

ANNUAL REPORT 1st January 2019 - 31st December 2019

With HIES you get accredited installers, independently backed guarantees (even if the firm refuses to help you or goes out of business), free access to industry inspectors at HIES's discretion, industry leading professional mediators and - if you're unsatisfied - access to a highly regarded Ombudsman Service which can settle your dispute with the power of the law behind them. There are lots of confusing trade association logos in the building and home improvement sectors, but few offer complete consumer protection.
HIES is the real deal. And you don't pay extra for the safeguards.

George Clarke Brand Ambassador 99

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Trust, Confidence & Peace of Mind

STATEMENT FROM FOUNDER

HIES is a CTSI Approved Code Sponsor operating in the renewable sector. We were established in 2012 and offer a refreshing and revitalising change in the consumer protection landscape.

Our overriding objective is to promote best practice in the sale, installation and after-sale service of renewable products. Protecting consumers is at the heart of everything we do.

We have a very unique and comprehensive approved Code of Practice to stop consumers falling through the net and be there for them when they need help. It's a different approach, one that will ultimately reflect well on the sector and give confidence that this sector is well run and well policed.

As of 31/12/19, HIES:

- Protected over 124,000 customers;
- Received over 24,000 customer surveys on installer performance;
- Quickly and professionally handled 3,000 disputes between consumers and traders (members),
- Insurers paid out over £2.1 million in insurance claims, and;
- Reached an average dispute resolution time of 3.97 days.

Relationship Building

HIES regularly meets with politicians, civil servants, trade bodies, BEIS, Ofgem, Trustmark, MCS, Flexi-Orb and the certification bodies and is now seen as a respected source of influence and information.

This Report

I hope this report will give you a flavour of the sweeping nature of HIES's unique protection and comprehensive approach. It is far reaching and all-embracing, but much needed.

We welcome your thoughts on improving the sector.



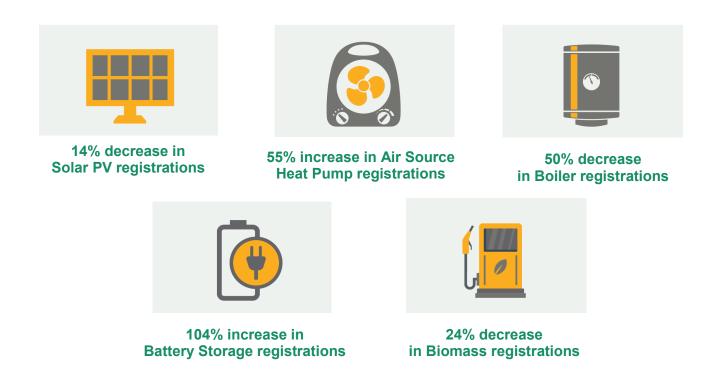
Tony Pickup HIES Founder

THE RENEWABLE SECTOR - 2019 REVIEW

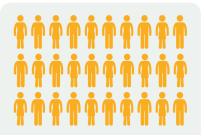
Where is the industry?

2019 has been a year of transition but also growth for many renewable installers. Some have withdrawn from the marketplace following removal of previous tariff schemes, including the Feed-In Tariff which ended in March 2019. A new system called Smart Export Guarantee was introduced by BEIS in late 2019. Whether this will help the industry and consumers remains to be seen.

HIES has seen an increase in registrations for Air Source Heat Pumps and a major increase in Battery Storage. Solar PV, Boilers and Biomass have all seen decreases. The figures below show a snapshot of our experience in the last 12 months.



OVERVIEW OF HIES - SINCE OUR INCEPTION



Over 550 members recruited



Over 124,000 consumers protected

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Over 24,000 consumer satisfaction surveys



OUR ETHOS ON CONSUMER PROTECTION

HIES's main mission is to protect consumers. The HIES Code of Practice requires that consumers are dealt with professionally, courteously and sympathetically. Any products installed by HIES members must be fit for purpose, installed professionally and come with comprehensive guarantees which are covered by specialist insurance providing consumers with a high level of protection and peace of mind.

