
Consumer Code of Practice

Renewable Energy Consumer Code

July 2019

Background information

Renewable Energy Assurance Limited (REAL) is a subsidiary of the Renewable Energy Association (REA) and was formed in 2006 in order to set up a code of practice to be approved under the Consumer Codes Approval Scheme (CCAS), originally set up by the Office of Fair Trading. Since 2006, REAL has administered the Renewable Energy Consumer Code (“the Code”), the purpose of which is to set and maintain high consumer standards for businesses selling and installing microgeneration technologies and related products to domestic consumers within the UK and Ireland.

The Code has been adapted over the years to reflect Government Initiatives including the Feed-in-Tariff incentive (FiT) scheme (now closed) and the Domestic Renewable Heat Incentive (DRHI); these schemes have required relevant businesses to be certified by the Micro-generation Certification Scheme (MCS). MCS provides that a business must be a member of a CCAS approved Code, before it can achieve MCS certification. In 2018 REAL worked with BEIS and OFGEM on the introduction of Assignment of Rights under the DRHI scheme.

The CCAS approved consumer codes migrated from the Office of Fair Trading to Chartered Trading Standards Institute (CTSI) in 2013. Since then REAL has expanded the Code to accommodate businesses that work with domestic Battery Storage Systems and other related products.

Audit Process

The Audit was carried out by a Trading Standards Practitioner from CTSI as a desk top exercise.

The audit focused on the following areas:

1. outstanding actions/observations from last audit.
2. any planned changes to the Code or to the operation of the Code.
3. member application process including checks carried out on prospective businesses.
4. member auditing - content and process (including general compliance with the code, staff training and dealing with consumer complaints).
5. sanctions for non-compliant member businesses.
6. any disciplinary cases in previous year.

7. consumer complaints process (including ADR).
8. customer satisfaction, information/complaints from enforcement agencies, and how this information is used to develop and improve the Code.

Audit Summary

The REAL team (“the Executive”) submitted a Pre-Audit Questionnaire that contained a comprehensive outline of the processes and procedures employed to administer the Code. This was supported by extensive documentation.

Requests for additional material or information were made to the Head of Operations by email throughout the day. These requests were answered promptly, expertly and in an extremely detailed fashion.

Member Application Process

The membership application process is comprehensive and well structured. Applicants have the option to apply online or submit a hard copy of the application form. A thorough due diligence check is carried out on each applicant.

All communication between the applicant and the Executive is by email to ensure a complete audit trail.

New Members

Two new applications were used as examples and included the email trail for both. As seen during the onsite visit in previous years the extent of the documentation produced for and during the audit demonstrates a high degree of diligence on the part of the Executive.

The emails were comprehensive and showed a willingness to challenge the prospective member regarding the accuracy of the information provided and to request additional information if required.

The Executive showed that they were prepared to refuse membership, providing details of a refusal of an applicant by way of example. The rationale for the refusal was clear and concise.

Applications Panel

When the Executive is unsure whether to accept a business as a member, or when the business challenges a decision not to offer membership, they have the option to refer the application to an independent Applications Panel. The Applications Panel (along with the other independent Panels) are shared by other Code Sponsors in the sector. Only 7 cases were referred to the Applications Panel in 2018 demonstrating that the Executive is confident in its decision making. Of these, 6 were assessed by the Applications Panel with 4 applications rejected, 1 accepted subject to conditions and 1 accepted for a defined period of temporary membership.

Best Practice

The shared use of the Panels by all Code sponsors in the sector provides for consistency and is considered best practice. RECC developed the Panels as part of the joint protocol and handles all administration.

Membership Withdrawal

Around 200 members did not renew their Code membership for 2019. The bulk of these resignations were caused by the closure of the FiT Scheme at the end of March. The Executive requires members to provide written notice of their intention not to renew their membership, and asks them to provide reasons. Despite the closure of the FiT, the Executive continued to receive a high number of applications at the end of 2018 and into 2019.

Monitoring Existing Members

Monitoring of compliance is risk-based, comprehensive and focused on those areas where potential risk of consumer detriment and/or non-compliance is greatest. The Executive undertakes a variety of monitoring activities, including desk and site based audits, mystery shopping, compliance checks and consumer satisfaction questionnaires.

Desk-based audits and Compliance Checks

In 2018, the Executive introduced a programme of remote Compliance Checks and desk-based audits which are the primary method of ensuring that the required monitoring is completed each year.

Compliance Checks are a comprehensive remote assessment of risk and concern carried out on a member by the Executive when information suggests that there may be an issue. Checks will include in depth analysis of contractual documentation given to consumers, including all performance estimates and the relevant contractual terms and conditions. Compliance is assessed against the 10 key Compliance Areas (CAs).

Desk-based audits are aimed at medium and low risk members. They are usually assigned to an external independent auditor but the Executive may perform such an audit themselves.

The selected member is required to:

- complete a self-assessment Compliance Check;
- submit evidence for review;
- be subject to checks on credit and trading history, website claims, complaints/CSS history, online reviews, checks with insurance providers on registration of contracts etc.

The auditor will assess the member against a set of specific questions which have been developed around the 10 CAs.

In 2018, 81 members were subject to a Compliance Check, 15 of which went on to have a desk-based audit (see Monitoring Compliance below for more information on the

outcomes of Compliance Checks). This level of activity, together with other monitoring activities, is considered to be in line with the agreed monitoring strategy. The Executive is currently liaising with CTSI regarding a potential change to the monitoring strategy, to take account of the evolved monitoring activities, and the newly introduced monitoring activities, used by the Executive.

