



ANNUAL REPORT

1ST JANUARY 2021 - 31ST DECEMBER 2021



“ As the Brand Ambassador for HIES, I truly believe it offers the ‘real deal’ in providing robust consumer protection and, even better, they provide strong support for the installer. I know that HIES is serious about raising standards and ensuring that everybody is treated fairly.

George Clarke
Brand Ambassador

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“ HIES is a Chartered Trading Standards Institute Consumer Code within the renewable sector. Our vision is all about transforming consumer protection and with new technologies appearing every year we adapt and evolve our consumer protection mechanisms.

Our mission is based on three fundamental principles:

- Protecting consumers;
- Supporting our installer members; and
- Raising industry standards.

As of 31/12/21, HIES:

- Protected over 161,895 customers;
- Covered over £1 billion worth of contract values;
- Received over 27,617 customer surveys on installer performance; and
- Professionally and quickly handled over 3,630 disputes between consumers and members.

Relationship Building

We regularly meet with civil servants, trade bodies, BEIS, Ofgem, Trustmark, MCS, Flexi-Orb and UKAS certification bodies to help shape the protection mechanisms within the renewable sector.

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 our scheme and the sector.”

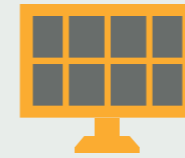


Faisal Hussain, Chief Executive

Where is the industry?

2021 has been a busy year for many renewable installers. With the home improvement boom that happened in 2021, many installers have experienced higher volumes of work. The Green Homes Grant Scheme launched at the end of 2020 and carried over in 2021 as part of the investment in 'green recovery' to make homes more energy efficient and create local jobs after a tough time with Coronavirus.

HIES has seen an increase in registrations for Solar PV, Air Source Heat Pumps, Battery Storage and Biomass. However, HIES has seen a decrease in registrations for Boilers. The figures below provide you with a snapshot of our experience in the last 12 months:



