Guidance for Consumers

Should I use a Claims Management Company to make a claim on my behalf?

More and more consumers are being contacted by Claims Management Companies (CMCs) offering to help them claim compensation. This could be where installers have ceased trading and where installers' promises have not been fulfilled or where a system is not performing as promised. If you think you have a claim, you should follow this guidance. It shows you how to make a claim by yourself easily, or, if you should you decide to appoint a CMC to make a claim on your behalf, what you should look out for.

Feedback

The Financial Ombudsman Services (FOS)[1] has expressed concern about whether CMCs are of any benefit to consumers, particularly because of their high fees.

The Ministry of Justice[1] (MOJ) has issued warnings about upfront fees and misleading statements such as using the term 'guaranteed' and '100% success rate.'

The Citizens Advice Bureau[2] has collected evidence from services and sources such as ICO which show that CMCs continue to bombard consumers with unwanted calls and texts, do not provide clear upfront information on their charges, and often provide poor customer service which is unresponsive to enquiries and complaints.

And finally, Which's[1] undercover researchers called 45 CMCs about reclaiming PPI and bank charges. Almost a third of these had serious shortcomings, exaggerated success rates, discouraged consumers from pursuing claims themselves and/ or failed to be upfront about charges.

If you have been contacted by a CMC

If the installer you signed a contract with for your renewable energy system has ceased trading then you may have been contacted by a CMC. They may have told you can make claim for compensation if you fall under one of the following categories:

- you paid considerably more for the system than you should have;
- you were misinformed as to the efficiency of the system;
- you purchased the system on finance, having first been told that the savings and income generated from the system would cover the monthly loan repayments;
- your system was not installed correctly or as described in the contract;
- your installer made other promises which they have not fulfilled.

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A CMC will only be able to help you where your installer has ceased trading, and you paid either an initial deposit or some of the balance for the system by credit card, or you took out a finance agreement arranged at the recommendation of the installer.

Remember that if you wish to make a claim for compensation then you have 3 options:

- **you can make the claim yourself – it is straightforward and easy to do (see next section)**
- **you can make the claim through a commercial business like a solicitor**
- **you can make the claim through a CMC.**

Free, impartial advice on making a claim

Many organisations offer impartial advice on making a claim, should you require it, and do not charge a fee or tie you in to any obligations. A table showing some of these organisations can be found below:

Organisation	**Role**	**Contact details**
Financial Service Provider/ Credit Card company	First point of call if you feel you have been mis-sold a financial product.	As found on your paperwork
Citizens Advice Bureau	Provide free, independent, confidential and impartial advice to all, on their rights and responsibilities. The CAB may also direct you to your local Trading Standards department.	03444 111 444 https://www.citizensadvice.org.uk/
Financial Ombudsman Services	Offers help on most types of financial complaints, including providing guidance on how to complain yourself.	0800 023 4 567 http://www.financial-ombudsman.org.uk/
Financial Services Compensation Scheme	May be able to offer compensation if the financial service provider has ceased trading and is not in a position to pay your claim themselves.	0800 678 1100 https://www.fscs.org.uk/
Money Advice Service	Offers impartial information on money matters through guides, by phone or online.	0800 138 7777 https://www.moneyadviceservice.org.uk/en

Making a claim yourself

If you have lost money from a mis-sold financial product, it is free to claim compensation from either your financial service provider or the Credit Card Company. **Most important of all, at the end of the process you will get to keep any compensation you receive without fees being deducted.** Simply contact the financial service provider or the Credit Card Company to find out how to make a claim.

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If the financial service provider or the Credit Card Company is unable to, or unwilling to, help then you can make a claim through the Financial Ombudsman Services.

The FOS was set up by Parliament to sort out individual complaints that consumers and financial service providers aren't able to resolve themselves. It is an independent service for settling complaints which is free to consumers. The financial service provider must be given the chance to look into a problem first, which they have eight weeks to do. If the financial service provider does not respond within eight weeks, or if their response is not to you satisfaction, then you can go to the FOS.

Your claim will not be decided on any differently if you have gone to them directly or through a CMC. Under the Financial Conduct Authority's rules, financial organisations should investigate your complaint fully, whether or not a CMC is involved. Using a CMC cannot increase your compensation or speed up how quickly financial organisations look at your claim.

Claims Management Companies (CMCs)

CMCs are businesses that offer a service for people hoping to claim compensation, for example, for mis-sold financial products, the most popular claim currently being PPI.