Benefits to consumers using a HIES member

• The HIES Scheme is endorsed by Nick Ross (former BBC Watchdog & Crimewatch Presenter) and most recently George Clarke (architect and television presenter of Amazing Spaces and Old House, New Home on Channel 4)

- Vetted and Audited Installers
- Free Consumer Advice Line: 0344 324 5242
- Free Deposit & Stage Payment Protection (up to 25% of the contract value)
- Free Insurance Backed Guarantee (for every customer)

I strongly recommend

vou use a

member of

HIES

- Free Mediation (to help fully resolve any disputes should they arise)
- Free Independent Inspections (to assist with installation/product defects at HIES's discretion)
- Access to an Independent Ombudsman (to conclude disputes without incurring legal fees or costs)
- Provide homeowners and installers with the trust, confidence and peace of mind they deserve

Consumer Advice Line

Our dedicated customer service team is available to answer any questions consumers may have; whether they are looking to commission a HIES member, understand how HIES can protect them or if they need some specialist guidance on dealing with an existing member. Our team is always on hand to provide support and direction.

QUALITY OF MEMBERSHIP

Since HIES was granted Consumer Code approval on 21st July 2015, installers had, for the first time, a choice between Consumer Codes in order to comply with MCS legislation, access government incentives and provide consumers with deposit protection and an Insurance Backed Guarantee.

As of 31st December 2019, our membership stood at 336.

Accreditation Process

Our accreditation team carries out the following checks:

- · Company and director background checks;
- Competency and qualifications;
- FCA direct authorisation
- Number of corporate insolvencies of directors above £10k
- · Product guarantees and service plans;
- Insurance protection, and;

- · Financial stability and accounts;
- Accreditations and MCS membership;
- Advertising and marketing materials;
- Contractual paperwork and terms;
- · Consumer compliance calls;
- Complaint handling procedures.

Total Score	Risk Rating
751 - 1000	Low Risk
501 - 750	Average Risk
251 - 500	High Risk
0 - 250	Maximum Risk

Accreditation scoring is applied & membership considered based on the following scoring mechanism:

If applicant does not meet the HIES minimum accreditation criteria, it may be rejected or referred to the internal Membership Review Panel (MRP) for further consideration (see page 23).

If the MRP decides to refuse membership, then the applicant may request a decision to be referred to the Independent Applications Panel as per the Memorandum of Understanding (MOU) between the current Code Sponsors and the Chartered Trading Standards Institute (CTSI).

MEMBERSHIP RECRUITMENT

Within the last 12 months, we received 228 enquiries from installers interested in a HIES membership. We accepted 90 members who met the HIES accreditation criteria. At the start of 2019, we had 12 installers in the accreditation process from the previous year.

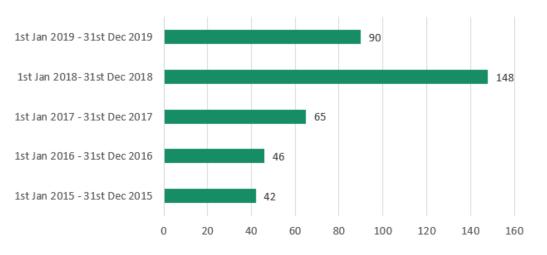
	2018	2019
No. of membership enquiries generated	147	228
No. of installers already in accreditation from previous year (as of 31/12/19)	118	12
No. of installers entering accreditation	245	227
No. of installers not progressed to accreditation	20	1
No. of installers failed accreditation/ didn't complete process	82	135
No. of installers remaining in accreditation (as of 31/12/19)	15	2
No. of installers passed accreditation and accepted as HIES Members	148	90

2018 vs 2019

59% of installers who applied for membership either failed accreditation or didn't complete the process in 2019 compared to **33.9%** in 2018.

