/news_91_RECC-Newsletter-Jan2014.pdf

April: www.recc.org.uk/images/upload/news_105_RECC-Newsletter-April-2014.pdf

July: www.recc.org.uk/images/upload/news_111_RECC-Newsletter-July-2014.pdf

October: www.recc.org.uk/images/upload/news_113_RECC-Newsletter-Oct-2014.pdf

5.1.3 Model performance and quotation documents for heat technologies

RECC replaced its generic guidance on performance estimates with comprehensive, technology-specific guidance. The solar PV documents were published in 2013, with equivalent documents for solar thermal, heat pumps and biomass boilers published in 2014. All these comprise guidance on consumer proposals and performance proposals as well as a model proposal letter, performance estimate, quotation and estimate. They can

be found here: www.recc.org.uk/members/guidance-and-model-documents. (You will need to log in to the Members' Area to access them.)

5.1.4 Detailed guidance on Consumer Contracts Regulations

During the year RECC worked very hard with CTSI, the Department of Business Innovation and Skills and Slough Borough Council to produce detailed guidance for our members on the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 which came into force in October 2014. These complex Regulations replace the Distance Selling Regulations and the Doorstep Selling Regulations, but go considerably further than these do. RECC produced scenario-based guidance which accurately reflects members' business models. In addition we updated the Code, all our model documents including the contract and cancellation notices, our guidance and our training materials so that they accurately reflect the new Regulations. They can be found here: www.recc.org.uk/members/guidance-and-model-documents. (You will need to log in to the Members' Area to access them.)

5.1.4 Detailed guidance on Consumer Contracts Regulations

During the year RECC added two new sections to its e-learning online training resource. Members and their staff can now test their understanding of each section of the training as they go through it. They can also take a more formal exam and can register the results with RECC. Members find this useful for the purposes of demonstrating staff understanding and compliance, for example. In line with the training, the interactive packages are based on real-life examples of situations and scenarios which have occurred in the small-scale renewable sector.

6. Monitoring compliance with the Code

In 2014 500 members were subject to close scrutiny, either by means of a spot-check audit of their application, an in-depth audit site visit or mystery shopping; and 360 households submitted Consumer Satisfaction Surveys.

RECC uses a variety of tools to monitor compliance with the Code. These are set out in the Monitoring Strategy. RECC:

- carries out extensive due diligence checks on all new applicants against a series of important legal undertakings a check to demonstrate full compliance with the Code;

- carries out additional desk-based spot checks on at least 1 in 5 applicants;
- undertakes an in-depth, on-site Compliance Audit Programme;
- operates a Mystery Shopping Programme;
- issues a Consumer Satisfaction Survey (CSS); and
- liaises closely with other enforcement bodies including Trading Standards departments, Advertising Standards Authority and Companies Investigation Branch;
- liaises closely with consumer-facing bodies including Age UK, Which? and Citizens Advice.

During 2014 RECC worked hard to bring our Monitoring Strategy fully into line with CTSI's core criteria which are different in some respects to OFT's original core criteria. The Monitoring Strategy has now been scrutinised and approved by CTSI including by its statistician. You can find full details here: www.recc.org.uk/monitoring/monitoring-strategy

As an important element of the Monitoring Strategy RECC has adopted ten key Compliance Areas (CAs). These are set out in Figure 6.1 below. On the basis of these we will in future be able to analyse and report consistently across all its monitoring activities. This will enable us to identify the key areas of consumer detriment.

Figure 6.1 RECC key Compliance Areas with associated performance measures

CA1: Awareness of consumer protection / RECC (including staff training)

- % of members at audit providing consumer leaflet with quotes
- % of total number of CSS questionnaires returned in which consumers said they had been made aware of RECC
- % of members at audit with link to RECC on their website
- number of members completing RECC online training.

CA2: Microgeneration Certification Scheme (MCS)

- total number and % of complaints received and referred on to MCS Certification Bodies (CBs)
- % of CSS responders indicating receipt of MCS handover documents within 10 days
- % of members in current audit round found compliant on questions relating to MCS
- % of members at audit who are MCS-certified for the relevant technologies.

CA3: Marketing and selling

- % of CSS responders satisfied with how the system was sold
- % of members in current audit round found compliant on questions relating to

marketing and selling

- number and % of complaints registered that relate to marketing and selling

CA4: Estimates/quotes, particularly performance estimates and financial incentive

- % of CSS responders indicating sufficient pre-contractual information was provided
- % of members in current audit round found compliant on questions relating to estimates/quotes &c.
- number and % of complaints registered that relate to estimates etc

CA5: Finance agreements

- % of members in current audit round found compliant on questions relating to consumer credit / finance agreements
- % of CSS responders indicating that they took finance who consider they were given adequate information and documentation
- number and % of complaints registered relating to finance agreements with members.

CA6: Contracts and cancellation rights

- % of members in current audit round found compliant on questions relating to contracts and/or cancellation rights
- % of CSS responders indicating no concerns about the contract
- number and % of complaints registered that relate to contractual issues and/or cancellation rights.

CA7: Taking and protection of deposits and advanced payments

- % of members audited with deposit insurance in place and % of members audited with deposit insurance in place by the end of the audit process
- % of CSS respondents indicating they paid a deposit who state they were provided with deposit insurance details
- number and % of complaints registered that relate to deposits

CA8: Completing the installation

- % of consumers completing CSS questionnaires satisfied with the system they have installed
- number and % of complaints registered that relate to completing the installation

CA9: After-sales (guarantees, workmanship warranties and warranty protection, after sales support: customer service)

- % of CSS respondents indicating they were provided with at least a 2-year workmanship warranty
- % of CSS respondents indicating they were provided with warranty insurance
- % of members in current audit round found compliant on questions relating to after-sales issues
- number and % of complaints registered that relate to after-sales issues.

CA10: Complaints numbers, handling, procedures

- % of CSS respondents indicating they were informed about a complaints procedure
- % of CSS respondents indicating they made a complaint to the member and were satisfied with its handling
- % of members audited who fail on questions relating to complaints-handling
- number of complaints received by RECC
- number of complaints received by category (feedback/referred on/for RECC)
- number of complaints received by issue
- number of complaints received by technology
- number of complaints received as % of total (domestic) installations carried out
- % of complaints resolved by RECC complaints handlers
- breakdown of types of resolution brokered by RECC complaints handlers
- length of time taken in weeks to resolve complaints
- length of time taken in weeks to resolve complaints by technology
- % of complaints resolved by means of conciliation
- % of complaints resolved by means of independent arbitration.

6.1 Monitoring applicants

In 2014 RECC considered 1,184 membership applications. Following comprehensive due diligence: 300 were selected for more in-depth checks; 30 were referred to the independent Applications Panel; and 20 of these applications were rejected.

The first rung of the Monitoring Strategy is the compliance check that all applicants have to complete to demonstrate that they are in a position to comply fully with the Code. Applicants' Directors are also required to make a number of very important declarations relating to the trading and solvency history of the company, their past behaviour and that of senior staff and close family members.

A copy of the application form, with declarations, and the compliance check is available

on-line on the RECC website and can be downloaded from the following link:

www.recc.org.uk/pdf/application-form.pdf

The due diligence also involves scrutinising the compliance checks, if necessary requesting further evidence that the applicant has the systems in place to comply. If the applicant does not appear to be in a position to comply with the Code for any reason they will be passed to an independent auditor for a more detailed spot check.

RECC carries out extensive due diligence of all applications it receives. This involves checking the veracity of all the declarations that the Directors have provided. If the applicant is unable to make any of the required declarations they will be passed to an independent auditor for a more detailed spot check. The auditor will ask to see administrators' reports, Companies House, County Court records and any other relevant sources. If a Director is found to have made a false declaration in the application process this is likely to lead to immediate referral to the disciplinary process.

