



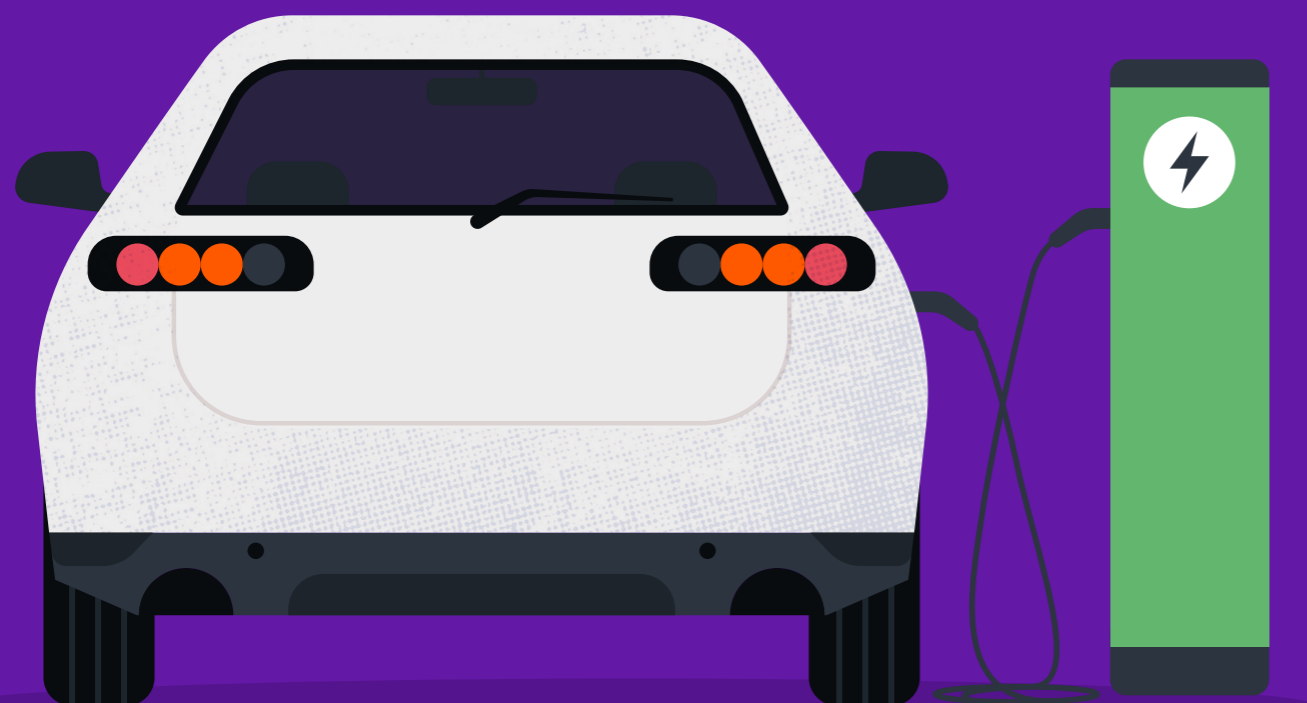
# Protecting consumers during the energy transition to net zero

Installer and stakeholder feedback 2024



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# 1. Executive summary

This report has been conducted as part of the Northern Ireland Energy Strategy Action Plan. It is supplementary to The Utility Regulator and Consumer Council Call for Evidence on Protecting Consumers during the Energy Transition to Net Zero undertaken in 2022.

To inform the Call for Evidence, the Consumer Council undertook a Consumer Forum which captured consumer attitudes on the need for the protection during our decarbonisation journey.

This report further augments the Call for Evidence by exploring insights from organisations who install low carbon technologies in homes and businesses and other organisations who provide frontline advice to consumers.



Four themes stand out when respondents were asked to consider potential issues around installation of low carbon technologies:



## Knowledge

There is a need for widespread education and information on low carbon technologies.



## Consumer protection

Consumers, installers, and third-party organisations require more information and education about consumer protection schemes, regulations, and laws.



## Affordability

Must be addressed through the provision of financial assistance specific to low carbon technology including grants for vulnerable and low-income consumers.



## Skills and training

There are identified gaps in the future low carbon technologies workforce.



## Knowledge of low carbon technologies

Evidence from the survey showed a need for widespread information and education on low carbon technology. Stakeholders and installers told us low levels of knowledge exist among consumers and installers regarding many low carbon technology products and their installation. Knowledge is a form of protection and is important to consumers.