Main reasons why installers fail accreditation:

- Ongoing/previous issues with another Code Sponsor (MOU)
- · Low credit score rating/low funds available
- Non-submission of required documentation
- Directors' previous trading history
- · Mis-selling statements on their website



New Members Recruited To HIES

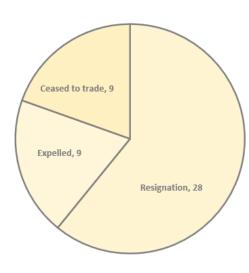
MEMBERSHIP RETENTION



Within the last 12 months, there were 46 installers whose membership ceased with HIES.

Our current membership stands at 336 (as of 31/12/19). This compares to 317 members in 2018.

Why Membership Ceased



Main reasons for ceasing to trade:

- No longer trading in renewables
- Company in debt or liquidation

Main reasons for resignation

of membership:

- FIT Tariff ending 31/3/19
- No longer doing domestic installations
- Switched code sponsors

Main reasons for expulsion of membership:

- High volume of complaints received against the company
- Non-payment of membership/registration fees
- Non-registration of contracts/adherence to the code of practice
- Suspicion of the company going into liquidation

CUSTOMERS USING A HIES MEMBER

16,118 consumers used a HIES member in 2019

£139m

worth of contract value insured in 2019

£15.1m

worth of deposits protected in 2019

Type of product installed by HIES members	2018	2019
Solar PV	13,722	11,834
Boilers	4,237	2,117
Heat Pumps	1,816	2,810
Battery Storage	2,963	6,047
Biomass	29	22
Other	499	370
TOTAL	23,266	232,00



We aspire to deliver industry-leading dispute resolution services for consumers and members of our schemes. In order to reduce consumer detriment HIES provides a single point of contact for consumer complaints. We know from experience that complaints handling is critical to the development of the renewable sector and that consumers with complaints can be very easily confused.

Alternative Dispute Resolution is a service that is used to resolve disputes between consumers and tradesmen, preventing the need to go to court.

Mediation

We employ professional, fully trained mediators to resolve disputes. Mediators can commission independent forensic defect analysis reports at no cost to the consumer or member (in most cases) where they deem it necessary to help resolve the dispute. Should a dispute not be resolved in 1st stage mediation, it would be escalated to 2nd stage where the process becomes more formal.

• Ombudsman

Consumers have free access to an Independent Ombudsman (HIES pays the fees for this) to settle disputes without incurring legal costs. The Ombudsman's decision is binding on the member.

Our process is designed to provide transparency, quick resolution of disputes, protect consumers and the industry's reputation. HIES takes ownership and investigates all complaints.

The Dispute Resolution Ombudsman

HIES has appointed The Dispute Resolution Ombudsman to investigate and resolve any disputes between HIES members and their customers that may not have been resolved at an earlier stage.

The Dispute Resolution Ombudsman is one of the UK's leading independent multi-sector Ombudsman and is approved by the appropriate regulatory bodies to provide redress schemes. They provide independent dispute resolution across various sectors such as furniture, home improvements and rail travel.

Dispute Resolution Statistics 2019:

The table below shows a breakdown of the complaints we received in 2019.

ø	1st Stage ADR	
1st Stage	No. of new complaints received	436
st S	No. of complaints resolved by 1st stage ADR	368
Ë,	% 1st stage ADR success rate	84.40%
9	2nd Stage ADR	
Stag	No. of new complaints passed to 2nd stage ADR	67
2nd Stage	No. of complaints resolved by 2nd stage ADR	64
21	% 2nd stage ADR success rate	95.52%
	Ombudsman	
	No. of complaints referred to the Ombudsman	4

Main reasons for complaints in 2019:

- Poor workmanship
- Faulty products
- Customer service
- Paperwork issues
- Underperformance of system i.e. solar panels
- Mis-selling of system
- Damage to property/furniture

HIES's 2 stage dispute resolution process achieved the following success rates in 2019:



Initial mediation

More formal mediation

HIES resolution

84.4% of complaints resolved at this stage

14.7% of complaints resolved at this stage

In total, 99.1% of complaints were resolved in-house

Ombudsman

0.9% of consumers where deadlock was reached were provided free access to the Ombudsman