In addition, as a control, auditors will spot-check a random selection of applicants who indicate full compliance and make all the required declarations. The compliance spot-check is a documents-based audit of the contract, the quotation, the workmanship warranty, the cancellation form, and a company's website and other promotional materials. Auditors also check the arrangements for deposit and warranty insurance. As a result of these checks applicants may be required to make changes to their procedures and documents. For example, they will have been required to:

- change their advertising and marketing materials;
- adopt the model contract or change their contract terms; and/or
- register with an insurance provider.

During 2014 1,184 applicants completed compliance checks, mostly online. RECC spot-checked the compliance status of 300 applicants (25 per cent). Of these 300, just 30 were referred to the independent Applications Panel (10 per cent of those spot-checked, just under 3 per cent of all applicants).

6.1.1 Applications Panel decisions

RECC membership is dependent on the business obtaining a clean bill of health and so until the non-conformities or anomalies are addressed applicants will not be admitted to the Code. Where a business is unable or unwilling to address such non-conformities or where RECC considers that one or more of the Circumstances for refusing Membership may have been met, RECC will refer the application to the independent Applications Panel for a decision. The 'Circumstances for refusing Membership' are set out on the RECC

website: <http://www.recc.org.uk/join/circumstances-for-refusing> . The Applications Panel can decide that an application should be:

- accepted, without conditions;
- accepted with conditions e.g. subject to special monitoring; or
- rejected.

During 2014 the independent Applications Panel met 19 times and considered 30 applications. Of these 30 applications 20 were rejected while 6 were accepted, 4 on a conditional basis. Businesses whose applications are rejected are permitted to reapply after a period. Keith Richards continued to chair the Applications Panel during 2014, with six other members in the pool from which each Panel is drawn. During 2014 these were: Bryn Aldridge, Sarah Chambers, Nina Dutta, Gretel Jones, Alastair Keir and Fiona Tittensor. Andrew McIlwraith continued to provide the independent secretariat to the Panel.

Figure 6.2 Summary of Applications Panel activity 2014

Applications Panel meetings held	19
Applications considered	30
Of which the Applications Panel: rejected the application	20
accepted the application, of which:	6
• on 1 months probation	1
• on 6 months probation	2
• on 9 months probation	2
• on condition of evidence being provided that satisfactory paperwork was in place	1

6.2 Carrying out compliance audit site visits

In 2014 RECC's 15 independent auditors carried out 171 audit site visits. These ranged across the whole of the UK, from Cornwall to the Orkney Islands and Northern Ireland.

As a condition of membership, RECC members are required to co-operate with the Monitoring Strategy agreed with CTSI. The compliance audit visit is a comprehensive and robust on-site inspection of a member's business and is a very important element of the Monitoring Strategy. The audit site visit can take up to a whole day depending on the

complexity of the member's business model and the size of its operations.

The audits are carried out by independent auditors based around the country. They use a questionnaire which closely reflects the provisions of the Code. The auditors' skills encompass consumer protection expertise, quality management expertise and systems audit expertise. RECC revises the questionnaire before every audit round to take on board any Code changes, lessons learned from previous audit rounds, legal or regulatory changes and feedback from members. The audit questionnaire is available in the members area of the RECC's website in a version that includes detailed guidance for members as to what auditors will be looking for www.recc.org.uk/member/audit.

A sample of members is drawn up before each audit round. The sample consists of members selected at random supplemented by members about whom RECC has received complaints (irrespective of the outcome) or other relevant feedback. The sampling method is set out in more detail here: www.recc.org.uk/pdf/process-for-selecting-members-for-audit.pdf.

During the audit site visit the auditor identifies with the member any areas of non-compliance and together they complete the audit questionnaire. The auditor then leaves a copy of the completed questionnaire for the members to check for factual accuracy. The auditor then submits the questionnaire to the RECC audit panel which moderates and scores all the completed questionnaires and then writes to the member to indicate the areas of non-conformity and the actions required to resolve them.

Members are requested to submit their responses to any areas of non-compliance to RECC and then work with the auditors to reach full compliance within a short time limit. If a member appears unwilling or unable to address any areas of non-compliance, it may be referred to the Compliance Team who will decide how it should be addressed.

During 2014 RECC updated the audit questionnaire to take account of the revised Monitoring Strategy, recent amendments to the Code and Bye-Laws and revised legislation, as well as comments and suggestions from auditors based on past experience. The questionnaire is now in 10 sections, in line with the 10 key CAs set out at the start of this section. In the revised system, members score positively for compliance, so the higher the final score the better. This is the opposite of the previous system in which members' compliance was scored negatively.

6.2.1 Results of 2014 round of audit site visits

IRECC allocated 283 members for audit site visits during the 2014 audit round. Members were selected in line with the procedure described above. Of the initial 283, following

screening, 151 audit site visits went ahead. At the start of 2014 recc also conducted the follow-up procedures for the 89 audits outstanding from the Autumn 2013 round and carried out 12 urgent audit site visits.

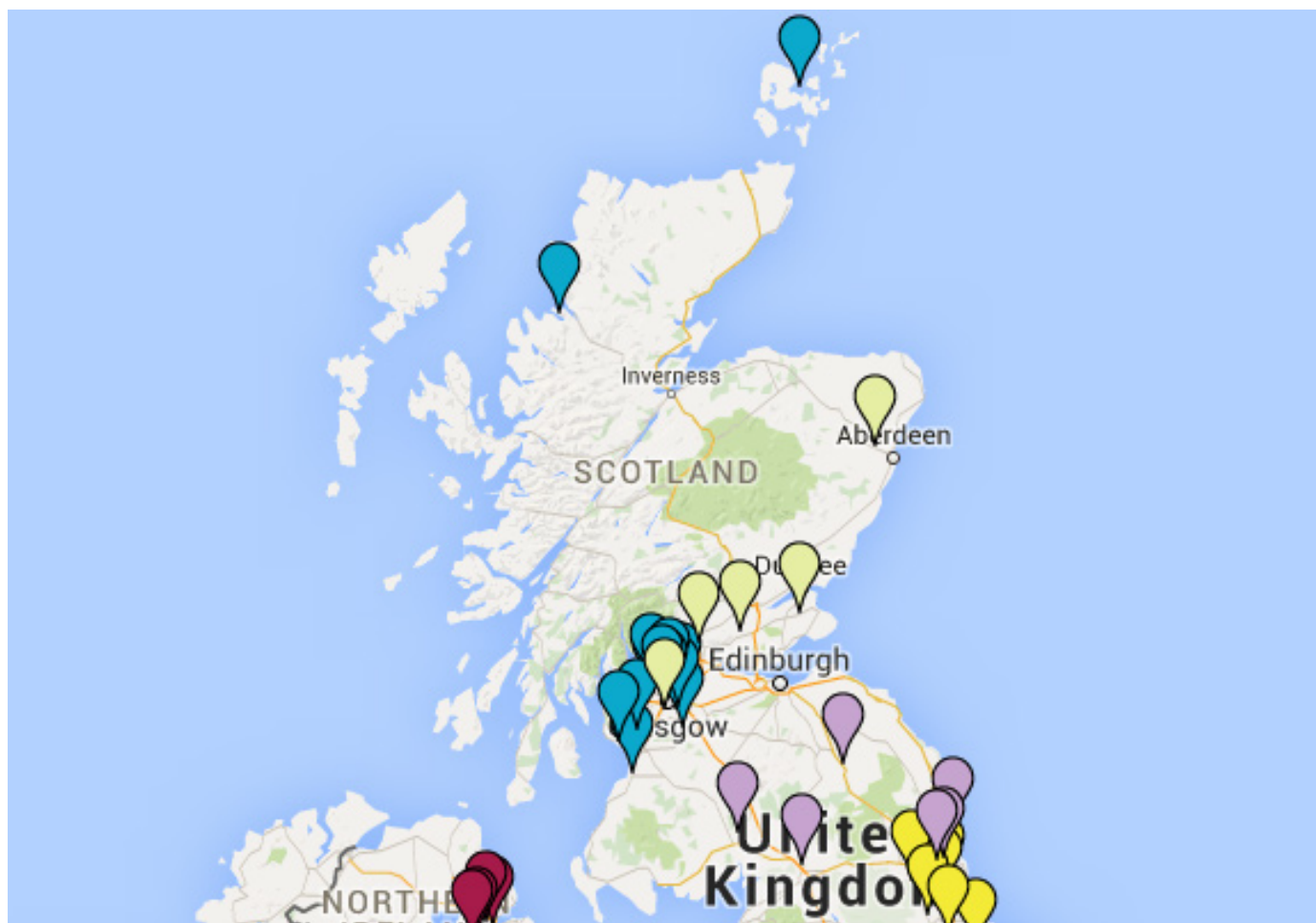
The map in Figure 6.2 below shows the geographical location of the 151 completed audit site visits. Of these, 138 audit reports have been returned to RECC whilst 13 audits were still in process with the independent auditor as at 30 June 2015. The graph in Figure 6.3 shows the scores of those 138 members whose audit reports have been returned, including the 14 members who passed the audit straightaway.

