

## The Home Insulation and Energy Systems (HIES)

### Consumer Code of Practice Audit November 2021

#### Background information

The Home Insulation and Energy Systems Contractors Scheme (HIES) is a consumer protection organisation. Set up in March 2012, it was established to develop an enhanced level of protection for consumers in the field of “renewables” (the installation of renewable energy systems).

Consumers who purchase systems from HIES members receive, free of charge: - Deposit & Stage Payment Protection (up to 25% of the contract value); an insurance backed guarantee; mediation where any problems arise with the member company; access to industry inspectors and professional mediators. HIES are now an approved body for Alternative Dispute Resolution.

HIES members are accredited installers. HIES provides insurance backed guarantees for if the member company goes out of business. HIES income comes from a membership fee and a small percentage of each consumer installation.

At the date of the audit HIES has 420 members.

#### Audit Process

A qualified Trading Standards Practitioner from the Chartered Trading Standards Institute carried out a remote desk top audit in the climate of Covid 19 lockdown restrictions. The audit focused on the following areas:

- Member application process including checks carried out on prospective businesses
- Member auditing - content and process
- Terms and conditions and other pre-contractual Information
- Marketing and advertising by member businesses
- Sanctions for non-complaint member businesses
- Customer service provisions (including support for vulnerable consumers)
- Consumer complaints process (including ADR)
- Customer satisfaction
- Training provided by code members
- Outstanding issues/matters arising from the last audit.

## **Audit Summary**

There have been senior managements changes as follows:Faisal Hussain as new CEO, Dawn Scott has left the business, which prompted a reorganisation where Cathy O Hara, Central Support Manager was assigned line manager responsibility for Compliance including Central Support Officer, Compliance Officer, Compliance Administrator and Audit Officer positions. Mark Woods joined HIES as Operations Director in September 2021. It is HIES intention to grow the compliance team with an additional role for internal quality assurance and active member risk monitoring.

## **Member Application Process**

In the last 12 months HIES received 301 membership applications 93 were disqualified(rejected), 84 were qualified(accepted) 124 were open (This means 61 approved in principle and 63 are in process awaiting documents. Often applicants will meet initial application criteria but then fail to meet the full requirements of the application process.

The procedure for processing applications is well documented and is based on submission of evidence and background investigation by HIES (including an Experian credit check, open-source online checks, ASA rulings, and 'Who Called Me' telephone number cold call check, review of company T&Cs etc). The memorandum of understanding between HIES and the Renewable Energy Consumer Code (RECC) (who are the other CTSI code sponsor in the same sector) requires that both organisations share information about applicants to ensure that there is no "code hopping" by businesses where their application to join elsewhere is refused, or members have been expelled from a Code.

Peer review is completed internally to ensure accuracy consistency and compliance. If an application is refused, applicants have the option to seek an appeal under the sector's Independent Applications Panel.

From 1.1.2021 to 2.11.21 93 members resigned and 32 had membership revoked

## **Existing Member Inspections/Audit**

This has been significantly affected by Covid 19 restrictions.

Following the Desk-Top Audit in August 2018 and later communications a new desk top questionnaire for all HIES members was agreed. This has been improved and amended to fulfil the HIES Code Member Performance Monitoring requirements.

The new Operations Director understands what is required to comply with the code criteria in relation to the monitoring of members. This is supported by the Central Support Team and Compliance functions.

The questionnaire has been named the 'Annual Health Check', to make it less daunting to members.

The intention is to audit members at least 6 weeks before their membership is due, to stagger the process. A telephone appointment will be arranged with members to talk through the questionnaire.

There are two categories and two questionnaires, one for installers who are registering jobs with HIES and one for installers who are not currently registering installations.

Figures for 2021 are 142 Annual Health Check sent out, 88 returned, 55 audited 19 passed.

This equates to 60% returned, 66% audited (of those returned) by the audit team, 22% passed.

It was reported that audits remain on going and HIES members are supported on the process to ensure continuous compliance to the code,

Additionally, an on-site audit may be suggested by the ADR team if the member is generating a worrying number of complaints.

An on-site audit is a condition of acceptance of a company as an HIES member.

No on-site audits have been requested since the start of the pandemic. The scorecard system remains in place and is run every month and reviewed for any obvious non-compliance issues. These are addressed by a robust monitoring processes and further request for information or a clarification telephone call can be made. Onsite audits are ready to be implemented in 2022, with specific onsite audit requirements, which outlines particular areas of non-compliance that will necessitate an onsite audit, otherwise the current desktop audit meets the requirements and ensures compliance with the code.