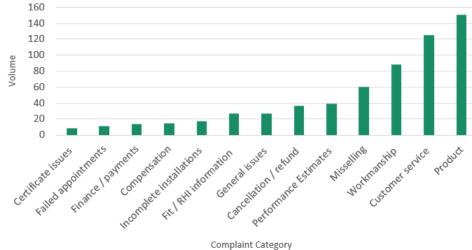


Type of Products Complained About Solar PV 227 Air Source Heat Pumps 131 **Battery Storage** 30 Gas Boiler 20 Product Ancillary Products 16 Solar Thermal 8 Infrared Heating 2 Biomass 2 0 50 100 150 200 250 Volume

Product	%
Biomass	0.5%
Infrared Heating	0.5%
Solar Thermal	1.8%
Ancillary Products	3.7%
Gas Boiler	4.6%
Battery Storage	6.9%
Air Source Heat Pumps	30.0%
Solar PV	52.1%

%	
9.70%	
6.30%	
24.40%	
4.40%	
14.20%	
20.20%	
1.80%	
6.00%	
4.40%	
2.30%	
2.40%	
1.50%	
2.70%	
	9.70% 6.30% 24.40% 14.20% 20.20% 1.80% 6.00% 4.40% 2.30% 2.40% 1.50%

Type of Compaints Received



AUDITING OUR MEMBERSHIP

The auditing function ensures that members are complying with the Scheme Rules & Code of Practice and also assesses the financial stability of an existing member.

The two types of audits undertaken are:

• Onsite audit - comprising an independent auditor visiting the member's premises to carry out a hands-on audit and rate the member's business against the Scheme Rules. This is normally carried out on an annual basis unless the Scheme has cause for concern to accelerate the audit. Generally, this function is carried out on a minimum of 10% of the entire HIES membership every year.

• **Desktop/remote audit** - involving a member completing a postal/email questionnaire and sending the appropriate evidence to the audit team. The audit team then score the questionnaire. This is carried out on an annual basis. This function is carried out on 90% of the entire HIES membership every year. In 2019, we had 113 returned audits and from those, 109 (96%) of members passed. All members are subject to an annual health check ahead of renewal of membership, any members that did not return their desktop audits will be picked up during this process. If a member fails an audit then, dependent upon the seriousness of the breach, they will either:

- have 28 days to rectify the issue/s;
- be suspended until non-conformities have been rectified e.g. insurances in place;
- be issued with a warning, or:
- be expelled with immediate effect.

Additional ad hoc auditing as required:

• Financial Health Checks - this check can be performed on any potential new member or existing member. Its aim is to assess the financial stability of an installer and the potential of them ceasing to trade. It scores the company in three key areas: solvency, profitability and gearing. An overall score is given to the company and a grade is allocated dependent upon the overall score i.e. outstanding, good, satisfactory or unsatisfactory.

• Compliance Advice Checks - this check can be performed on any potential new member or existing member. Its aim is to provide advice to applicants on the gaps within their current procedures which require development in order to be considered for HIES membership and for existing members, advice on how to improve their current policy and procedures to ensure continual compliance with the HIES Scheme Rules & Code of Practice.

RISK PROFILING MEMBERS

We measure and score our members against a range of performance indicators to determine the level of risk a member poses to the scheme, the insurer and consumers. This 'risk profiling' enables us to assess and monitor our members on a regular basis.

The performance indicators used are:

- Credit score
- Length of time trading
- Average contract value
- Average deposit value taken
- Length of HIES membership
- Overall customer satisfaction score
- Current unsatisfied consumer CCJs
- Number of complaints in the last 12 months
- Number of Ombudsman cases in the last 12 months
- Any unsatisfied Ombudsman Awards

Where members are below the percentage score required the reasons for this are investigated and discussed with the member. Where the score is less than required for a successive 3-month period the member may be placed on enhanced monitoring with the potential for an onsite audit.