Alternative methods of monitoring such as site-based audits, mystery shopping and consumer satisfaction monitoring are deployed when required. In 2019, the Executive redesigned its site-based audit assessment and will be trialling the new process in Summer 2019.

Monitoring Compliance

The Executive gathers data on performance which is assessed against the 10 key CAs, and other information of compliance from a wide range of sources. This includes reviewing the comprehensive complaints database.

A comprehensive database is maintained ('Watch list') showing members of concern along with all information received about that member. 112 Members are currently on this list and it was demonstrated that comprehensive remote compliance checks had been undertaken on each one.

The Executive continues to hold weekly meetings to discuss 'members of concern'. At these meetings the team will consider the potential risk of a member and determine what action is to be taken against the member in order to ensure future compliance with the Code and to prevent consumer detriment.

Evidence was produced to show that the action taken is dependent on the seriousness of the risk and/or any potential breach of the Code, and ranges from the provision of advice; enhanced or specific monitoring; an on-site visit; the issue of a Consent Order, or a referral to the Non-Compliance Panel.

The decision and any subsequent steps taken are recorded and tracked using an Access Database.

Members in the Disciplinary process

The Executive Team initiates the disciplinary process when information is received that suggests that provisions of the Code and/or the Bye-Laws have been breached.

There are 3 members currently going through the formal disciplinary process. An example showing the Executive commencing the disciplinary process and issuing a Consent Order, followed by a Non-Compliance Panel Determination was provided to the auditor. The case was extremely well documented allowing the relevant individual to make an informed and proportionate decision regarding the outcome.

Referral to the Non-Compliance Panel

In 2018 the Executive convened 1 hearing of the Non-Compliance Panel. The Executive Team initially requested that the Member agree to a Consent Order; this request was refused and the member exercised its right for the matter to be heard by the Non-Compliance Panel instead.

The Non-Compliance Panel concluded that the member had breached the Code, giving the member a written warning on account of the breach and setting strict conditions on the member's continued Code membership. The member chose to appeal the determination of the Non-Compliance Panel; the Executive convened a hearing of the Appeals Panel accordingly. The Appeals Panel chose to uphold the original decision of the Non-Compliance Panel; the member did not attend to Appeals Panel hearing. The case documents clearly showed that both hearings were conducted appropriately to ensure that the matter was heard in a fair and transparent manner.

Marketing and Advertising by Member Businesses Terms and Conditions and other Pre-Contractual Information Customer Service Provisions

The Auditor was able to access the Members' Area of the RECC website; each member has a unique login for this area. This showed that members have access to a comprehensive suite of advice, guidance and model documents.

The Executive also provides access to training and extensive training materials to ensure that members are as up to date as possible with the requirements of the Code and relevant consumer protection legislation. An examination of 5 Audit documents provided as part of the supporting material demonstrated that any issues with a member's marketing and advertising, terms and conditions and other pre-contractual information, and customer service provisions are being monitored and any non-compliance flagged effectively.

Consumer Complaints Process

1,023 disputes were received in 2018 of which 143 (14%) fell within the remit of RECC. This is compared with 780 and 179 (23%) in 2017.

Full guidance on how to access the Executive's dispute resolution process is available online on the RECC website, and a hard copy is available upon request. In accordance with the Code, members must make consumers aware of the dispute resolution process, and must provide consumers with a copy of the RECC leaflet which refers to it.

Alternative Dispute Resolution

RECC continues to provide an in-house mediation service which is free for the consumer, and offers an independent arbitration service which is operated on its behalf by the Centre for Effective Dispute Resolution. In 2018, 35 disputes were resolved by the Executive's Dispute Resolution Team through mediation, and 14 disputes were referred for arbitration, 13 of which resulted in a financial award.

In 2018, the total amount of compensation awarded to domestic consumers through RECC's dispute resolution process was £145,232:

- £21,820 through formal mediation;
- £106,458 through arbitration; and
- £16,954 through 'informal' mediation (compensation obtained for consumers prior to their cases going to formal mediation).

Customer Satisfaction and Feedback

Consumers are encouraged to complete a Consumer Satisfaction Questionnaire (CSQ) once they have had a system installed. The feedback may be provided either online or by hard copy via freepost. Hardcopy forms and links to the online Questionnaire are distributed by insurance providers when installations are registered for their insurance-backed workmanship warranty products.

49 CSQs were received in 2018; all responses are analysed by the Executive's Compliance Team. The Executive recognised that customer feedback through this medium was low in 2018, despite consumer's being incentivised to complete it.. The team has actively worked with insurers in the past year to increase the number of returns and were able to demonstrate that in 2019 to date, 81 CSQs have already been received.

The Executive demonstrated that a significant percentage of complaints received each year are 'feedback' complaints. In these cases, rather than seeking a specific resolution, the consumer is raising the complaint to make the Executive aware of a member's practices, providing information that can be used to help improve the situation for new consumers.

The information from these cases and any other 'flags' are recorded on the complaints database and used to inform the Executive's compliance and monitoring processes.

Conclusions

The Code Sponsor continues to adapt its services to deal with the changing landscape of the sector and the requirements of the membership. The Executive continues to show high level of knowledge and expertise in the administration of the Code and the application of their Bye-Laws.

They continue to ensure that members meet the Consumer Code criteria and take robust but proportionate action in an attempt to bring the individual members back into compliance.

In my opinion REAL continues to fulfil its obligations as a Code Sponsor.