90.9% increase in Solar PV registrations



102.9% increase in Air Source Heat Pump registrations



14.7% decrease in Boiler registrations

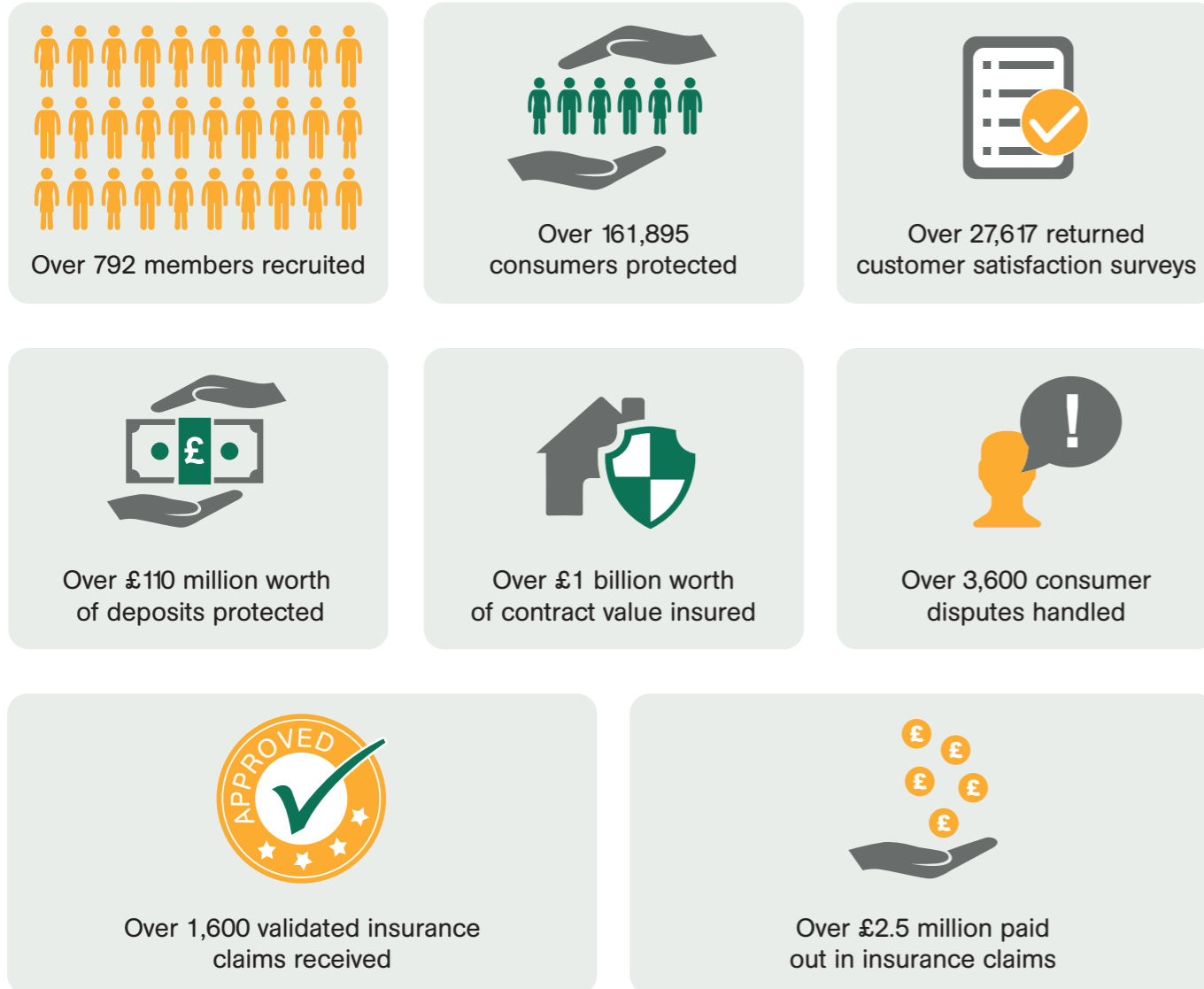


53.3% increase in Battery Storage registrations



183.3% increase in Biomass registrations

OVERVIEW OF HIES – SINCE OUR INCEPTION



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

- HIES is endorsed by George Clarke (architect and television presenter of Amazing Spaces and Old House, New Home on Channel 4),
- Vetted and accredited installers;
- Deposit and stage payment protection insurance that covers up to 25% of the contract value (maximum £5,000) for a period of 120 days, upon your installation being registered with HIES;
- Alternative dispute resolution;
- Consumer advice line;
- Insurance Backed Guarantee;
- Access to an Ombudsman should HIES be unable to resolve your complaint.



To receive the protection from our scheme consumers must:

- use a member during their period of membership
- hold a contract directly with the member
- the installation must be on a domestic property

Without the above we may not be able to protect consumers.

ACCREDITATION

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, provide consumers with deposit protection and an Insurance Backed Guarantee.

Accreditation Process

HIES's accreditation team carry out the following checks:

- Company and director background checks;
- Financial stability and accounts;
- Competency and qualifications;
- Review of subcontractors;
- FCA direct authorisation;
- Accreditations and MCS membership;
- Advertising and marketing materials;
- Contractual paperwork and terms;
- Number of corporate insolvencies of directors above £10k;
- Insurance protection;
- Product guarantees and service plans, and;
- Complaint handling procedures.

If an applicant does not meet the HIES minimum accreditation criteria, they may be rejected or 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).

Accreditation Scoring

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

Total Score	Risk rating
1001 - 1250	Minimal risk
751 - 1000	Low risk
501 - 750	Average risk
251 - 500	High risk
0 - 250	Maximum risk