## Consumer protection schemes and laws in place

Further clarity regarding existing consumer protection laws is required for those working in the sector. More information on consumer protection schemes is needed. The feedback showed low levels of knowledge of consumer protection schemes and laws relating to the energy market.

It is also unclear to respondents whether existing consumer protection laws are sufficient to cover new technologies and to protect consumers in a manner that will encourage technology uptake.

While a general sense of consumer protection exists, there is less awareness of protections relating to low carbon technology and renewable installations. It is assumed by many respondents that the Microgeneration Certification Scheme (MCS) is the only scheme available, but knowledge of the scheme is low in Northern Ireland. Positive initiatives like the Competition and Markets Authority (CMA) [guide to buying green technology](#), could be more widely promoted.

There is a need for clarity on the role and remit of trade bodies. There are several diverse trade bodies responsible for providing oversight, with an expectation that they ensure compliance with installation standards. This either entails additional legislation, or better understanding of trades bodies and advisors' responsibilities.

Consumer trust will be vital for replacing traditional heating systems with low carbon heating which installers felt could also lead to barriers with installing a whole house solution.



## Affordability

Stakeholders and installers pointed out that consumers have significant concerns surrounding affordability and long-term costs when considering low carbon or renewable installations. There is thought to be a lack of grants or finance aimed across all income groups. The Northern Ireland Sustainability Programme (NISEP) was mentioned by respondents. However, it is perceived to be limited to the less affluent and more vulnerable consumers.



## Skills and training

Overall, there is a perceived lack of training in low carbon solutions. On the job training is quite common in Northern Ireland as is reliance on manufacturer led guidance.

A shortage of skills coming into the renewable installation sector coupled with a reluctance to take on new apprentices is evident. Installers and stakeholders raised uncertainty surrounding funding that would encourage Further Education colleges to develop low carbon technology training programmes.



## 2. Background

**The Consumer Council (Consumer Council) was established in April 1985 as a non-departmental public body (NDPB) under the General Consumer Council (Northern Ireland) Order 1984<sup>1</sup> (The Order).**

We are Northern Ireland's statutory consumer representative body, and our principal duty is to safeguard their interests. We operate under our sponsor department, the Department for the Economy (DfE), on behalf of the Northern Ireland Executive.

### We are an insight-led evidence-based organisation:

- Providing consumers with expert advice and confidential guidance.
- Engaging with government, regulators, and consumer bodies to influence public policy.
- Empowering consumers with the information and tools to build confidence and knowledge.
- Protecting consumers by investigating and resolving consumer complaints under statutory and non-statutory functions.
- Undertaking best practice research to identify and quantify emerging risks to consumers.
- Campaigning for market reform as an advocate for consumer choice, welfare, and protection.

Our statutory powers cover consumer affairs, energy, transport, water and sewerage, postal services and food affordability and accessibility.



These legal responsibilities are drawn from legislation, licences given to companies working in Northern Ireland, and cooperation agreements set in memorandums of understanding. The work we carry out also aligns with a number of the Articles in the Protocol on Ireland and Northern Ireland<sup>2</sup> (NI Protocol).

Our non-statutory functions educate, empower and support consumers against discriminatory practices in any market through advocacy work, as well as education and outreach programmes covering a broad range of topics including promoting consumer rights, financial inclusion and a more sustainable energy future.

**We serve Northern Ireland's 1.9 million citizens and champion consumers in everything we do. In particular, we prioritise consumers:**

- who are disabled or chronically sick
- who are of pensionable age
- who are on low incomes
- who live in rural areas



We are a designated body under the Rural Needs Act 2016 and Section 75 of the Northern Ireland Act 1998. In this role, we aim to ensure government policies recognise consumer needs in rural areas and promote equality of opportunity and good relations across a range of equality categories.

The Climate Change Act 2008 set up a framework for the UK to achieve its long-term goals of reducing greenhouse gas emissions and to ensure steps are taken towards adapting to the impact of climate change.

In June 2019 the UK legislated for a 100 per cent reduction in greenhouse gas emissions by 2050 by amending the Climate Change Act.

In 2021 the Department for the Economy published the Northern Ireland Energy Strategy – The Path to Net Zero and in 2022 the Climate Change (Northern Ireland) Act came into force. It imposed a duty on all Northern Ireland departments to ensure that the net Northern Ireland emissions account for the year 2050 is at least 100% lower than the 1990 baseline.