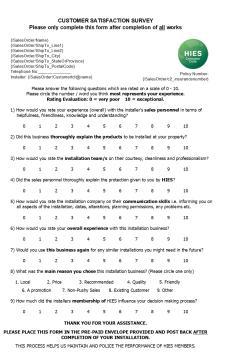
MONITORING CUSTOMER SATISFACTION

We monitor the performance of our members in order to reduce consumer detriment. We do this by writing to every customer who has placed an order with a member and asking them to complete a Customer Satisfaction Survey.

The survey asks customers nine important questions that cover the whole buying experience, from the initial meeting with the sales personnel to the after-sales service they received. In 2019, we received 4,120 completed surveys. Results are displayed below.

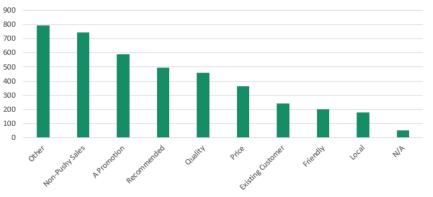


Customer Satisfaction Rating



The results offer important feedback on improve their how members can customer service and helps HIES to identify the specific areas where consumer detriment may be occurring. Members can compare against the national average and, by downloading their performance report, they can identify how their sales people and fitting teams are rated bv their customers.

Why Customers Chose A HIES Member



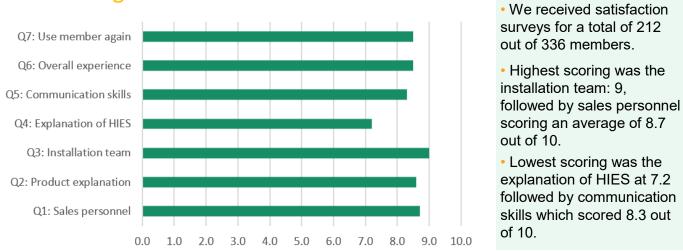
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MONITORING CUSTOMER SATISFACTION

We also use the surveys to measuring each member enables HIES to establish the consumer's overall experience with an individual member as well.

We calculate each member's average score for each question which gives us the 'customer satisfaction ratio' for that member. Members who have a customer satisfaction ratio of 70% (or a score of 7 out of 10) or more are considered within tolerance.

The average scores by installer for each question from the surveys returned are shown below.



Average Customer Satisfaction Scores

The next step

The audit team analyses the results of the customer satisfaction ratio each month by way of a monthly scorecard. Any member classed as high risk would be contacted advising them of the results and asking for clarification as to why the results are low. Where there isn't improvement the member may be referred to the Membership Review Panel or we may request an onsite audit.

Analysis of Results

MONITORING CUSTOMER COMPLAINTS

We analyse the number of complaints our members received within the 12 month period compared to the number of installations registered with HIES. This then gives us a 'complaint ratio' for each member.

Members who have a complaint ratio of less than 5% are considered within tolerance. However, all complaints are taken extremely seriously and any complaint may result in the member being referred to the Membership Review Panel for investigation.

Analysis of Results No. of Members **Overall % Complaint Ratio** 94.9% of members had a complaint ratio or 0 - 5% 0% 300 89.3% 76.5% was the largest complaint percentage 0.33% was the lowest complaint 1-5% 19 5.7% percentage (excluding members with 0 complaints) 6-10% 1.8% 6 • 17 members had a complaint ratio of more than 5%

The table below shows the results of our analysis across the membership:

6

21+ 5 1.5%

The next step

11-20%

The audit team analyse the results of the complaint ratio for each member and also look at the type of complaints the members receive. The audit team then determine the level of risk the member poses to the scheme, the insurer and the consumer. The audit team can write to the member asking for clarification, refer the member to the Membership Review Panel or request an onsite audit to further investigate matters.