MEMBERSHIP RECRUITMENT

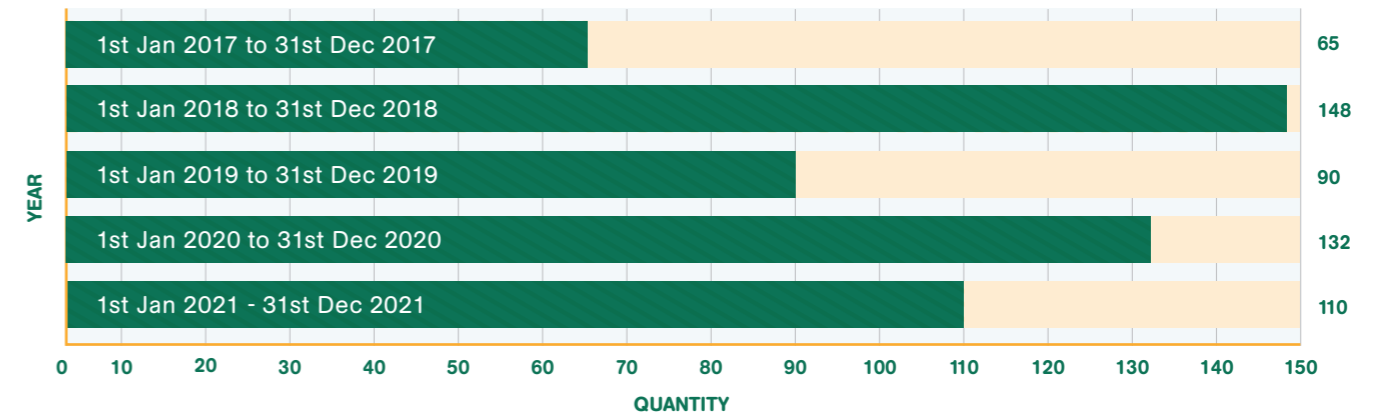
Within the last 12 months we have received 291 enquiries from installers interested in HIES membership. We accepted 110 members who met the HIES accreditation criteria. At the start of the year we had 12 installers in the accreditation process from the previous year. Below is a breakdown of what happened next:

	2020	2021
No. of membership enquiries generated	238	291
No. of installers already in accreditation from previous year	22	25
No. of installers entering accreditation	180	254
No. of installers not progressed to accreditation	20	34
No. of installers failed accreditation/ didn't complete process	48	114
No. of installers remaining in accreditation	22	55
No. of installers passed accreditation and accepted as HIES Members	132	110

Main reasons why installers fail accreditation:

- Ongoing/previous issues with another Code Sponsor
- No response to queries in relation to their application
- Non-submission of required documentation
- Directors' previous trading history
- Mis-selling statements on their website

NEW MEMBERS RECRUITED TO HIES

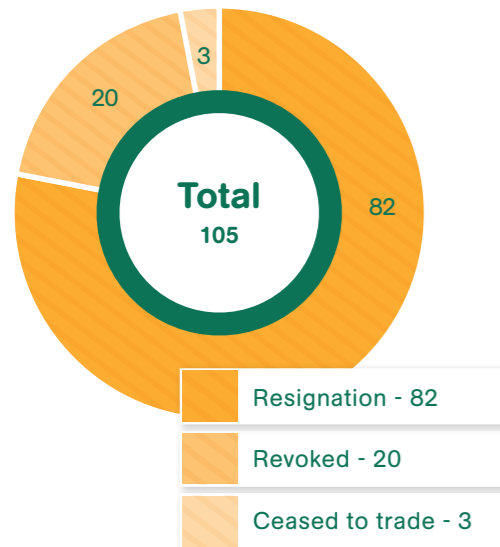


MEMBERSHIP RETENTION

Within the last 12 months there were 105 installers whose membership ceased with HIES.

Our current membership stands at 428 (as of 31/12/21). This compares to 434 members at the same period last year (31/12/20).