In line with the Monitoring Strategy, there is no longer an audit pass-mark as such. Rather, passing or failing the audit is a reflection of how the member has performed on each key Compliance Area. See page 13 for a list of key Compliance Audits. To pass the audit overall members will need to:

- demonstrate compliance in all 7 high priority areas; and
- demonstrate compliance in at least 2 of the three medium priority areas.

On this basis members need to demonstrate around 95% compliance to pass the audit straightaway.

Fig 6.3 Location of 2014 RECC audit site visits



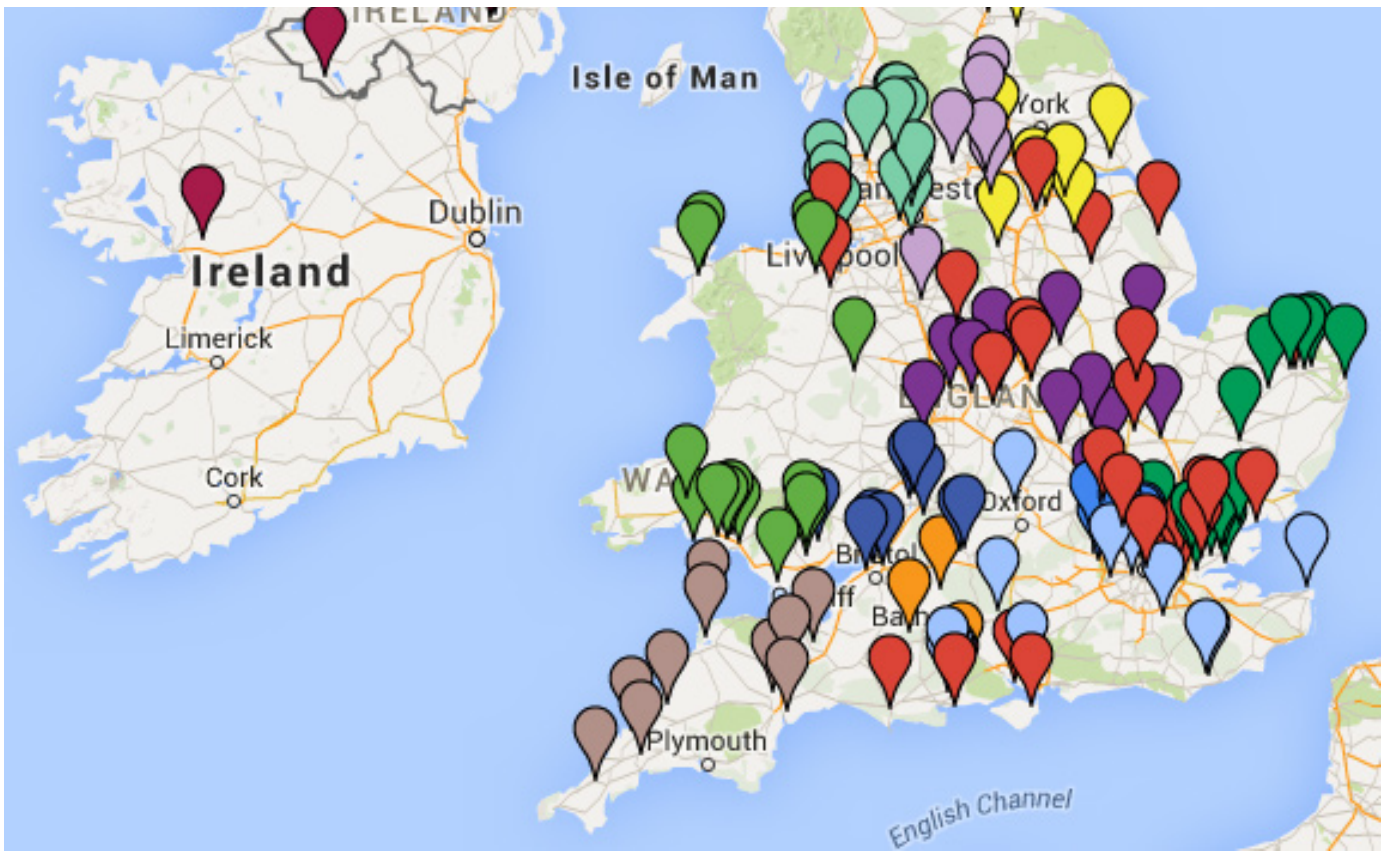


Fig 6.4 Status of 2014 compliance audit visits

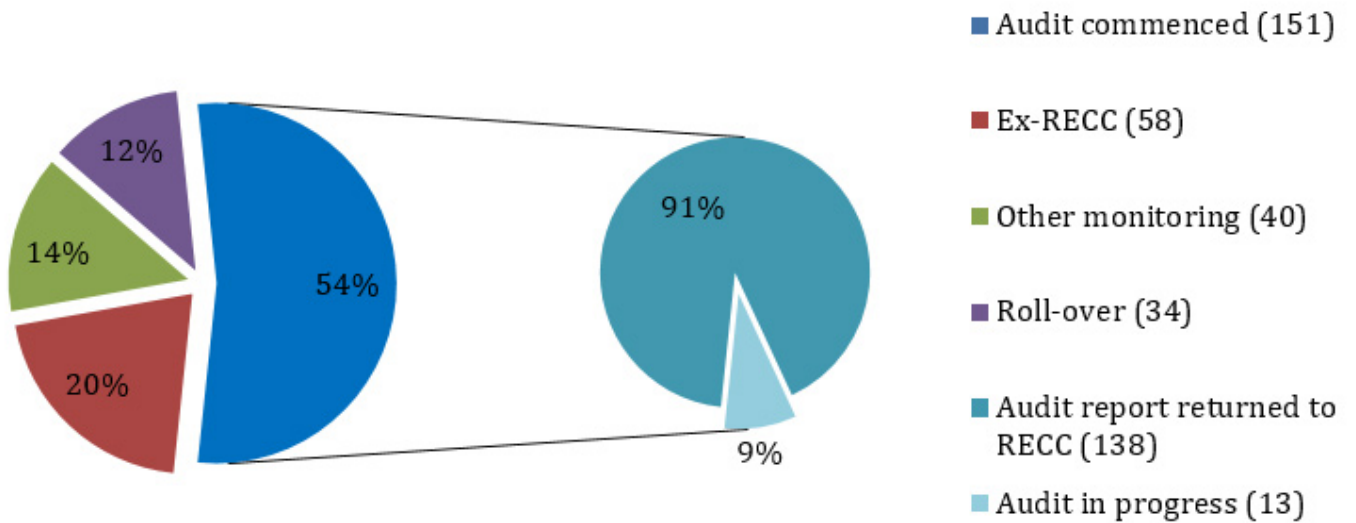


Fig 6.5 Distribution of positive scores from 2014 audit round
(See below for an explanation of passing the audit.)