Fees

The quality of service offered by CMCs can vary significantly. If you are considering using a CMC, it is advisable to shop around and think carefully before agreeing to a contract. Make sure you understand the fees the CMC will charge.

Some CMCs will only charge if they 'win' the case and get compensation for you. If you do not 'win' compensation, be warned that you may still have to pay expenses or other costs to the CMC. In some cases fees can be significant, and will often be deducted from the compensation awarded.

Authorised CMCs must give you written information with details of the service they're offering, their charges and when you'll be expected to pay them.

On signing a contract with a CMC you have 14 days to cancel it without being charged. If you hand over any money up front, you can ask for it back within the 14 days. If you cancel after the cancellation period then you may have to pay a fee. This should be reasonable and reflect the work carried out on your claim already.

Claims Management Regulator

Any business that offers claims management services in England and Wales must be authorised by the Ministry of Justice's Claims Management Regulator under the Compensation Act 2006, unless they are covered by an exemption e.g. solicitors, charities and advice agencies.

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As well as licensing these companies, the Claims Management Regulator will carry out regulatory and criminal investigations, take action against a company where necessary, and provide guidance and advice to consumers and companies.

Being authorised does not mean the Ministry of Justice endorses or recommends a company. To be authorised however, CMCs must stick to strict rules when dealing with consumers.

It must:

- **give you clear written information about its service (including fees and costs) before you agree a contract;**
- **get your signature before taking any money or starting a claim;**
- **tell you clearly that you could make a claim for free yourself or with the help of a free advice service;**
- **tell you about the 14 day cancellation period when they sign a contract, and the provisions around this;**
- **explain how to complain if you are unhappy with the service the CMC provides.**

It must not:

- **send you emails or texts, unless you have agreed to receive them;**
- **make marketing calls if you have told them that you do not want to receive them or if you have registered with the Telephone Preference Service;**
- **approach you in person;**
- **use any form of pressure selling.**

If a CMC's authorisation is suspended or cancelled, or if the CMC resigns as an authorised company, it must stop offering services to new and existing clients.

Making a complaint

If you are not happy with the service you may have received from a CMC then the Claims Management Regulator has guidance on its website on how to make a complaint against the CMC, as well as a list of CMCs it has taken action against. Its website can be found at **https://www.gov.uk/government/groups/claims-management-regulator**

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‘Ambulance Chasers’

‘Ambulance Chasers’ differ from CMCs. The term stems from companies or individuals who gather at a disaster site offering to help victims claim compensation for death or injury**. In the context of renewable energy systems, such organisations or individuals will attempt to persuade you to purchase goods or services on false or misleading pretences, typically if your installer has ceased trading.** For example, they may ask you to agree to a maintenance or service contract or to purchase additional equipment to enhance the performance of your system which may not be necessary.

If you have been cold-called by someone and told that your contracted installer has ceased trading, be watchful, as you may at times be pressed into accepting contracts or other deals which you otherwise would not have**. Before taking any such action you should:**

- **First check whether your contracted installer has actually dissolved, gone into liquidation or otherwise ceased trading. You can do so by checking the Companies House website.**
- **Once you have determined that your installer has indeed ceased trading, it is also important that you find out how and why the company which contacted you did so.**
- **If you are satisfied with how the company has contacted you, it is then important to consider whether what they are offering is appropriate or even necessary.**
- **Your installer should have provided you with a guarantee against any faults that might arise as a result of the installation process and workmanship applied. In the event that they should become insolvent or cease to trade, and one of these faults arise, then you can make a claim on the insurance if it is still valid. You should also have received a guarantee against manufacturing faults in any Goods supplied. For more information on this see RECC’s FAQs found here.**
- **You should also read RECC’s guidance on add-on equipment you might be offered to go alongside your solar PV system very carefully. You can find it here.**

If you are not satisfied with the way the company or individual has contacted you, you can complain to the Information Commissioners Office here

Sources

Claims Management Companies and Financial Services Complaints, February 2014, http://www.financial-ombudsman.org.uk/about/Joint-FCA-note.pdf

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https://www.gov.uk/government/groups/claims-management-regulator

[1]Which, published August 2016, http://www.which.co.uk/money/insurance/income-protection-and-ppi/guides/claims-management-companies/claims-management-companies-explained

[2]Review of claims management regulation - Citizens Advice's response to HM Treasury and Ministry of Justice, 29 January 2016, https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/ReviewofClaimsManagementRegulatorresponse.pdf

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