WHY MEMBERSHIP CEASED



Main reasons for resignation of membership:

- No longer operating in the marketplace
- Switched to another consumer code

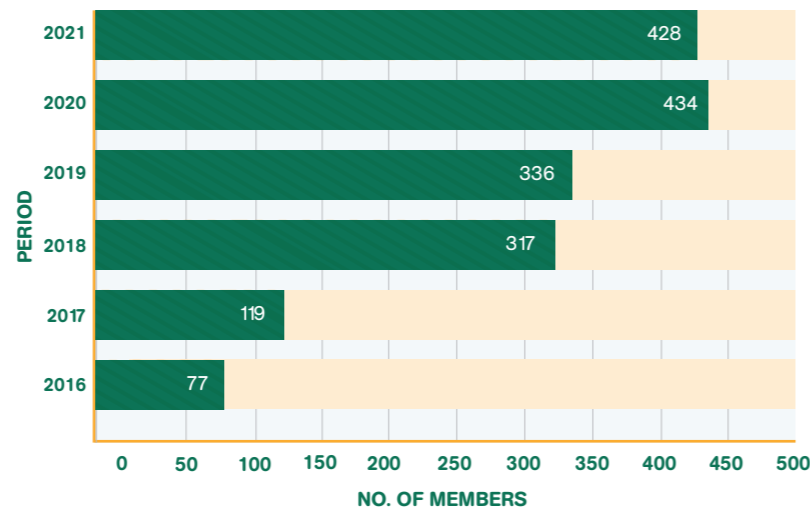
Main reasons for ceasing to trade:

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

Main reasons for expulsion of membership:

- Non-payment of fees
- Non-compliance with scheme rules

TOTAL HIES MEMBERSHIP



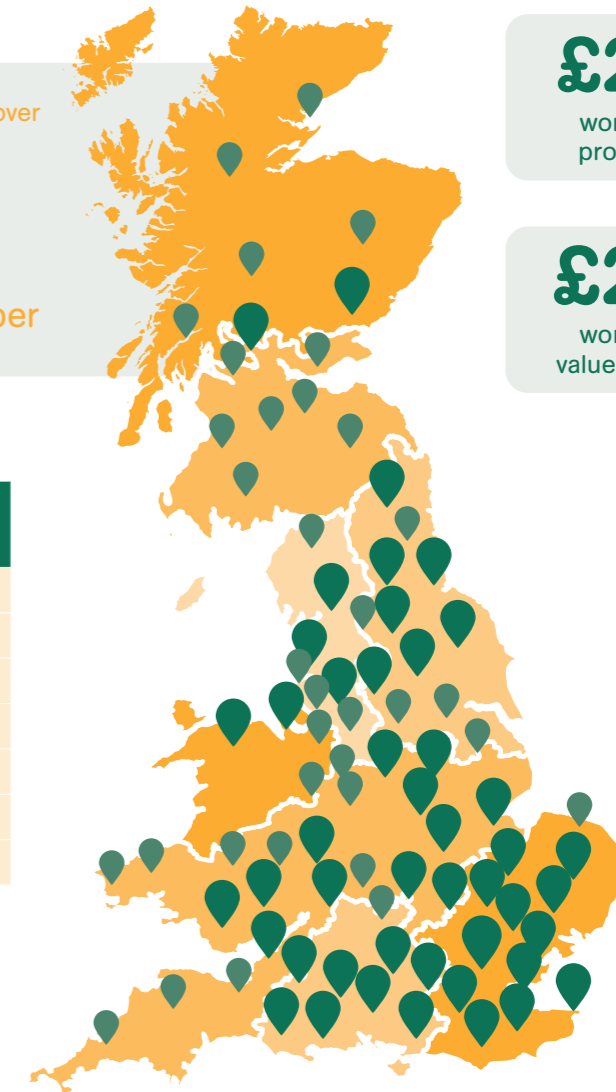
CONSUMERS USING A HIES MEMBER

Within the last 12 months we have seen over

30,462

consumers use a HIES member

Type of Product Installed by HIES Members	2020	2021
Solar PV	7,591	14,498
Boilers	968	825
Heat Pumps	3,347	6,793
Battery Storage	1,083	1,661
Biomass	6	17
Other	414	6,668
Total	13,409	30,462



£26.1m

worth of deposits protected in 2021

£273m

worth of contract value insured in 2021

DISPUTE RESOLUTION

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.