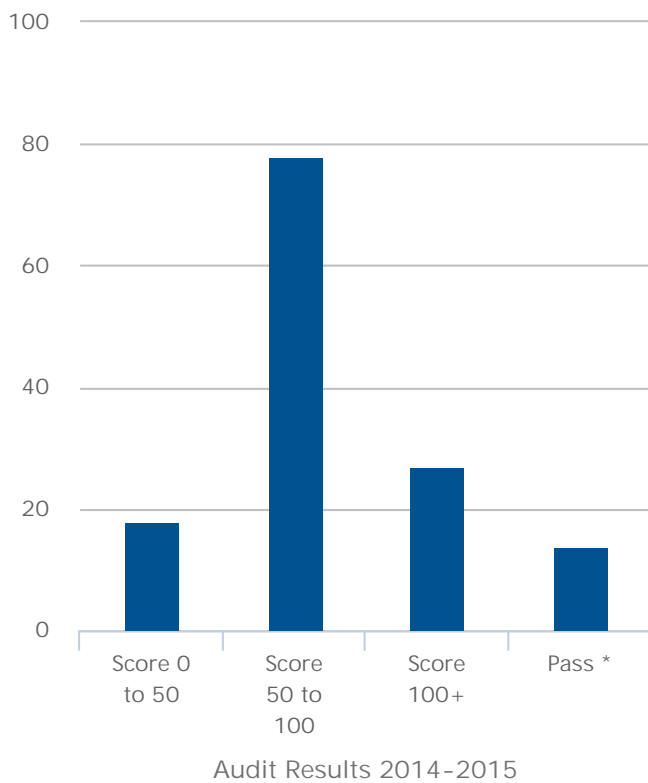
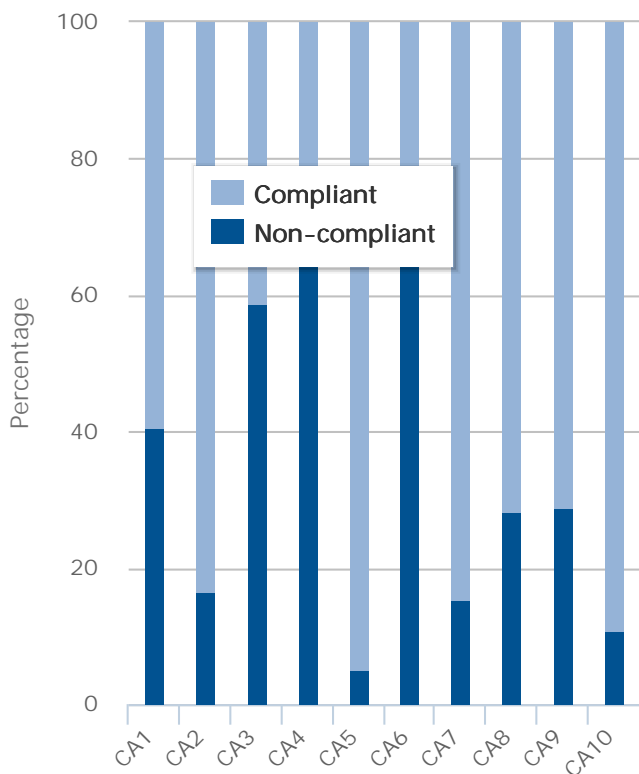


Figure 6.6, below, shows the principal areas of non-compliance in this audit round. The most frequent area of non-compliance is pre-contractual information. To help members address this area of frequent non-compliance, RECC continues to provide model documents including quotations and pre-contractual information for each technology. These are available to members free of charge and have been developed in order to comply with both the requirements of the Code and the relevant consumer protection legislation. There is also in-depth detailed guidance on the presentation of this information.

Contracts and cancellation rights was another area of frequent non-compliance in this audit round. The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013, which came into force in June 2014, affected many Code Members. These Regulations were a common topic of discussion during audits, with members keen to understand how they apply to different business models. (See section 5.1.4 above for more information about this.)

Fig 6.6 Areas of non-compliance in 2014 audit visits by key Compliance Area
See below for an explanation of the key Compliance Areas.



At an individual member level, monitoring enables RECC to pinpoint areas where a member needs to improve and to assist them to achieve compliance. It also enables RECC to identify instances where disciplinary action may be required. Following the audit site visit the member receives a copy of the completed audit questionnaire and a follow-up letter setting out any areas of non-compliance where it is required to take remedial action. The member must submit documentation and evidence to show that it has addressed these areas. The Compliance Team will review any issues that remain outstanding after the final deadline.

During 2014 14 independent auditors carried out compliance audit visits on behalf of RECC:

Virginia Barstow	Yvonne McGivern
Hamish Bell	Colin Meek
Sue Bloomfield	Carole Pitkeathley
Clare Carden	Jackie Robinson
Fiona Flynn	Geoff Stow
Steve Gillon	Fiona Tittensor
Catherine Haynes	Paul Voysey

6.3 Mystery shopping

In 2014 RECC commissioned 48 mystery shops to a panel of mystery shoppers across the UK; of these 31 members visited a mystery shopper in their home.

RECC conducts targeted mystery shopping exercises with a view to checking the level of compliance of members considered to pose a risk high of consumer detriment. RECC has a team of mystery shoppers spread throughout the country who assist us by carrying out such mystery shopping exercises.

RECC members are selected for mystery shopping on the recommendation of auditors, as a result of complaints or other intelligence received, or because they have exhibited a high risk of non-compliance in some other way. The principal focus of this exercise is to monitor selling techniques and pre-contractual information provided by members.

Mystery shoppers complete RECC's bespoke evaluation forms soon after their contact with the member. RECC reviews the results and then decides what follow-up action is appropriate.

Where the mystery shopper identifies non-compliant behaviours, RECC notifies the member and requires it to address the problems or, where it is evident the business is unwilling to cooperate, passes them to the Compliance Team.

Of the mystery shops undertaken in 2014:

- 9 members were already subject to additional compliance monitoring
- 2 members have since been referred to the Compliance Team
- 17 members did not respond to the initial enquiry.

6.4 Surveying consumer satisfaction

In 2014 a total of 360 consumers returned Customer Satisfaction Surveys to RECC: 3 of 5 consumers were very satisfied with the way their system was sold and installed.

The chart below shows that the majority of consumers who returned Consumer Satisfaction Survey questionnaires to us gave positive feedback about members in relation to the questions outlined on the CSS form:

- 88% of consumers said they were provided with sufficient information about the system before signing a contract;
- 97% said that the performance of the system was clearly explained to them as well as what this meant in financial terms;
- 96% said they were made aware of their cancellation rights.
- of those consumers who did not give such positive feedback, 15% said they were not made aware of a complaints procedure and 12% said they were not made aware of the Consumer Code before they signed the contract.

Figure 6.8, below, shows that four out of five consumers were satisfied / very satisfied with the way the system was installed (61% rated it as 10/10 and 21% rated it as 9/10). Just 18% of consumers rated it as below 8/10. Figure 6.8 also shows that four out of five consumers were satisfied/very satisfied with the way the system was sold to them overall (64% of consumers rated it as 10/10 and 19% of consumers rated it as 9/10). Just 18% of consumers rated it as below 8/10.