<sup>1</sup> General Consumer Council (Northern Ireland) Order 1984, UK Parliament

<sup>2</sup> Protocol on Ireland and Northern Ireland, House of Commons Library

## 3. Methodology

The Consumer Council commissioned Cognisense to undertake qualitative interviews with installers of low carbon technologies and consumer facing organisations. The rationale was to gather evidence on consumer protection specifically in relation to the installation of low carbon technologies. This report provides a summary of findings from these key stakeholders.

The research is designed to complement the findings of the Call for Evidence on Consumer Protection as well as Consumer Council research into consumer attitudes to protection during decarbonisation. The research took the form of semi-structured interviews conducted by Cognisense.

Respondents were recruited for the interviews from the contacts provided by The Consumer Council and through Cognisense's team of in-house recruiters. The pre-determined questions used in the interviews were developed by Cognisense and the Consumer Council based on the Call for Evidence document. A total of 15 in-depth interviewees were recruited and interviewed, five from each of the following groups:

- Heating and insulation installers;
- Renewable installers; and
- Consumer facing/third sector organisations.



To maintain confidentiality and to encourage participation, interviews were not recorded. Analysis, extraction of quotations (paraphrased), and reporting outputs were based on field notes. Fieldwork was conducted in November and December 2023, and January 2024 and this report comprises the full findings.

This report presents the views of installers and consumer facing organisations. At times the opinions presented do not align with those of the Consumer Council or consumers who we have engaged with in earlier surveys on the topic.

For example, in this survey some installers suggest existing consumer law and trade body guidelines will be enough to protect consumers.

However, our Consumer Forum participants expressed that they want robust protections. While they were happy to contact suppliers or installers in the first instance when something goes wrong, there was concern that they were not adequately protected on escalating a complaint, being mis-sold potentially outdated technology and future price caps.



# 4. Main findings

**This section of the report provides the main findings from the stakeholder and installer interviews.**

All installers and consumer facing organisations were consistent in their views on how they thought the move to decarbonisation might affect consumers.

## Consumer protection during the customer journey



**Stakeholders and installers were asked to identify any gaps and examples of relevant consumer protection in the context of the energy transition. Respondents reported that consumer protection tends to be most relevant and actionable following a negative experience. Consumer protections relating to quality assurance would avoid a reliance on installers following good business practice and instead build in required standards at each stage of the customer journey.**

Both installers and stakeholders agreed that there is a requirement for consumer protections at all stages of the timeline, both to protect consumers and to reassure installers that there are consistent consumer protection guidelines that they can follow.



## Pre-installation phase

- Stakeholders and installers believed there are low levels of knowledge of the low carbon technology market among consumers, and a perception that the cost of installation is high.
- Respondents reported low levels of awareness of grants and uncertainty over how consumers will be able to afford the transition to green energy. Therefore, information on available grants and information on fair prices is vital. This will help consumers protect themselves against overcharging and enhance technology uptake.
- Lack of information tends to result in consumers either disengaging from the subject or feeling under pressure to go ahead with installations without being fully informed. There is a need for information on all aspects of low carbon technology and the benefits that it can bring to consumers.

“It’s about empowering consumers to make the right choices and to do that we need them to be informed and not just by the installer they have chosen for the job.” (Stakeholder)

“I don’t think that people are aware of the benefits...we can tell them but it’s not enough...they need it from an independent source.” (Installer)

“I don’t want to get to that point that the customer has to go somewhere else for help.” (Installer)

“It’s not just after we install it when customers need help, it’s before and during as well and we can provide that.” (Installer)

“The first thing people ask is how much does it cost and then the second thing is whether there are grants for it.” (Installer)

## The installation phase

- Stakeholders and installers note that consumers have a sense of uncertainty on choosing an installer, consumers are uncertain about what products will be right for them and how they should be installed.
- There is a reliance on the installer to provide the necessary assurances on the quality of the installation. The stakeholders' understanding was that the onus is on the consumer to check the quality of the installation. Whereas the installers' view was that this should be undertaken by checking with third parties, such as trade associations, whether installers are accredited and provide after sales care.
- The need for information on warranties and protections is key to allow consumers to proceed with the installation. Installers stated that their customers are uneasy about going ahead, without these reassurances.
- Stakeholders feel that there should be some control over retention of deposits. It is recognised that installers may require money for initial costs, but there should be a requirement for deposits not to exceed a certain percentage of the overall cost of the installation (20% was suggested by stakeholders).