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

- **Mediation** - We employ professional, 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 use The Dispute Resolution Ombudsman to investigate and settle any disputes between members of our schemes and their consumers that may not have been settled at an earlier stage.

The Dispute Resolution Ombudsman are an independent, not-for-profit, government approved organisation set up to help resolve disputes and raise standards. Their decisions are binding on members, but are not binding on consumers, so using our The Dispute Resolution Ombudsman does not prevent a consumer from using the Courts.



DISPUTE RESOLUTION STATISTICS

The table below is a breakdown of the Dispute Resolution statistics for 2021

1st stage		
1st stage	No. of new complaints received	430
	No. of complaints resolved by 1st stage ADR	281
	% 1st stage ADR success rate	65.31%

2nd stage		
2nd stage	No. of new complaints passed to 2nd stage ADR	149
	No. of complaints resolved by 2nd stage ADR	136
	% 2nd stage ADR success rate	95.1%

8 complaints from 2021 were carried in 2022.

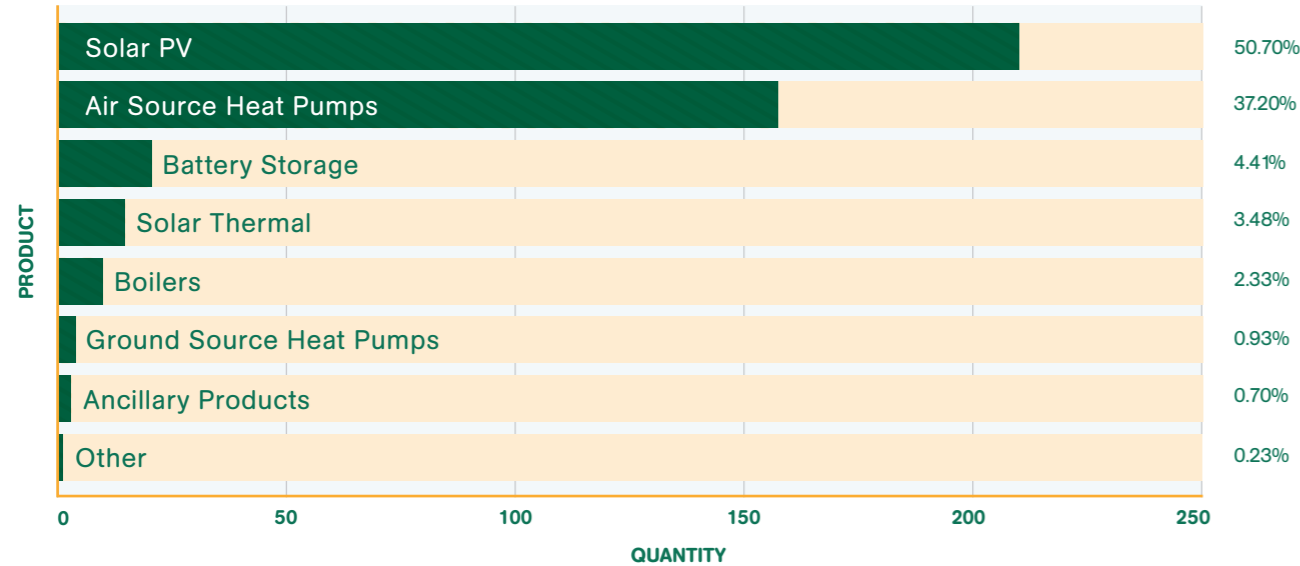
Ombudsman		
	No. of complaints referred to the Ombudsman	7

Main reasons for complaints in 2021:

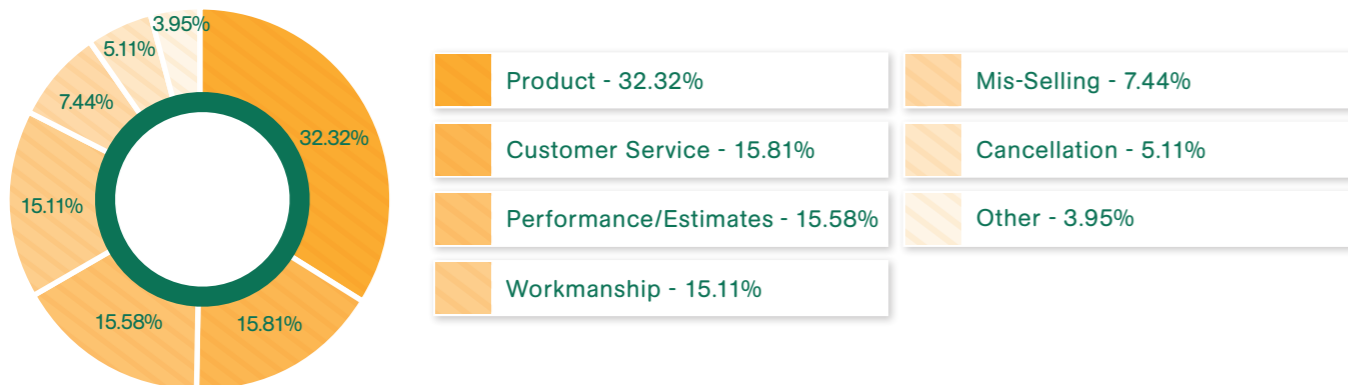
- Poor workmanship
- Product fault
- Performance estimates
- Mis-selling
- Customer service
- Compensation
- Cancellations

DISPUTE RESOLUTION STATISTICS

TYPE OF PRODUCTS COMPLAINED ABOUT IN 2021

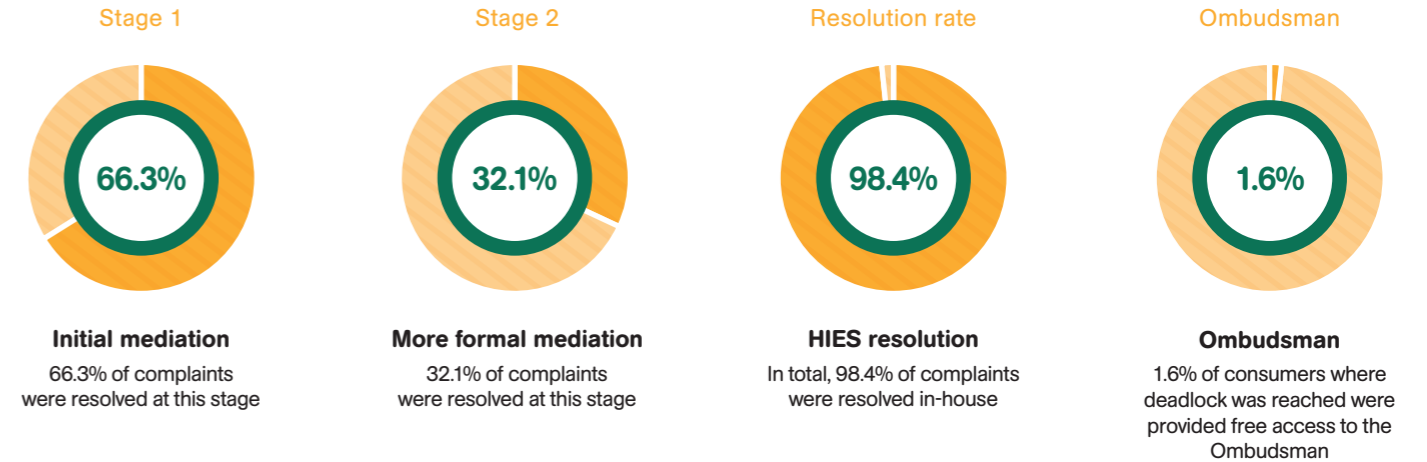


TYPE OF COMPLAINTS RECEIVED IN 2021



DISPUTE RESOLUTION STATISTICS

HIES's dispute resolution process achieved the following results in 2021:



8 days

was HIES's 2021 average dispute resolution time

INSURANCE CLAIMS STATISTICS

In 2021, consumers using a HIES member received Deposit & Stage Payment 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 insurers are Safe World Insurance Group UK Ltd, Safe World Insurance Group International Ltd and Enterprise Ltd.