Fig 6.7 Breakdown of 2014 consumer satisfaction questionnaire responses

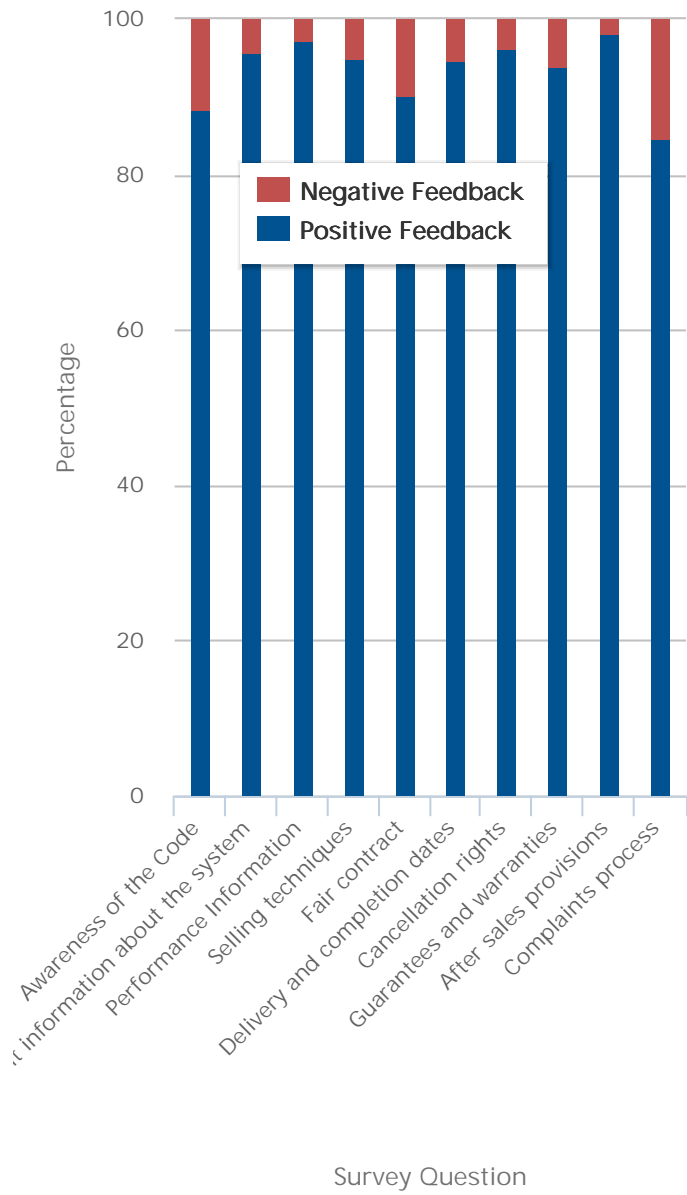
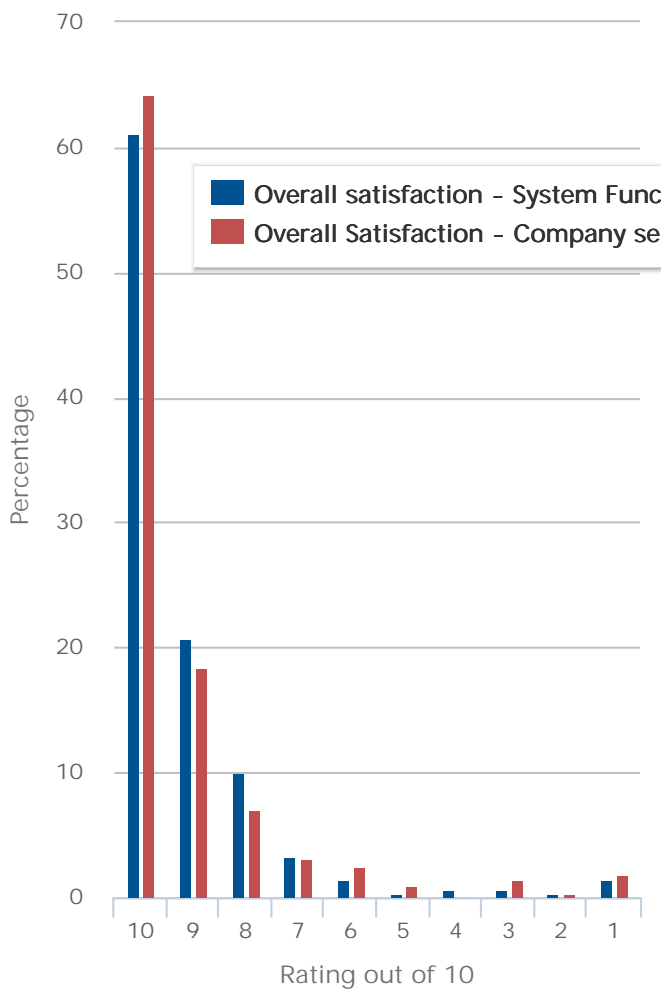


Fig 6.8 Satisfaction rates with system function and company selling methods



7. Enforcing compliance with the Code

In 2014 six members attended an independent Non-Compliance Panel Hearing; of these, two had their membership terminated and 4 were subject to enhanced monitoring, and may be required to attend a further Hearing in 2015.

7.1 Investigating compliance and invoking the disciplinary procedure

In 2014 RECC expanded the Compliance Team to investigate suspected breaches of the Code or the Bye-Laws. RECC may investigate evidence of a potential breach from a wide range of sources of information including:

- complaints and feedback;
- an analysis of conciliation and arbitration outcomes;
- audit site visit reports;
- compliance checks and spot checks;
- the results of Consumer Satisfaction Surveys;
- mystery shopping reports;

- intelligence from Citizens Advice, Trading Standards Departments, the Advertising Standards Authority, Courts or tribunals, Financial Conduct Authority, Companies Investigation Branch, Scam Busters;
- publicly available information including media reports; and/or
- the MCS Administrator or MCS Certification Bodies.

The Compliance Team compiles evidence from a range of these sources and sends it to the member who is invited to respond providing the necessary clarification and explanation. If the member is unable to provide the evidence required to demonstrate full compliance RECC may invoke the disciplinary process. In line with the Bye-Laws RECC may impose a number of sanctions on the member, including inviting the member to sign a Consent Order agreeing not to breach the Code or Bye-Laws again.

In 2014 RECC invited 26 members to respond to details of suspected breaches of the Code and / or Bye-Laws and to provide assurances of future compliance. RECC invoked disciplinary proceedings against 10 members.

7.2 Convening the independent Non-Compliance Panel

If, following this, further evidence of potential breaches is received RECC may convene an independent Non-Compliance Panel (NCP) Hearing to consider the matter. The governance of the NCP is set out in full in the RECC Bye-Laws and in the NCP Rules. All NCP members are independent of the RECC Executive and a majority, including the Chairman, is independent of the sector.

The Chairman of the NCP is Mary Symes. She has held this post since August 2012. In 2014 there was a pool of six other NCP members from which each Panel is drawn: Amanda McIntyre, Elizabeth Stallibrass, Sally Oakley, Jim Thornycroft, Helen White and Alan Wilson.

In 2014 the NCP held 6 independent Hearings. The outcomes are summarized in Figure 7.1, below.

Figure 7.1 Summary of independent Non-Compliance Panel activity in 2014

Independent NCP Hearings held	6
Members invited to attend NCP Hearings	6

Of which the NCP:	
• terminated RECC membership	2
• required member to be audited and to inform RECC of new employees	1
• subjected member to enhanced monitoring including re-audit.	3

7.2 Convening the independent Appeals Panel

The independent Appeals Panel is comprised of members of the pools of the other two panels. A member serving on the Appeals Panel may not previously have considered the appellant member in any other forum. The governance of the Appeals Panel is set out in full in the RECC Bye-Laws. In 2014 two members appealed against an NCP Determination. In each case an Appeals Panel Hearing was convened. Keith Richards was the Chairman of the Appeals Panel, and in each case the NCP Determination was upheld, summarised in Figure 7.2, below.

Fig 7.2 Summary of independent Appeals Panel activity in 2014

NCP Determinations referred to independent Appeals Panel	2
Of which the Appeals Panel:	
• upheld the NCP Determinations	2
• overturned the NCP Determinations in whole or in part.	0

8. Resolving consumer complaints in respect of members

In 2014 RECC received 1,186 complaints. Of these, one in three fell within RECC's remit and have either been resolved or are being resolved. Of those resolved, 18 were referred to the independent arbitration service.

In 2014 consumers registered a total of 1,186 complaints with RECC. Of these 33% fell within RECC's remit while 47% were classified as 'feedback' complaints in which consumers were not seeking redress but simply registering their dissatisfaction with an aspect of their dealings with a member. A further 17% were classified as predominantly about technical issues, and so were passed to the relevant MCS Certification Body (CB) for handling. (CBs later passed some of these back to RECC to resolve any outstanding issues within our remit once they had completed their work.)