“There is a lot to do here...we have to spend a lot of time first to tell customers that what they think is the best way may not be for them...you are being tested here because the main thing is to reassure that you are going to do a really good job and that if anything goes wrong you will sort it out.” (Installer)

“The problem is that the installers are the only ones capable of educating the customer but with the best will in the world they are commercial organisations with an eye on the bottom line.” (Stakeholder)

“You have to be careful here, ...it's a big outlay for the installer and they will expect money up front...what happens to that money they are holding?” (Stakeholder)

## Post installation phase

- Neither installers nor stakeholders were fully informed of what happens when something goes wrong after an installation. The sample of installers interviewed, indicated that they uphold good business practices while stakeholders are of the opinion that existing consumer law and trade body guidelines will be enough to protect consumers.
- Where installers have completed the installation to the satisfaction of the consumer, there is thought to be little need for any protections.
- In the event of installations going wrong there are usually different reasons for this:
  - The installer has not outlined the project properly, such as adding new information at a later date.
  - The installation takes longer than initially outlined, for example, leaving the customer with no heating.
  - The equipment fails at some point of the process. Scenarios include the house not heating properly or low return on exporting electricity.
- In cases when consumers request a full or partial refund and/or their installation reversed, installers stated this is an extreme and an unnecessary step as the installation can usually be rectified, within a reasonable timescale.
- It was not known by installers or stakeholders of any procedures within existing consumer protections when something goes wrong.

“It hasn't happened yet but that doesn't mean it won't.” (Installer)

“We have had one or two. One where the whole thing went on longer than it should have...the customer got cold feet and then tried to back out. The other one was about supply...luckily the job hadn't started yet, and we were able to delay things.” (Installer)





## Consumer protections and vulnerabilities



Installers and stakeholders were asked if there are certain groups of consumers that would be particularly vulnerable during the decarbonisation journey and specifically around low carbon technology. There was a majority view from both stakeholders and installers that a 'one size fits all' consumer protection regime for low carbon technology products or installations will not be sufficient to meet the wide diversity of needs across the following key segments:

- **Most consumers are vulnerable due to their lack of understanding of decarbonisation.** According to the sample for this research, this applies to most consumers. There is generally a lack of information available on low carbon technology and the protections available.
- **People who are vulnerable either due to illness (mental and physical) and age.** Feedback showed that guidelines for people in these categories should be specifically accommodated to ensure they receive appropriately triaged support at each stage of the purchasing and installation process.
- **Consumers who are vulnerable in terms of low income.** Availability of grants to help with costs are critical for low-income consumers in addition to reassurance on potential savings from low carbon technology.
- **Those who are living in rural or remote communities.** It was felt that this cohort could be considered especially vulnerable due to the remoteness of their communities and there may be difficulties accessing reliable installers and advice.

“This is not an easy decision for anyone, and people don't understand the market either, so they don't understand that moving to green energy solutions is good for everyone.” (Installer)

“Most people can't afford it now...without grants they will never be able to.” (Installer)

“How to persuade someone on a low income maybe living in a remote area that they should be installing a heat pump, well, it is a challenge.” (Stakeholder)

## Knowledge of the low carbon technology market and industry



Stakeholders and installers were asked about consumer knowledge of low carbon technology and the industry. All thought there were low levels of knowledge of the market and products among some installers and many consumers.

- Feedback showed a lack of consistency in Northern Ireland because aspects of the industry are highly technical and potentially inaccessible to many consumers.
- Installers thought there was considerable variance in expertise on low carbon technologies. Although MCS registered installers were likely to more advanced and competent to provide quality advice.
- To improve understanding of the market and deliver appropriate advice, stakeholders are accelerating low carbon training and conducting their own consumer research in this area.

“We started the company three years ago because we knew that decarbonisation was the future. We made it our business to be experts in the area. One of the most important things we have learned is that this market is not about installing products, it's about taking a holistic view of the market and our customer's needs.” (Installer)

“We choose which projects we have to complete within the MCS specification. If we don't need MCS then we don't use it.” (Installer)

“We are currently working on a study and will be commissioning research next year to look at the implications of decarbonisation and how it will affect the market.” (Stakeholder)

“The customer doesn't really know about these products, they get an idea into their head that they want a heat pump, even when it may not be the right thing for them.” (Installer)

## Knowledge of consumer protections available



When asked about what consumer protections were in place relating to low carbon technologies and decarbonisation there was evidence from both stakeholders and installers of quite low levels of knowledge of specific schemes.

