

## The Home Insulation and Energy Systems (HIES) Consumer Code of Practice Audit October 2020

### 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 refuses to help or goes out of business.

HIES income comes from a registration fee and a small percentage of each consumer installation.

At the date of the audit HIES has 442 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**

The government Feed-In Tariff scheme came to an end in March 2019 which has affected HIES members. HIES appointed Ciaran Harkin as their new Managing Director in January 2019 and Dawn Scott as QA Manager in June 2019. Dawn has added a part time compliance administrator and a full time compliance officer to her team.

## **Member Application Process**

In the period October 2019 to September 2020 HIES received 162 membership applications and accepted 122 as new members, 23 were rejected, and 17 withdrew their application. 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.

If an application is refused, applicants have the option to seek an appeal under the sector's Independent Applications Panel.

## **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 QA Manager fully understands what is required to comply with the code criteria in relation to the monitoring of members.

The questionnaire has been named the 'Annual Health Check', to make it less daunting to members. It was piloted with all members who joined the scheme (33 in total) in August 2019. Then, following any amendments found to be necessary during the pilot, the new questionnaire has been rolled out to all 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.

27 Health checks have been issued for October renewals, 1 completed satisfactorily, 8 returned currently under review, 18 not yet responded and are being 'chased up'

17 Health checks have been issued for November, one company has already responded that they do not wish to renew membership.

On-site audits were conducted by independent auditors Robinson Bloomfield and Meak (RBM). The members who are subject to an on-site audit are now to be decided through a risk-based assessment. All members have a monthly scorecard, this includes information in relation to financial status (Experian rating), consumer complaints, potential jobs & actual number of jobs underlining any discrepancies<sup>1</sup>, deposit average<sup>2</sup>, if a member's monthly score decreases this may prompt an on-site audit.

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 may be a condition of acceptance of a company as an HIES member. For example, this year a company was accepted as a member despite previous associations with another problematic company. Upon application they indicated that these ties had ended. The on-site audit, a few months after HIES membership commenced, found that no links remained, and the company was operating in a reputable manner.

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 request for information or a clarification telephone call. Quarterly poor performance against the scorecard is likely to instigate a requirement for an on-site audit. After the second quarter 8 members were identified for an on-site audit, however 2 of these had their membership revoked, both for cold calling and pressure selling. The remaining 6 are on enhanced monitoring and will be audited when restrictions allow and it is safe to do so.

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

In any issue where a member is considered not to be in compliance with the Code Criteria the member, unless the breaches are severe, are initially put onto enhanced monitoring. Examples of issues that may prompt enhanced monitoring are lack of job registrations or large deposits. Where the period of enhanced monitoring does not see any improvement, the member will be referred to the Membership Review Panel.

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<sup>1</sup> Registration of a job with HIES by a Code Member is necessary to generate the Insurance Backed Guarantee.

<sup>2</sup> The registration includes the cost and any deposit paid by the consumer. The HIES Scorecard system monitors levels of deposits and shows if deposit levels taken increase. HIES see an increase in deposit levels as an indicator that a member company is in financial difficulty.

If the member is required to leave HIES, they must immediately cease to use the HIES & CTSI logo and HIES will inform MCS<sup>3</sup>.

## **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 has 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 Ts&Cs 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 (QASSS). QASSS provides HIES and other consumer protection schemes with ADR. Consumers will be able to find information at [www.qasss.co.uk](http://www.qasss.co.uk) and via the HIES website.

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

The current turnaround of complaints referred to the QASSS ADR Scheme is a pacesetter four days.

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<sup>3</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.

## **Customer Satisfaction and Feedback**

A total of 2606 customer satisfaction questionnaires were completed in 2018. This is a significant number of responses, demonstrating that HIES has a meaningful data set to draw from when measuring customer satisfaction and feedback.

Currently customer feedback is not available online. 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 is a survey for the consumers to complete on their experience with the member. A pre-paid envelope is included for consumers to send the completed survey back to HIES. All surveys are uploaded onto the members accounts and HIES monitor the survey scores. HIES conducts continuous monitoring of the results and any member who consistently scores less than 70 is regarded as “high risk” and is monitored more closely.

Satisfaction surveys were sent by post but due to home working none have been sent since March 2020. HIES are reviewing the surveys with a view to sending out electronically but this is not likely to happen until 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 scheme engagement 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.

HIES is in the early stages of planning a training video for all members that will cover all HIES processes and customer services.

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 satisfy the requirements on the Chartered Trading Standards Institute Consumer Codes Approval Scheme