Complaints about non-members accounted for 6% of the total and were recorded as

feedback. Where the non-member in question had sub-contracted work to a RECC member, RECC held the member responsible and sought to resolve the complaint through them. Where there was no link, RECC advised consumers to contact Citizens Advice.

Consumers are required to seek a resolution with the RECC member in question in writing before registering their complaint with RECC. If they do not succeed, they can register their complaint using the online complaints form on RECC's website: www.recc.org.uk/complaint-form . If consumers cannot access the internet they can register their complaint by post using the hard copy complaints form.

These figures do not reflect the total consumer detriment in the sector in 2014 since they exclude those reported to other bodies and those that went unreported. They were likely to have been just the 'tip of the iceberg'. The complaints registered in 2014 were in respect of 511 different RECC members / ex-members; 335 of these members had just one complaint registered against them during the year; while the remainder had two or more registered against them, with 5 members having 20 or more.

Fig 8.1 Complaints registered with RECC in 2014

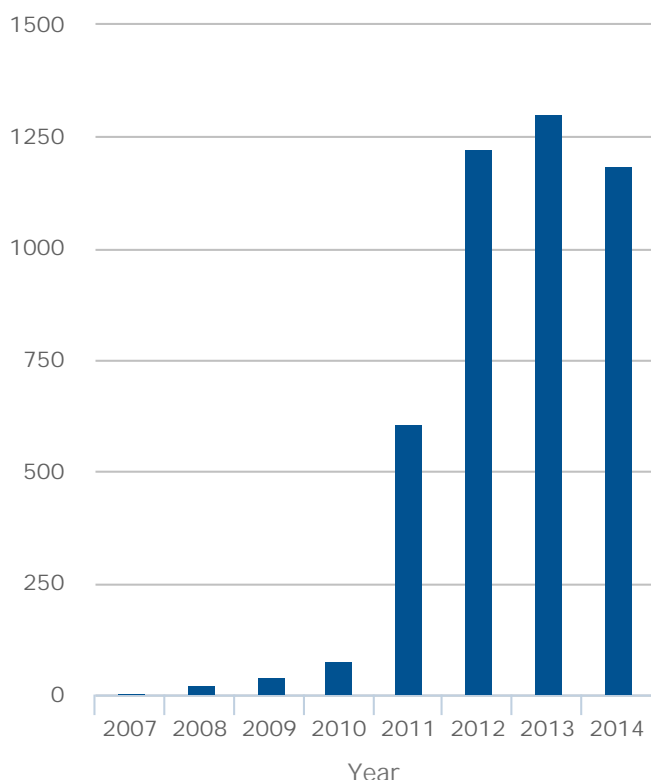


Fig 8.2 Total number of complaints registered with RECC by month in 2014

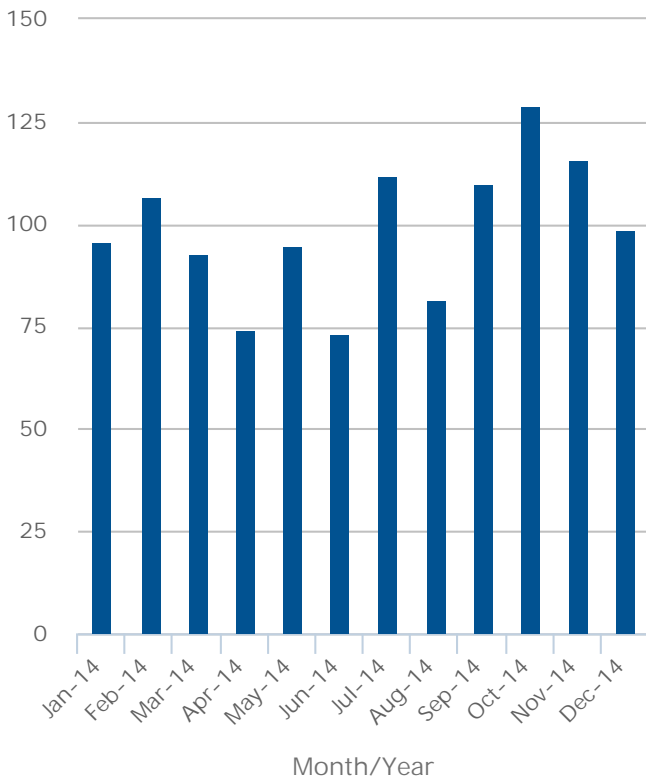


Fig 8.3 Breakdown of complaints by category in 2014

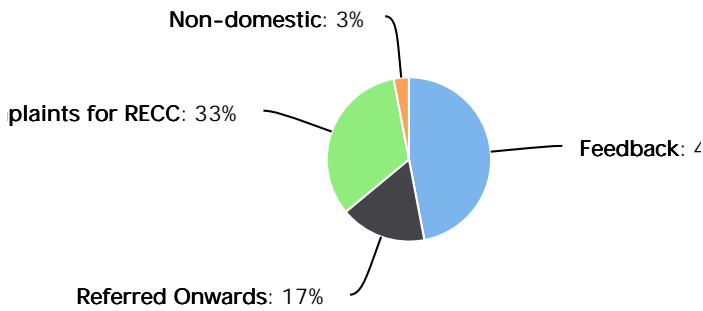


Fig 8.4 Complaints registered with RECC in 2014 by technology

(In 2013 1.1% of all domestic solar PV installations were the subject of a complaint registered with RECC:

937 out of 85,755 (313 MW) (see page 3). There were many fewer installations for the other technologies.)

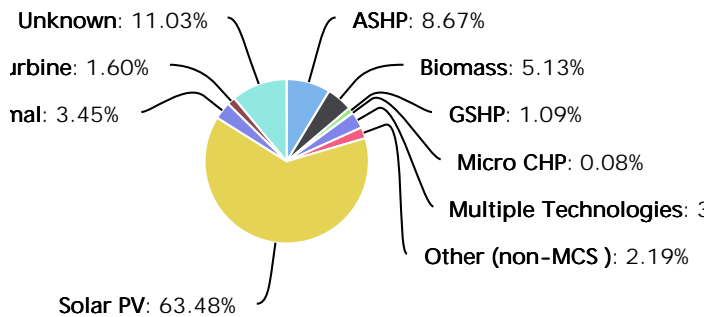


Fig 8.5 Complaints registered with RECC in 2014 by technology compared with 2013

Technology	Complaints in 2014	Complaints in 2013
Air source heat pump	103	64
Biomass	61	45
Ground source heat pump	13	16
Micro CHP	1	-
Multiple technologies	39	51
Other (non-MCS)	26	29
Solar PV	754	937
Solar thermal	41	37
Unknown	131	104
Wind turbine	19	18

8.1 Principal issues underlying complaints

The principal issues underlying the complaints set out in Figure 8.6, below, are explained in more detail in this section .

(Please note that some complaints cover multiple issues, and therefore total numbers rather than percentages have been used in the charts above.)