### **Membership Withdrawal and Sanctions for Non-Compliant Member Businesses**

Where a member is considered not to be in compliance with the Code Criteria, the member, is put onto enhanced monitoring. Examples of issues that may prompt enhanced monitoring are lack of job registrations, failure to maintain communication with the code or large deposits. Where the period of enhanced monitoring does not see any improvement, HIES will follow the disciplinary process, which consists of reviewing membership using Membership Consideration form and sending a Minded to Terminate letter and/or referral to the Membership Review Panel

There is a disciplinary process that can ultimately lead to termination of membership. There are no members currently in the disciplinary process.

If the member is required to leave HIES, they must immediately cease to use the HIES & CTSI logo and HIES will inform MCS<sup>1</sup>.

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<sup>1</sup> MCS refers to the Microgeneration Certification Scheme. It is a requirement of the Domestic Renewable Heat Incentive scheme that all heating systems are certified by MCS. MCS certifies both products and installation companies to help ensure that Microgeneration products are installed to a high standard.

## **Marketing and Advertising by Member Businesses**

HIES supplies all members with the agreed HIES and CTSI logo. The HIES members must, within three calendar months from their membership start date, display the HIES Scheme logo on all customer-facing documents, stationery, websites, vehicles and in all radio & TV advertising, on demand, social media or internet commercials. HIES also offers a service where any energy performance claims members wish to make can be verified. The Energy Performance Validation Scheme provides this service.

## **Customer Service Provisions**

HIES have developed a policy in relation to the treatment of vulnerable consumers. This was reviewed by HIES's Primary Authority West Yorkshire Trading Standards Service prior to publication and was approved.

Prior to acceptance the applicant's terms and conditions, cancellation rights, customer complaints process, deposit processing, guarantee and warranty and installation (delivery) plan are all reviewed. HIES has five sets of standard model contracts available for use by members, covering five different installation types.

## **Consumer Complaints Process**

The HIES ADR Scheme received approval on 1 August 2018 through the Quality Assured Support Scheme Services (SCHEMES). SCHEMES provides HIES and other consumer protection schemes with ADR. Consumers will be able to find information via the HIES website.

A member of the SCHEMES team contacts all new members to talk through the service.

## **Customer Satisfaction and Feedback**

The 2020 Annual report shows 25,900 customer satisfaction surveys were received. This is a significant number of responses, demonstrating that HIES has a meaningful data set to draw from when measuring customer satisfaction and feedback.

As per the HIES Standard Terms of Membership, all members must register their contracts on the HIES portal within 48 hours of signing the contract. The member enters the consumers details onto the portal and the Deposit and Stage Payment Protection insurance documents are sent to the consumer. After the job is completed, the member logs back into the portal and enters a contract completion date and the Insurance Backed Guarantee insurance documents are sent.

With the documents relating to the insurance backed guarantee is a survey for the consumers to complete on their experience with the member. All surveys are uploaded onto the members accounts electronically and HIES monitor the survey scores.

Satisfaction surveys were previously sent by post but due to home working none have been sent since March 2020. HIES surveys were sent out electronically during 2021. This approach is considered reasonable in the current working climate.

### **Training provided to Code Members to meet their obligations**

Upon enquiry to join the scheme the installer code contact is 'walked' through the scheme and their responsibilities under the code.

Once successfully accepted into the scheme the Business Development Manager welcomes the installer via email and the digital marketing materials and logos. This is followed up with a telephone call to explain how the registration system works and how to ensure their consumers are protected. Once familiar with this process, if they have a sales or marketing team a remote training session is implemented to take them through the benefits of the scheme along with their responsibilities stressed.

The planned training video for all members was not made and is not intended to be implemented. Annual Health Check is completed to annually by HIES to provide support and training to current members.

An online Knowledge Base is currently under development. This will include a section based on Frequently Asked Questions from members and staff. This has not been completed but remains an objective for HIES.

### **Conclusions**

Despite the challenges posed by the covid pandemic for HIES and code members, the high level of consumer protection offered by the Code continues to be in place. The current arrangements continue to satisfy the requirements on the Chartered Trading Standards Institute Consumer Codes Approval Scheme