The table below is a breakdown of insurance claims handled:

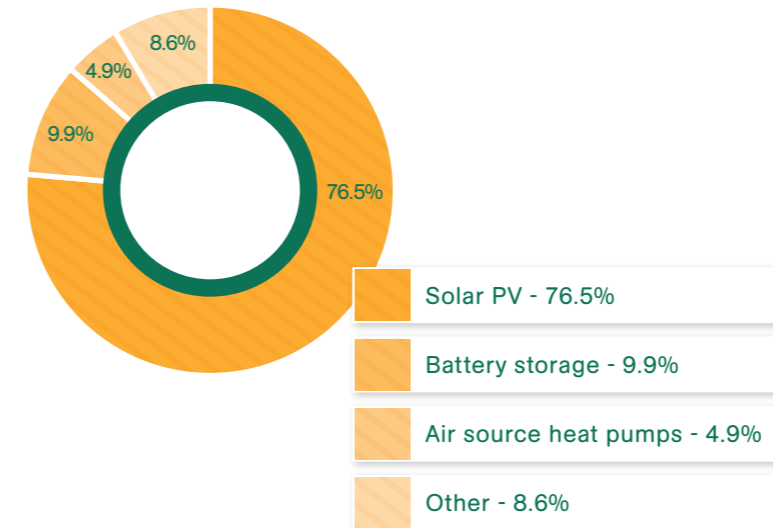
	2021
No. of claims received	157
Total number of claims successfully completed (includes claims from previous year)	81
Amount of money paid out or cost insurers to remedy installations	£164,702

***Main reasons for rejected claims:**

- IBG issued but work never completed
- No IBG issued despite work being completed
- Paid by credit card
- Performance issues not covered
- Policy expired
- Installer's warranty expired
- General exclusions of T&Cs
- Not covered under installer's guarantee

INSURANCE CLAIMS STATISTICS

TYPE OF CLAIM PAID OUT BY PRODUCT IN 2021

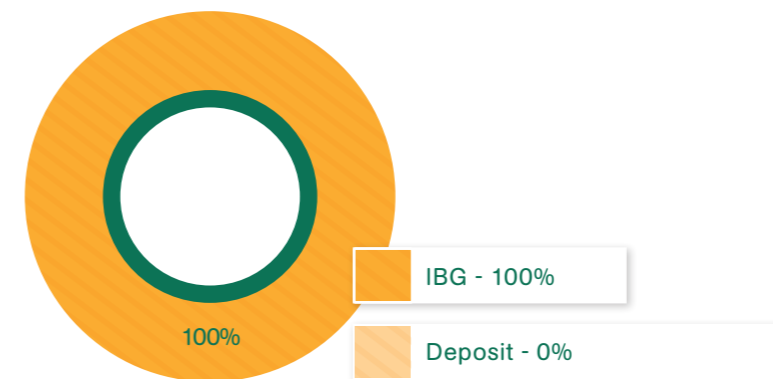


£2,145
average Solar PV claim payout

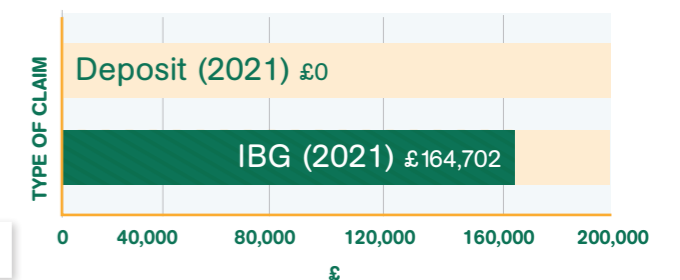
£1,514
average Air Source Heat Pump claim payout

£2,156
average Battery Storage claim payout

TYPE OF CLAIM IN 2021



VALUE OF CLAIMS PAID OUT



AUDITING OUR MEMBERSHIP

The auditing function ensures that members are complying with the Scheme Rules & Code of Practice. 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 however due to the COVID-19 pandemic, no onsite audits were carried out in 2021.
- **Annual health check** - 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. In 2021, we had 126 returned audits and from those, 72 (57%) 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.