Fig 8.6 Complaints registered with RECC in 2014 by key Compliance Area

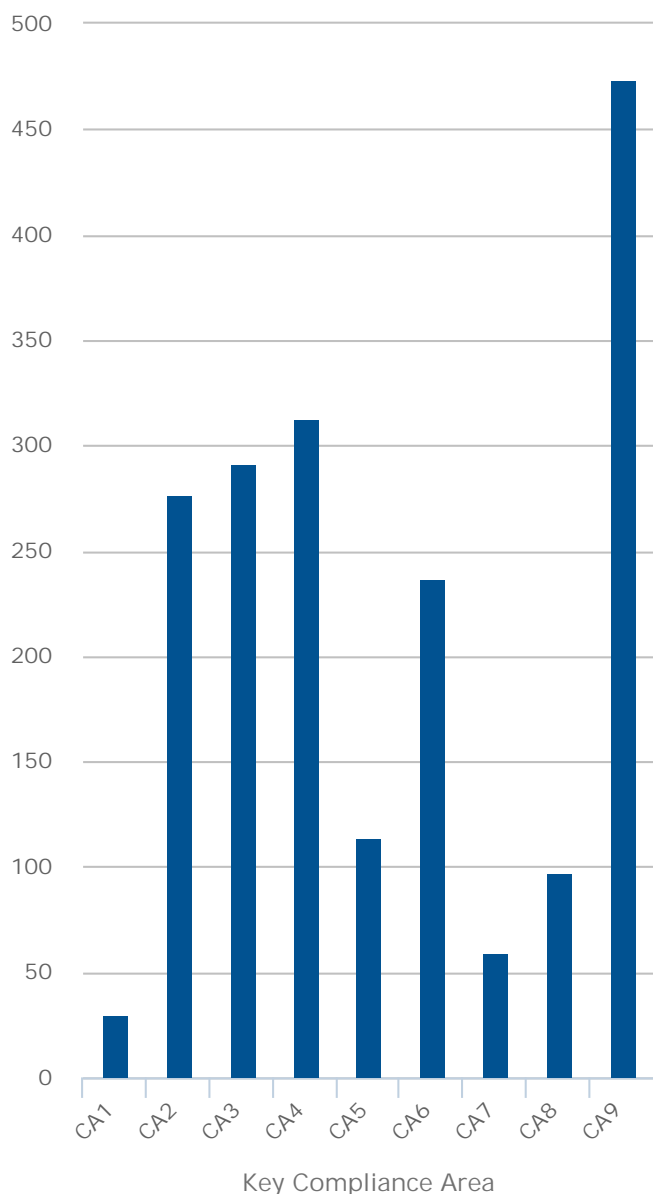


Figure 8.7 Key Compliance Areas for complaints

Awareness of consumer protection/RECC (including staff training)

- Training of staff
- Training of/including RECC in dealings with sub-contractors
- Senior management awareness
- Failure to foster consumer awareness – provision of leaflet, link to Code from member's website, display of RECC logo

Microgeneration Certification Scheme

- Contracting party is not MCS-certified for technologies they sell/install
- Contracting party is not also the party applying for MCS certificate
- Compliance with MCS standards (regarding documentation such as performance estimates and handover packs, as well as workmanship/technical issues)
- Sub-contracting is not in line with MCS (including having a contract with sub-contractors)

Marketing and selling

- Misleading advertising and marketing
- Cold-calling/Telephone Preference Service-registered customers
- Sales visits/discounting
- Visits to vulnerable consumers
- Payments for referrals/advertising boards/testimonials

Estimates /quotes, particularly performance estimates and financial incentives

- Incorrect performance estimates
- Information on Permissions/EPC, responsibility for etc
- Income/savings estimates
- FiTs/RHI information
- Quotes
- Information for vulnerable consumers
- Survey
- Design

Finance agreements

- Consumer information
- Terms, including cooling off period for finance agreement
- Transparency of member benefits from link with the finance provider, where these are discoverable

Contracts and cancellation rights

- Fair terms and conditions
- Cancellation period
- Cancellation rights
- Contract change procedures (including recalculation of figures eg performance estimate, income)
- Refund of deposit:
 - when cancelled inside cancellation period

- when cancelled outside cancellation period
- when post-contract survey shows, or installer finds, problems with contracted system
- Title
- Contractual discrepancies:
 - design differs
 - failure to provide items (eg monitors) in contract

Taking and protecting deposits and advance payments

- Percentage of contract price taken as deposit
- Percentage of contract price taken as advanced payment
- Timing of the taking of advanced payments
- Deposit protection
- Client account (subject to change)

Completing the installation

- Storing goods
- Delivery dates in writing
- Timeliness of installation
- Testing, commissioning and handover
- Company insurance against damage during install

After-sales (guarantees, workmanship warranties and warranty protection, after-sales support: customer service)

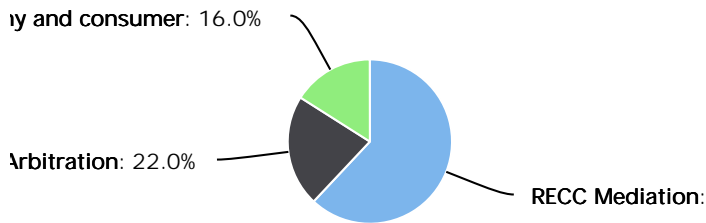
- Manufacturers guarantees
- Workmanship warranty provision
- Workmanship warranty length
- Warranty protection
- Extended warranties
- Servicing agreements
- After-sales support: customer service, call backs, replies to emails etc.
- Repairs

8.2 Complaints resolution

RECC's team of 7 experienced complaints handlers work hard to resolve complaints that fall within RECC's remit. In 2014 our complaints handlers were able to resolve 62% of the complaints allocated to them by mediating between the parties. (See Figure 8.7, below.) Not all complaints RECC receives require a resolution. Some are more in the nature of

feedback from consumers or others who simply want to alert RECC to certain issues.

Fig 8.7 Breakdown of how complaints were resolved in 2014



Most complaints are resolved by the member addressing the problem, for example refunding a deposit, reducing the price or providing missing items. Four out of five complaints not resolved by the member are resolved by RECC complaint handlers who mediate between the consumer and member. In a small minority of cases where complaints are not resolved at this level consumers may refer them to independent conciliation and or, in a few cases, independent arbitration. In some other cases consumers decide to use the small claims procedure or to seek resolution of their complaint through another source such as their credit card company, for example.

Fig 8.8 Length of time taken to resolve complaints in 2014

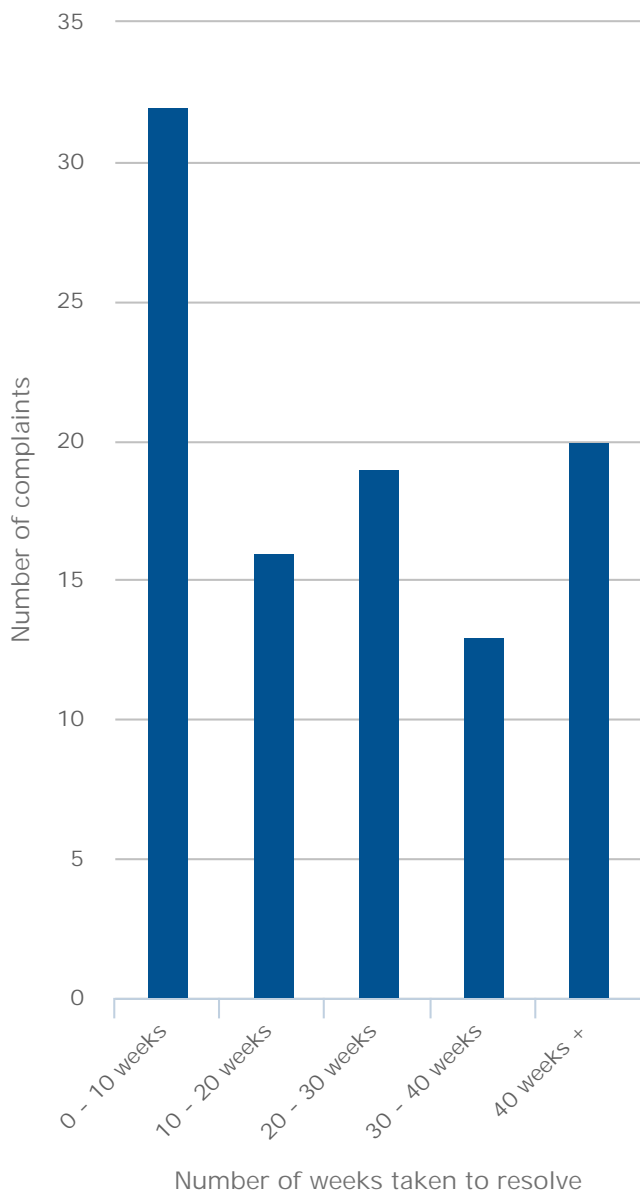
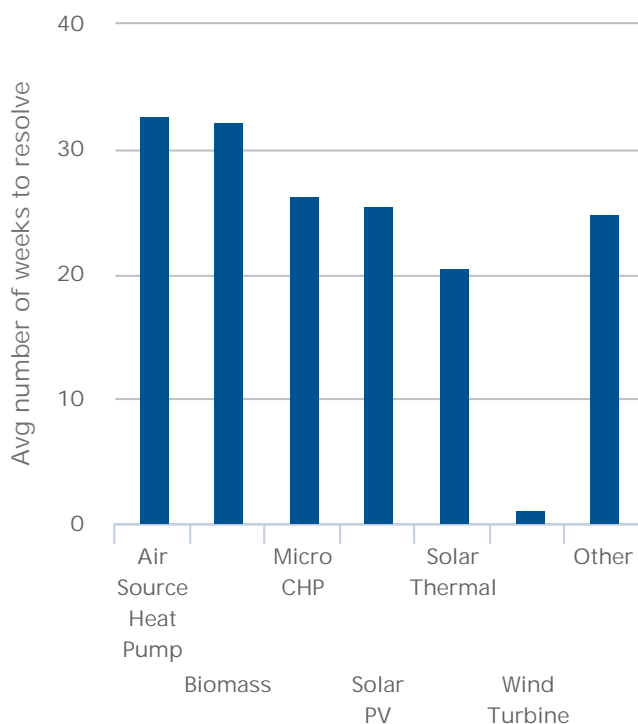