1.8%

• 5 members had a complaint ratio of

290 members had 0 complaints

more than 21%

ONSITE AUDIT

The onsite audit is conducted by a trading standards professional, together with the HIES internal auditor on occasion. The audit is conducted against the HIES Scheme Rules & Code of Practice and can be broken down into four principal areas:

1. About the member: involves looking at the business structure, status, trade memberships and insurance/licences.

2. How the member generates custom: involves looking at how they attract customers. This includes looking at their advertising and canvassing techniques.

3. How the member manages installations: involves looking at how they completed their orders, from the date of customer order, through the pre-installation process, the installation (including any use of sub-contractors) and the sign off of a completed job.

4. How the member deals with consumers: involves looking at how they deal with cancellations and any complaints from consumers.

The auditor provides an overall assessment of the performance of the company in meeting the objectives of the HIES Scheme Rules & Code of Practice. This results in one of four findings:

• Excellent - the company meets or exceeds all of the audit requirements and has clear, effective and efficient record-keeping systems in place to ensure full compliance throughout all installations. Any areas for improvement are minor and contribute to continuous business improvement.

• Adequate - the company meets the majority of the audit requirements and was able to identify all of the relevant evidence for the audit, but has room for improvement with their systems and procedures to ensure ongoing compliance.

• **Inadequate** - the company was unable to satisfy all of the audit requirements or was unable to provide all of the relevant evidence for the audit. The areas identified for improvement will require some remedial action to be taken to ensure ongoing compliance.

• Weak - the company was unable to satisfy all of the audit requirements including some that are categorised as high risk. The areas identified for improvement require immediate action to be taken to ensure ongoing compliance.

ONSITE AUDIT RESULTS

The number of onsite audits undertaken within the last 12 months was 3. The members selected for an audit were based on the potential risk to the Scheme and consumers. All members assessed in 2019 were found to be inadequate.

Significant Non-Compliances found

- Non-registration of contracts within 48 hours of the contract signed date
- · References to other code sponsors in customer-facing documents
- Non-compliance to the Code of Practice in relation to pre-contractual information provided and contracts
- · Inadequate cancellation rights provided
- Incorrect financial forecasting of potential solar storage benefit provided to consumers

Other Non-Compliances found

- Non-display of the HIES logo
- Not displaying the full company name, registered address and registered number on websites and public-facing documents
- · Having adequate complaint recording process in place

If a member fails an audit or has a non-conformity, dependent up the seriousness of the breach, the audit team will either:

- · Give the member 28 days to rectify the issue/s
- Suspend the member until any non-conformities have been rectified e.g. insurances in place
- · Expel the member with immediate effect

Membership Review Panel

This is a HIES internal panel.

The objective of the Membership Review Panel (MRP) is to ensure that any breach of the HIES Scheme Rules & Code of Practice is dealt with effectively, impartially and as quickly as possible. Anyone internally or externally can refer a member or an applicant to the MRP for consideration, detailing their concerns/alleged breaches. The MRP has a range of powers that include: issuing a formal warning, declining membership, requesting enhanced monitoring or expelling the member.

Non-Compliance Panel

This is an external panel.

The Non-Compliance Panel shall be empowered to consider any allegation of a breach of the HIES Scheme Rules & Code of Practice referred to it by the MRP or an appeal against a decision made by the MRP. The panel consists of at least three members to be drawn from a pool of seven and is able to make judgement/s on the behaviour of the HIES member referred. No panel members may be connected to any parties in the matter. Any decisions are on the balance of probabilities and conducted in accordance with the principles of natural justice and fairness.

Appeals Panel

This is an external panel.

A member aggrieved by any decision made by The Non-Compliance Panel (NCP) has a right of appeal directly to The Appeals Panel. The Appeals Panel is able to review any decision of the NCP and may alter, revoke, uphold or suspend that decision and is able to substitute any decision that would have been open to the NCP to make in accordance with HIES Scheme Rules & Code of Practice. The Appeals Panel's decision will be final and binding on both the member and HIES.

RESULTS FROM PANELS

There were 2 members referred to the Membership Review Panel (MRP) in 2019, who were both expelled.