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:

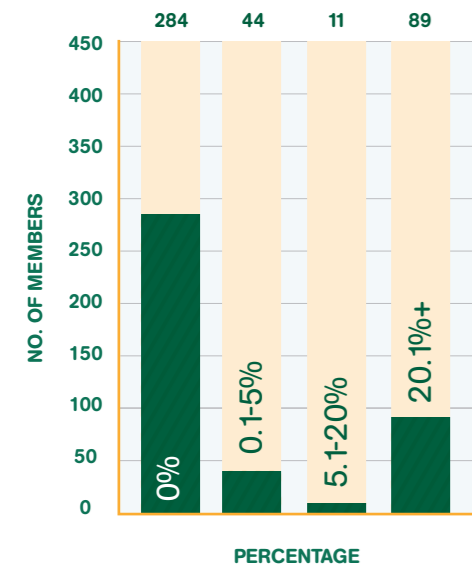
- Credit score
- Length of time trading
- Average contract value
- Average deposit value taken
- Length of HIES membership
- Overall customer satisfaction score
- Current unsatisfied consumer CCJs
- Number of complaints in the last 12 months
- Number of Ombudsman cases in the last 12 months
- Any unsatisfied 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 successful 3-month period the member may be placed on enhanced monitoring with the potential of an onsite audit.

MONITORING CONSUMER COMPLAINTS

We analyse the number of complaints our members received within a 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. The graph below shows the results of our analysis across the membership:

COMPLAINT RATIO



Analysis of Results

- 66.4% of members had 0 complaints
- 20.7% of members had a complaint ratio more than 20%
- 10.2% of members had a complaint ratio between 0.1 - 5%
- 2.6% of members had a complaint ratio between 5.1 - 20%

The next step

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.

ONSITE AUDIT

No onsite audits were carried out in 2021 due to the COVID-19 pandemic however below is a breakdown of how HIES usually conduct an annual 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.

MEMBERSHIP REVIEW PANEL

There were 2 installers referred to the Membership Review Panel (MRP) within the last 12 months. 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 with HIES Standard Terms of Membership and Code of Practice
Non-compliance with MCS or Certification Bodies rules

Results of the MRP
Enhanced monitoring
Termination of membership

There were no members referred to the Non-Compliance Panel or the Appeals Panel in 2021.

POLICY REVIEW

2021 saw the repercussions from the Coronavirus pandemic that began in 2020.

It seems that in 2021 consumers continued to embrace home improvements and spent money on improving their homes.

The Green Homes Grant Scheme continued into 2021 which was launched in hope to improve energy efficiency and create more jobs in the green economy. Unfortunately, many installers and consumers experienced significant problems with the scheme including slow payments to installers, rejection of consumer quotes because they were too high, and not enough heat pumps being available.

In 2021, Government announced plans for a new initiative known as the Boiler Upgrade Scheme (previously referred to as the Clean Heat Grant). The hope is that the Boiler Upgrade Scheme will incentivise people to install low-carbon heating systems in a simple, fair and cheap way as they replace their old boilers over the next decade. The Scheme is due to launch in 2022.

We continue to work with key decision makers to ensure that consumers who use our members are able to buy with confidence.

This year we have worked with:

- The Department for Business, Energy and Industrial Strategy;
- The National Home Improvement Council;
- The Chartered Trading Standards Institute to keep in place our schemes approval and provide consumers with advice;
- TrustMark;
- Trading Standards Services to provide technical advice and support with enforcement work.

2022 will hopefully see the launch of new schemes aimed at increasing consumer uptake of renewable energy. We hope to see that key decision makers have learnt from past mistakes; installers who take part in government schemes will see benefits to their businesses and consumers will see the benefits of renewable energy technology.



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