Fig 8.9 Length of time in weeks taken to resolve complaints by technology in 2014

(None of the 13 complaints registered with RECC about Ground Source Heat Pumps (GSHPs) were resolved during 2014. By the end of 2014, GSHP complaints were categorised as ongoing, referred onwards, or closed.)



8.3 Independent arbitration service

8.3.1 Domestic claims

Where a complaint remains unresolved following the mediation process a consumer may refer it to the independent arbitration service. The service is provided for RECC by IDRS Ltd. If a consumer asks for access to the arbitration service the member must agree. Consumers and members are each required to contribute £100 + VAT to the cost of the service, with RECC contributing the balance. The arbitrator’s award is binding and enforceable, and is an alternative to a court judgment. The arbitration service rules can be found here: www.recc.org.uk/pdf/arbitration-service.pdf. A summary of the 47 domestic arbitration cases in 2014 is set out below:

Award reached by consent	1	2%
Claim dismissed	7	15%
Claim succeeded in part	15	32%
Claim succeeded in whole	23	49%
Ruling that arbitrator did not have jurisdiction	1	2%
Total	47	100%
Member ordered to refund the consumer’s £120 registration fee	37	79%

Consumer ordered to refund the member's £120 registration fee	3	6%
No costs order made	7	15%
Total	47	100%
Financial award made ranging from £0.8k to £25k	35	74%
Non-financial award made, e.g. cancellation of a contract, removal of a system or rectification of damage	8	18%
Both financial and non-financial award made:	4	8%
Total	47	100%

8.3.2 Micro-business claims

The independent micro-business arbitration scheme is designed for those consumers who do not fall within the definition of domestic consumer but who are close to domestic. For example they could be small farmers, or they could run a small hotel or other bed and breakfast accommodation. Such consumers do not have access to RECC's consumer complaints procedure, but may proceed directly to the micro-business arbitration service. The rules can be found here: www.recc.org.uk/pdf/arbitration-scheme-for-commercial-disputes.pdf. A summary of the 5 micro-business arbitration cases in 2014 is set below:

(To qualify for this service, a micro-business consumer must declare that they have: (i) an annual consumption of (a) electricity of not more than 55,000 kWh; or (b) gas of not more than 200,000 kWh; or (ii) (a) fewer than 10 employees (or their full time equivalent); and (b) an annual turnover or annual balance sheet total not exceeding £1.5 million.)

Claim succeeded in part	3	60%
Claim succeeded in whole	2	40%
Total	5	100%
Member ordered to refund the consumer's registration fee	4	80%
Member not ordered to refund consumer's registration fee	1	20%
Total	5	100%
Financial award made ranging from: a net payment from the consumer to the member of £5,212 to the member refunding the consumer £21,601	4	80%

Non-Financial award made To remove solar panels, make good any damage, cancel a loan agreement and to indemnify the consumer for any payments made to the Finance company	1	20%
Total	5	100%

9. Resourcing the team

Operations

Virginia Graham – Chief Executive

Mark Cutler – Head of Operations

Ciaran Burns – Technical Advisor

Membership

Aida Razgunaite – Membership Manager

Sam Bourn – Membership Assistant, half-time (to 11 February 2014)

Andreea Miu – Membership Assistant, half-time (from 24 March 2014)

Monitoring

Carrie Principe – Monitoring Manager (to 11 February 2014)

Sam Bourn – Monitoring Manager (from 12 February 2014)

Sam Bourn – Monitoring Assistant, half-time (to 11 February 2014)

Andreea Miu – Monitoring Assistant, half-time (from 24 March 2014)

Independent Panels and Compliance

Sian Morrissey - Head of Panels Liaison

Lorraine Haskell – Panels Manager

Rebecca Robbins – Compliance Officer (from 1 July 2014)

Complaints

Sarah Rubinson – Complaints Manager

Abena Simpey - Complaints Case Worker

Sumandeep Sohi - Complaints Case Worker

Rebecca Robbins – Complaints Case Worker (to 28 February 2014)

Sania Khan – Complaints Case Worker (to 10 August 2014)

Stacey-Ann Willoughby – Complaints Case Worker (from 11 August 2014)

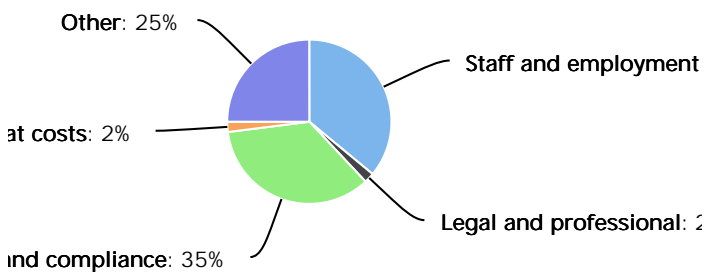
Eileen Brennan – Complaints Case Worker, working on-site

Anna Hills – Complaints Case Worker, working oñ-site
Annabel Howcroft – Complaints Case Worker, working oñ-site
Victoria Thorp – Complaints Case Worker, working oñ-site



Figure 9.1, below, shows that, as in other years, a high proportion of RECC’s expenditure was on its monitoring and compliance activities which accounted for 35% of total expenditure, compared with stañ, employment and other administrative costs which accounted for 36% of total expenditure.

Fig 9.1 Breakdown of RECC’s expenditure in 2014



10. Looking ahead

RECC is moving into 2015 conscious of important changes ahead. The economic and political climate means that the future of financial incentives for installing small-scale renewable generators is limited. It is likely that, within a year or two, many electricity and

heat generating technologies will hit 'grid parity' and so will not be incentivised in the way they have been since 2002. Just as we are adjusting to more stable Feed-in Tariff and Renewable Heat Incentive regimes with built in degeneration mechanisms it might be that their days are numbered.

At the same time there are important changes afoot to the domestic consumer protection legislation landscape: 2014 saw the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 implemented, October 2015 will see the Alternative Disputes Resolution Regulations and the Consumer Rights Act 2014 implemented. There have been other important developments, for example to curb nuisance calls and other high pressure selling practices which RECC has welcomed.

Finally, it seems that CTSI is moving forward to a regime of more than one approved Code in the small-scale renewable generation sector. To date CTSI has granted two Codes Stage One approval: Home Insulation and Energy Systems (HIES) and Glass and Glazing Federation (GGF). Having more than one approved Code in the sector will present serious challenges for consumer protection, and all parties will need to be extremely vigilant to prevent increased consumer confusion and detriment.

30 June 2015.

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