It is assumed by many that the following protections are already in place:

- **Grants**
- **Consumer laws**
- **Trade bodies' rules**
- **Good commercial practices**
- **Other regulatory and protection bodies (Utility Regulator, The Consumer Council, Trading Standards and The Competition and Markets Authority)**

Stakeholders pointed to further layers of advice being available through different advisory organisations such as The Consumer Council, Advice NI, and other frontline advice services.

“They (consumers) don't really know about anything.” (Installer)

“I would have assumed that it is the same as buying anything... people have their rights and if it goes wrong, we need to put it right.” (Installer)

## Grants and finance



Installers and stakeholders were asked about what type of financial assistance should be available to consumers, they noted that consumers have significant concerns surrounding affordability and long-term financial decisions when considering low carbon installations.

- The Northern Ireland Sustainable Energy Programme (NISEP) was mentioned but was felt to be limited to lower income households.
- There is a clear lack of grants or financial assistance for those households over the income limits for NISEP or Affordable Warmth.
- Apart from existing grants, respondents confirmed there is little to fund the cost of low carbon installations apart from the Northern Ireland Renewable Obligation Scheme (closed to new applicants in 2017). However, this was not an upfront payment impacting its attractiveness.

“We work on projects where the NISEP grants are available, but you can only really use that, as far as I am aware, for people with low incomes.” (Installer)

“We don't have anything here. Over in England they have grants that will cover a lot more. I think they can get £7,500 if they install heat pumps.” (Installer)<sup>3</sup>



<sup>3</sup> <https://energy-efficient-home.campaign.gov.uk/>



## Knowledge of consumer law

Stakeholders and installers were asked about their knowledge and awareness of consumer law. Overall, our research found a need for further clarity on existing consumer protections, gap analysis, and recommendations for future protections.

- There was low, and fragmented knowledge of consumer law across the sample interviewed. This may have been influenced by the fact that a large proportion of the sample were installers and less knowledgeable of the intricacies of law.
- Stakeholders who directly advise consumers were better informed but remained unsure as to how the current law would protect consumers especially in relation to low carbon technology.
- It was assumed that there would be overall protection through existing laws such as the Consumer Rights Act 2015, the Consumer Protection (Northern Ireland) Order 1987 and Consumer Protection from Unfair Trading Regulations 2008.
- The Private Tenancies Act (Northern Ireland) 2022 was also mentioned by one landlord who was also an installer and two stakeholders, but there was uncertainty as to whether there was protection for tenants in respect of new low carbon installations.
- If an installer refuses to agree appropriate redress, then the only remaining option is legal action which can be expensive, especially given that the Small Claims Court may not cover the cost<sup>4</sup>.

“There’s the Consumer Rights Act 2015 I think and that covers anyone if they have a faulty installation. It’s not straightforward and there are hoops to jump through but they have the right to demand that it is put right or get someone else to put it right in certain circumstances.” (Stakeholder)

“There is protection available but if something goes wrong, even though you have rights under the different laws, the installer might try to walk away. Then you have to go down the road of actually taking them to court, and the small claims court here only covers £5,000 so it becomes an expensive process.” (Stakeholder)

“We have to be on the Landlord Registration Scheme and I know that they are making changes to the Private Tenancies Act which will have something to do with energy efficiency, but to be honest I don’t know much about it.” (Installer/Landlord)

<sup>4</sup> The small claims court covers sums up to £5,000.



## Trade bodies and consumer protection

Installers and stakeholders were asked about the role of trade bodies in improving consumer protection. Installers referred to their own trade bodies and it was suggested that there should be a requirement for installers to join overseeing quality assurance schemes such as the MCS.

Stakeholders and installers suggested a scheme which provides dedicated support and assistance for consumers, which would cover full details on products available, a list of certified installers, monitoring of both product supply and installation, dispute management and sanctions.

### The following schemes were quoted by installers:

- The Microgeneration Certification Scheme (MCS) was the most widely quoted scheme.
- The Renewable Energy Consumer Code (RECC) was also widely quoted and links into MCS.
- The MCS and RECC are perceived to be the only schemes available relating to low carbon installations, while installers promote them to customers, installers feel that there is likely to be very low levels of consumer knowledge of MCS and RECC.
- Ground Source Heat Pump Association (GSHPA), which has standards but reportedly not directly related to consumers.
- The National Association of Professional Inspectors and Testers (NAPIT) provides mainly arbitration for installers’ electrical work.