The tables below outline the reasons why and the outcome of the MRP.

Reasons why members are referred to the MRP

Appeal against the rejection of HIES membership

Non-registration of domestic installations

Issues regarding complaint handling

Non-compliance to HIES Standard Terms of Membership and Code of Practice

Member being non-compliant to MCS or Certification Bodies rules

Results of the MRP

Application for membership remains rejected Application for membership accepted Termination of HIES membership Placed in Compliance Default

Final warning letter sent

There were no members referred to the Non-Compliance Panel or the Appeals Panel in 2019.

INSURANCE CLAIMS

In 2019, all consumers using a HIES member receive Deposit Protection and an Insurance Backed Guarantee free of charge. This provides consumers with protection in the event the HIES member ceases to trade and is unable to fulfil the terms of its guarantee.

The insurer is Safe World Insurance Group UK Ltd, which is a UK based insurer who is authorised by the Prudential Regulation Authority and regulated by both the Prudential Regulation Authority and the Financial Conduct Authority.

The table below shows the total value of claims paid out in 2019 split by product type.

Product Type	Air Source Heat Pumps	Solar	Other	Total
Total Paid Out	£47,535	£10,972	£209,331	£267,839
Average	£1,981	£1,219	£2,136	£2,045

All claims paid out in 2019 were Insurance Backed Guarantee claims.

£267,839

POLICY REVIEW

Despite BREXIT being the focus of almost everything policy-related, the world of consumer protection continued to move and develop. HIES spent a large part of the year getting to know the key opinion formers and makers in the world of consumer protection policy to understand what role we could play in reducing consumer detriment and raising industry standards.

With diminishing resources in public enforcement bodies such as trading standards, organisations such as HIES have been able to help provide consumers with quality assured tradespeople, which is also approved by Chartered Trading Standards Institute (CTSI) for dispute resolution. This means that consumers and businesses can use our dispute resolution process in complete confidence knowing that our processes and dispute resolution staff are fair, impartial and professional.



Adrian Simpson Director of Policy & Regulation

We are still awaiting the results of the consumer green paper entitled 'Modernising consumer markets.' This important document has shown the Department for Business, Energy and Industrial Strategy (BEIS) thinking around consumer protection. Among areas such as customer loyalty and data portability, the paper also covered Alternative Dispute Resolution (ADR) and suggested that ADR could be mandatory in the home improvement sector. We hope to see the results of the green paper responses in 2020.

The Feed-In Tariff which helped householders 'offset' the cost of renewable technology ended in March 2019, however, a new system called Smart Export Guarantee was introduced by BEIS in late 2019. Whether this will help the industry and consumers remains to be seen.

The process of drafting a Future Homes Standard also began in late 2019 which aimed to make homes of the future in England more energy efficient. However, we would really like to see the Government putting in place a retrofit strategy to make existing homes more comfortable and energy-efficient.

POLICY REVIEW

Key achievements

We are working even closer with regulators and Governments, both in the UK and within the nations to help even more consumers and support even more businesses. We continue to grow our network of partners and in particular, we will be looking to collaborate

• Worked with the Department for Business, Energy and Industrial Strategy (BEIS) to implement the Assignment of Rights to enable more consumers to access renewable heat technology

• Played an active part in the Scottish Parliaments Cross-Party Group on Consumer Protection for Home Energy Efficiency and Renewable Energy

- Responded to the Consumer Green Paper
- Gained approval from the Chartered Trading Standards Institute for our Alternative Dispute Resolution services
- Provided Trading Standards Officers and members with free training on consumer protection in the renewables market
- Entered into a partnership with West Yorkshire Trading Standards to offer assured Primary Authority Advice
- · Supported Trading Standards Officers with investigations into rogue traders
- · Began the process for a single home improvement code of practice

Looking ahead to 2020

We are working even closer with regulators and Governments, both in the UK and within the nations to help even more consumers and support even more businesses. We continue to grow our network of partners and in particular, we will be looking to collaborate with local authorities.





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