
The Home Insulation and Energy Systems (HIES) Consumer Code of Practice On-Site Audit November 2023

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 service where any problems arising with the member company are dealt with; access to industry inspectors and professional mediators. HIES are an approved body for Alternative Dispute Resolution. HIES members are accredited installers.

The annual fee for membership of HIES is £695 (plus VAT). At the date of the audit HIES has 862 members.

Audit Process

A qualified Trading Standards Practitioner from the Chartered Trading Standards Institute carried out a ‘desk top’ audit. 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 home improvement and building boom has continued during 2023. The HIES organisation structure was changed during 2023 with a Senior Leadership Team (SLT) appointed in 2023 reporting directly to the CEO. The Consumer Code has been amended and is awaiting final 'sign off' by CTSI. The Boiler upgrade scheme (BUS) has been increased from £5000 to £7500.

Microgeneration Certification Scheme (MCS) will no longer mandate compliance with The Consumer Code as of summer 2024 (Exact date not yet confirmed).

HIES have a Primary Authority arrangement with West Yorkshire Trading Standards Service.

Member Application Process

During the last 12 months (November 2022 to November 2023), HIES received 842 membership enquiries and accepted 232 as new members. Of the 842 applications 243 were disqualified, of the 367 open applications

- 191 awaiting further documentation
- 29 documents received and are in process
- 11 awaiting payment
- 89 approved in principle
- 47 awaiting clarification from the applicant

HIES have developed a robust, comprehensive and systematic accreditation policy that is followed for all applicants. The policy is summarised in a document that is used internally to advise and inform colleagues of the HIES approach and requirements of the processes and procedures relating to the accreditation of members. It is also used externally to demonstrate how HIES manage risk effectively and the processes that have been put in place to help achieve that. The process is as follows.

1. Application form received
2. Welcome email sent to request all documentation; contract, quotation, workmanship guarantee, complaints policy, insurances (EL and PL), bank statements subcontractor qualifications.
3. Once all documents received, internet search and document check completed which includes the following:

Creditsafe check. Incorporated date, dissolved/associated business, credit score, net worth, any CCJs.

Internet searches for positive/negative comments i.e., Trustpilot, Google reviews, Facebook, Yell, Checkatrade. Phone number check for any cold-calling.

MOU (Memorandum of Understanding) check, whether been a previous member of RECC and any adverse information which may impact our decision to proceed.

Check on company website to ensure applicant isn't falsely advertising memberships and accreditations or over-promising services which are unattainable.

Checks for certifications for subcontractors (if applicable) and certificates the applicant may have obtained pre- application.

Director checks for any allegations of fraud, convictions, or undesirable trade practices. A review of associated/dissolved companies and what industry they were in, whether they traded, how long for and reason for any dissolutions. Determine if there was any consumer detriment.

4. Document review:

Contract/Quotation – Ensure clarity and fairness of terms and transactions of the documents and that they include dispute resolution service details, how data is used, cancellation rights, key project dates.

Workmanship Guarantee – Ensure the duration, appropriateness and the scope of the document meets the HIES Code of Practice.

Complaints Policy – Ensure clarity and fairness of the document and that it provides HIES dispute resolution service.

Insurance – Ensure they adhere to minimum cover requirements as per the HIES Code of Practice.

Bank statement/management accounts – Reviewed to ensure financial stability for consumer protection and fraud prevention.

5. Independent peer review by Compliance department.

6. Prior to onboarding, final checks are made to ensure insurances are in date, there have been no negative changes that have occurred during the process.

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

HIES audits all members annually. The audit is now referred to as the Annual Health Check, which HIES believe has made it less intimidating for members.

There are four types of Annual Health Check (AHC)

1. AHC Questionnaire
2. Lite AHC
3. Comprehensive AHC
4. On-Site Audit

Annual Health Check (AHC) Questionnaire – this is for members who have registered zero consumer contracts with HIES in the previous year and consists of four questions asked over the phone. The responses are shared with the member in an email and once confirmed, the audit team carry out some further checks. Finally, the member receives an AHC Report that details their compliance rating percentage along with any actions (mandatory or advisory) required.

Lite AHC – this is used where members have registered at least one consumer contract in the last 12 months and completed a Comprehensive AHC within the last 36 months. This consists of 12 questions as well as a requirement to submit up to date documents. The responses as well as further checks are completed by the audit team. This will be used to calculate the compliance rating and the AHC Report provided alongside any mandatory or advisory actions required.