“We are registered with MCS and use it for all of our installations... we tell the customer about it and use it as a selling point for us... we don’t have to be, but it is better in the long run for the customer and us.” (Installer)

“We have both the MCS and RECC on our website so you can look at it there...we ask customers to go on the website - not that all of them do but to have it there is good.” (Installer)

“I have to say that I have never heard of the MCS but I will look it up after this.” (Stakeholder)

“We are registered under the Heat Pump Association which protects our customers...we considered MCS but I think that’s just for grants?” (Installer)

## Good commercial practices



**Stakeholders and installers were asked about consumer protection and good commercial practice. There was a general feeling across installers and stakeholders in the sample that, considering the low levels of specific consumer protections perceived to be in place, consumers are required to rely on good business practices that installers uphold.**

- This was thought to raise difficulties as it places the onus entirely on the consumer to make complex decisions on matters about which they may not be fully informed.
- The difficulty of choosing an installer is somewhat mitigated by the presence of the MCS scheme. This is because it provides some assurance to consumers that the installer they have chosen could be held to account in the event of a problem.
- There is an opinion among installers and stakeholders, who are aware of existing trade bodies, that neither MCS or RECC guarantee redress if a problem occurs with either the installation or the product. This then places the onus on the customer to seek compensation through the courts.

**||** "We aim to provide the best possible service and that means informing the customer in advance of what we think they need; how much it is going to cost and how long it will take to turn around." (Installer)

**||** "They are usually ok but there are safeguards, and we advise customers to always employ a registered installer and if they are thinking about renewables there is the MCS scheme which is a quality standards scheme which works with the installer and the customer should anything go wrong." (Stakeholder)

## Other regulatory and protection bodies



**Stakeholders and installers were asked about support from other regulatory, protection, and consumer bodies. Some of the installers and stakeholders cited organisations that work closely with the low carbon market and for consumers but at a higher level. These organisations were more involved in regulation and consumer protection policy. Most comments came from the stakeholder sample; the installers had little or no knowledge of these organisations.**

- It was indicated there was a need for clearly defined arbitration as there was a perception that no specific legislation for low carbon installations exists. The Utility Regulator was mentioned as a potential organisation for dealing with redress based on their statutory responsibilities and powers of enforcement.
- The Consumer Council was also mentioned by both installers and stakeholders. It was perceived to provide more information while also having a consumer facing advisory role.
- The CMA was not mentioned in the discussions with this sample. When probed, the feedback was that the CMA was tasked with price setting and fair practices.

**||** "We provide advice here, but where we can't, we would refer people to other organisations like the Consumer Council where they have more information on things like the law and rights." (Stakeholder)

**||** "There are a number of organisations working on decarbonisation and I know for a fact the organisations, The Department for the Economy have a whole department dedicated to it." (Stakeholder)

**||** "We need to really join up on this one. It's too big just for one organisation. The danger here is that we have so many stakeholders working on this, that we lose sight of the importance of protecting the consumer." (Stakeholder)

## Training and skills



**Stakeholders and installers were asked about training and skills in the low carbon technology sector. The feedback identified a significant gap in training in Northern Ireland, which needs to be addressed to build the capacity of the supply chain and upskill new and trainee installers.**

- Results from the sample of installers and stakeholders suggests a lack of training in low carbon solutions and a greater reliance on on-the-job, on-site training in Northern Ireland. There was a presumption that many companies currently operate a trial-based approach using manufacturer led guidance coupled with experience from other installations to guide their installations.
- MCS registered installers were less likely to follow this approach. They made it their business to attend MCS training courses and would often undertake other available courses.
- There was a perceived shortage of skills coming into the low carbon installation marketplace and a reluctance to take on new apprentices.
- There was also some uncertainty and lack of awareness surrounding funding for Further Education colleges to concentrate on, and develop more, low carbon technology training.

“There is a real problem with getting good apprentices.” (Installer)

“Taking on apprentices is important but we haven’t done it yet...we may wait until we know where the market is heading.” (Installer)

“I work with young people in the local community, and I know that there are difficulties in getting them to think about apprenticeship schemes.” (Stakeholder)

“I am not convinced that the support is there yet in Further Education colleges. I am just basing that on my own observations, and this isn’t official in any way.” (Stakeholder)





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