businesscompanion
trading standards law explained

Introduction

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Foreword

The UK's journey towards net zero will require a concerted effort on the part of every consumer and business in the country. It will require consumers to be well informed about energy-efficient ways of powering their homes; and it will require businesses operating in the domestic energy sector to adhere to high standards of technical expertise, professionalism and customer service.

The opportunities represented by net zero are plain to see. As well as the long-term environmental benefits at stake, there are substantial rewards for businesses that manage to successfully gain a foothold in the domestic energy sector. By following best practice and operating within the law, such businesses stand to benefit enormously.

As well as the potential opportunities however, there are some important things that businesses need to bear in mind. Because the domestic energy sector relies on fairly complex and expensive technologies with which the majority of consumers will be unfamiliar, it is vital that businesses are particularly careful about the information they impart and the claims they make. It is also crucial that businesses take extra care to ensure their customers understand what they are paying for when they agree to buy a new piece of technology or have it installed in their homes.

Net zero's success will rely on consumer confidence and trust. This guide sets out, in plain English, what businesses must - and must not - do if they want to demonstrate that they have what it takes to earn that trust.

Being aware of the issues around consumer vulnerability, and developing a policy to accommodate it, will help to ensure your customers are satisfied, everyone gets a fair deal, and those most in need of protection are safeguarded.

Background

The UK Government's goal for the country to achieve net zero by 2050 is a massive challenge, and facing up to this challenge cannot be left to industry alone. The only way that we stand any chance of reaching the target is through the actions of householders who consume energy to generate heat and hot water, and to operate a range of domestic appliances. Home heating alone represents around 17% of all UK

carbon emissions (HM Government *Heat and Buildings Strategy*).

With the escalating cost of domestic gas and electricity, householders are taking much more interest in finding ways to reduce their energy consumption and to save money.
Gas appliances will eventually be phased out and homes will be predominantly electric only, placing enormous pressure on the National Grid. At present, the National Grid relies on fossil fuels to produce around 40% of our electricity but this will reduce as we move towards more and more non-fossil fuel generation through wind, solar and nuclear power.

In the meantime, households are being encouraged to make changes in order to reduce energy consumption, which will reduce reliance on fossil fuels, reduce carbon emissions and save money. There are a range of renewable energy, green heating and insulation measures that can be installed:

- **heat pumps.** These draw heat from a low temperature source and raise it to a higher temperature. There are two main types for domestic premises:
    - air source, where heat is extracted from the outside air
    - ground source, where heat is extracted from fluid running through pipes buried in the ground
- **home solar.** This uses energy from the sun to generate electricity (solar PV) or to heat up water (solar thermal). Solar systems are typically installed on the roofs of homes
- **battery storage.** This allows any electricity generated, particularly by solar PV, to be stored so it can be used later when it is needed and when demand on the National Grid is greatest. Home batteries, and potentially batteries installed in electric cars, will assist in ironing out the peaks and troughs in electricity demand in the future
- **insulation.** This helps to keep heat in the home and can be applied in the loft, in cavity walls, underfloor or added to solid walls. Double glazing can also be included in this category
- **biomass boilers.** These work in a similar way to a standard gas boiler but use a renewable material such as wood pellets as fuel
- **hydrogen-ready boilers.** These can be switched from natural gas to operate on hydrogen instead. They are not currently available, but trials of hydrogen-powered boilers are underway as this technology is being developed
- **wind turbines.** These are relatively rare in domestic settings but where installed, they can be linked into battery storage in the same way as solar PV

A previous Business Companion guide was produced in 2022 focusing on 'Renewable energy'. This guide included details on how to become a certified installer, current incentive schemes, some basic best practice guidance and some basic information on consumer protection law. This new guide is intended to provide much more detail on the consumer protection law that applies to those businesses installing measures in domestic premises, and will give more practical and relevant best practice guidance.

Many businesses in the renewable energy, green heating and insulation sector may already belong to a trader scheme or approved code scheme. These businesses must follow any codes applicable to their scheme and it is anticipated that this Business Companion guidance will duplicate many of those responsibilities. However, there may be some additional legal and best practice guidance in this guide that businesses may wish to adopt.

Understanding consumer vulnerability

The most important consideration for businesses that operate in the domestic renewable energy, green heating and insulation sector is to understand how complex this market appears to the average consumer.

Technology is changing all the time and it is difficult for the majority of consumers to understand the products that are available and how they work. The sector relies on complex technical data, unfamiliar terminology and numerous acronyms. Add to this the fact that consumers are constantly exposed to

messaging around climate change, which, combined with increasing worries about soaring energy prices, make them feel pressurised to 'do something' in their home. Then add in the high costs that can be associated with installing measures - for example, depending on the type of system, storage capacity and quality of manufacture, it is easy to spend £10,000 plus for an average solar PV and battery installation.

This perfect storm makes consumers particularly vulnerable to being exploited. They are reliant on businesses as the experts, and this means that they are more likely to be ripped off by unscrupulous and fraudulent traders. It is also possible that information provided by some businesses may be biased towards the positives, failing to reflect some of the drawbacks such as ongoing maintenance costs.

There are laws in place to protect consumers from aggressive and misleading practices, which will be explained in this guide. These laws create criminal offences that, in the worst cases, can result in unlimited fines and prison. In order to make the transition to net zero as effective and successful as possible, consumers must have confidence in businesses that install measures in their homes.

By following the legal requirements and best practice guidance contained within this guide, it will be easier to demonstrate that a vulnerable consumer has not been taken advantage of. This will build the reputation of the sector, encouraging others to participate who may previously have been unsure about having work carried out. It is a wonderful opportunity for reputable businesses to thrive.

Structure of the guidance

This guide will set out the preferred consumer journey for having measures installed in the home and will set out legislative requirements and best practice guidance at each stage. Business Companion already contains detailed guidance on a vast range of Trading Standards legislation and there will be links to this where needed.

There are three main stages to the consumer journey, which are reflected in the first three parts of this guide:

- **Part 1.** How businesses promote their products and services
- **Part 2.** The engagement with consumers by businesses before, during and after the purchase and installation of any measures
- **Part 3.** The complaints and redress process if things go wrong

There then follows a final part of the guidance, which contains information that is pertinent to the whole process.

> Part 1. Promotion

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