Comprehensive AHC – this is used where the member has not completed a Comprehensive AHC within the last 36 months, they have registered consumer contracts and have been a member of HIES for at least 12 months. This consists of 29 questions and the submission of documents to support their answers. The documents and their answers are reviewed by the audit team and some further checks carried out. Their compliance rating is calculated and their AHC Report is provided alongside any mandatory or advisory actions required.

Onsite Audits – these are undertaken on a risk-based approach. Onsite audits are triggered where serious concerns are raised about a member across a number of compliance areas including lack of professional integrity, misdescribing products, not protecting deposits etc. Just two on-site audits have been carried out this year.

Once members have received their AHC they are given 2-4 weeks to complete any mandatory actions. They are also given advisory actions which are referred to in the report as 'How to Improve Your Score'. Any member that fails to complete the Mandatory actions within the deadline is referred to the compliance team for follow-up. The compliance team will support the member to ensure all actions are completed. If the member still fails to complete the actions, the 'Minded to Terminate' process is invoked.

Best Practice:

This monitoring programme has been continuously developed and reviewed by HIES. It means that all HIES members are audited every year and, due to the regular contact with members to perform the AHC, relationships are forged and it provides opportunities for educating members. In a time of rapid increase in numbers of members this is an unsustainable approach.

Membership Withdrawal and Sanctions for Non-Compliant Member Businesses

In any event where a member is considered not to be in compliance with the Code Criteria the member, unless the breaches are severe, are resolved, as above, by the compliance team.

Where the matters are severe or the member still fails to complete the action, the 'Minded to Terminate' process is invoked.

If the member is required to leave HIES, they must cease to use the HIES & CTSI logo within 30 days and HIES will inform various bodies within the renewables sector including MCS¹.(note comment about MCS withdrawal)

Marketing and Advertising by Member Businesses

HIES supply all members with the agreed HIES and CTSI logo. 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.

Customer Service Provisions

HIES has launched an Equality and Safeguarding Policy after consultation with HIES's Primary Authority West Yorkshire Trading Standards Service and an HR consultant. This has been shared with all members.

¹ 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.

Prior to acceptance the applicant's terms and conditions, cancellation rights, customer complaints process, deposit policy, workmanship guarantee document and insurances are all reviewed.

HIES has four sets of standard T&Cs available for use by members, covering four different contract types

Consumer Complaints Process

HIES provide members with a model complaints policy and checks the implementation of this during it's AHCs.

HIES monitors the number of complaints received (by HIES) about each member and members are given a complaint ratio. Members with a complaint ratio of less than 5% are considered within an acceptable tolerance, almost 96.22% of members have complaint ratios under 5% or 0 complaints.

HIES aspire to deliver industry leading dispute resolution services for consumers and members of their scheme by providing a single point of contact for consumer complaints.

Professionally trained mediators are employed to help resolve disputes. Mediators can commission independent forensic defect analysis reports at no cost to the consumer or member (in most cases) should they deem it necessary to help resolve the dispute.

If a dispute is not resolved in 1st stage mediation, it can be escalated to 2nd stage mediation where the process becomes more formal. This is the internal Alternative Dispute Resolution service provided by HIES and approved by CTSI is used to resolve disputes between consumers and traders, hopefully preventing the need to go to court.

HIES use the Dispute Resolution Ombudsman to investigate and settle any disputes between members of their schemes and their consumers that have not been settled at an earlier stage. Consumers have free access to the Dispute Resolution Ombudsman (HIES covers the fees for this). The Ombudsman's decision is binding on the member.

Customer Satisfaction and Feedback

A total of 5753 customer satisfaction questionnaires were completed and forwarded to HIES between 1st January 2023 and 31st October 2023. This is a significant number of responses, demonstrating that HIES has a meaningful data set to draw from when measuring customer satisfaction and feedback.

A survey for consumers to complete on their experience with the member is sent by email. 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.

Training provided to Code Members to meet their obligations

HIES have developed a comprehensive suite of model template documents for member's use. These include model T&Cs for different types of installations, an Equality and Safeguarding Policy, a model complaints policy, a Quotation Template etc.

The Membership Team conducts a welcome induction session with new members by 'Teams' or phone. This includes how the registration system works and how to ensure consumers are protected. The importance of the Code of Practice and Standard Terms of Membership are discussed and the links to the Code of Practice and Standard Terms of Membership are shared by email following the session.

Members are reminded that they always have access to the HIES Code of Practice via the HIES website. If any updates are made to the HIES Code of Practice, members would be emailed via e-shot and any queries should they arise.

Conclusions

The comprehensive checks carried out during the application process and the annual monitoring regime alongside the production of model documents should ensure a high level of compliance with an efficient and effective overview of members trading practices. The HIES Consumer Code continues to comply with the CTSI Consumer Code Approval Scheme