Renewable Energy Consumer Code

1 Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (CCRs)

2 Scenario based guidance

3 RECC’s toolkit of solutions to compliance

4 Questions
RECC

Aims to help consumers in two ways:

By providing useful information to consumers

By promoting best practice through the Consumer Code

Consumer Code Par 1.1
The Code is *not* a statement of aims and aspirations

Instead, the Code is compulsory and compliance is monitored using:

- self-assessment checks
- application spot-checks
- audits
- consumer satisfaction questionnaires
- ‘mystery shopping’
- complaints monitoring
The Code is Trading Standards Institute approved under the Consumer Codes Approval Scheme.

Which is a mark of the highest consumer standards as set out in the Code.
Many laws and standards impact on the sector.

The most recent in June 2014: 

*Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013*
These regulations set out:

- the information which a trader must give to a consumer before and after making a sale

- how that information should be given

- the right for consumers to change their minds when buying at a distance or off-premises....

- delivery times and passing of risk

- a prohibition on any additional payments which appear as a default option

Department of Business Innovation and Skills
The law on information provision extends to 24 points as listed in Schedule 2:

Including: **information about the trader**; the price; **delivery costs**; payment arrangements; **complaint handling policy**; after-sales assistance conditions
The regulations have radically changed some legal definitions. For example:

Home Selling
Distance Selling
On-Premises Selling
If your contracts are defined as ‘off premises’ or ‘distance’ selling then new cancellation rights apply:

- cancellation period extends from 7 to 14 calendar days

- for sectors such as microgeneration, the period starts on the day the last part of the goods relating to the contract is delivered to the customer.

- where the consumer cancels a contract, any ancillary contract (such as a warranty or credit agreement) is automatically cancelled.
Strict laws also apply to ‘off premises’ or ‘distance’ contracts:

- failing to give a consumer written notice that they can cancel the contract may be a criminal offence

- the cancellation period may be extended up to 12 months or until the Code member has complied with its legal obligations (to give the consumer written notice).

- the notice Code members provide must be exactly in line with Schedule 3 of the Regulations (the Cancellation notice).
Scenario 1

“My company uses sales agents who visit customers in their homes. They talk to customers, explain the benefits of a PV Solar installation and they invite customers to sign agreements during their visit. If the customer agrees, the sales agent will do a quick survey and the customer will pay a deposit there and then when the contract is signed”.

We all understand this to mean home selling and under the new Regulations these contracts would be defined as ‘off premises’.
Scenario 2
Would this practice be in same category?

“Our technical advisors act as our sales agents. They visit customers to talk about our biomass products and we normally leave quotes and order forms with customers to send back if they decide to commit to the contract. However, the quote is only valid for 48 hours.”
Scenario 2

If the company leaves the quote and contract agreement for the customer to consider – but it is only valid for 48 hours – then this is also likely to be defined as an ‘off-premises’ contract. Customers must have ‘time to reflect’.
Scenario 3

When members of our sales team make home visits they sometimes leave quotes and order forms with customers to send back if they decide to commit to the contract. If we don’t hear from those customers within a couple of days then we’ll phone them to ask them if they’ve made a decision.
Scenario 3

As with Scenario 2, if the company leaves the quote and contract agreement for the customer to consider – but puts sales pressure on the customer by phoning to ask for a decision – then this is also likely to be defined as an ‘off-premises’ contract. Customers must have ‘time to reflect’.
Scenario 4

“I recently visited a customer to talk to them about an air source heat pump. The customer said she was very interested - I gave her a quote and contract agreement to consider. I had no further contact with her after I left the house. After a few days her completed order form arrived at the office with a deposit.”
Scenario 4

Because this customer has had ‘time to reflect’ without further visits, phone calls or deadlines, then this agreement would probably be defined as an ‘on-premises’ contract.
Scenario 5

How would this scenario fit within the new regulations?

*My technical advisor or surveyor usually visits a customer to carry out a technical survey and she does not talk to the customer about the contract or the quote. Once we have the measurements, we then put the quote in the post to the customer. If the customer has any questions we deal with those by email or by phone.*
Scenario 5

This scenario is not unusual in microgeneration but the best advice we can get from Business Innovations and Skills and from Trading Standards is that this would be defined as a ‘distance’ contract. The company does visit the customer, but the actual contract is negotiated and agreed by distance.
Many Other Compliance Issues Related to the CCRs

Such as the issue of Express Consent
Scenario 6

One frequently asked question:
My customer is keen for us to start their Heat Pump installation as soon as possible. Under the new Regulations, is there any way we can start the ground works installation before the end of the Cancellation Period without putting at risk all the money we spend on this work if the customer does decide to cancel within the 14-day period.
Scenario 6

Under the regulations, the issue is one of ‘express consent.’ This means that they must give you written consent (by letter or email for example) to start the work. If your customer does give you ‘express consent’ and then later cancels within the 14-day period, your company may deduct money for goods used, or recoup the cost of any services delivered until the point of cancellation.
Scenario 7

Another question:

We often arrange to start work on installations very soon after contracts are signed. To help with this we’ve included a ‘request’ box in our contract. If the customer ticks this box then this gives us permission to start the work before the end of the cancellation period.

Does this comply with the new Regulations?
Scenario 7

*Please Note:* a ‘tick box’ in the contract for consent to the work is **NOT** acceptable.
The New CCRs and RECC

Code members who provide consumers with a contract or quotation for them to sign and return in their own time must:

• explain how the consumer can cancel the contract in line with the Code;
• give the name and address of the person to contact in this event;
• provide a prominent cancellation form as part of the contract document;
• provide a 14 day cancellation period.
Business Models

The legal definition of home selling has changed.... But there are a range of business model types that can be used to make sure company practice remains within the Regulations and the Code.
Shift to ‘on-premises’ selling

Some companies that ‘sell in the home’ are changing procedures to make sure their contracts are not agreed ‘off-premises’ (or distance)
Delay installs until after the cancellation period ends

Companies can maintain ‘off-premises’ selling by allowing the 14-day cancellation period after delivery. The goods remain stored at the customer’s premises.

Please note – you must be aware of Regulation 10 and Schedule 2. The customer must be informed of their right to Cancel.
Ask for Express Permission

Companies can start installation work before the end of the cancellation period – but only if the customer gives ‘express permission’ for this.

The rules on this are strict and, again, Regulation 10 and Schedule 2 are crucial. The customer must be informed of their right to Cancel.

Failure to fully comply with the rules on information – is serious, may be a criminal offence and the installer may be in breach of contract.
Invalid Business Models

A company cannot install during the cancellation period unless it has express permission to do so.

Supply of service in cancellation period

36.—(1) The trader must not begin the supply of a service before the end of the cancellation period provided for in regulation 30(1) unless the consumer—

(a) has made an express request, and
(b) in the case of an off-premises contract, has made the request on a durable medium.
Invalid Business Models 2

Express permission to install during the cancellation period cannot be given by the customer within the contract document.

(6) The consumer bears no cost for supply of the service, in full or in part, in the cancellation period, if—

(a) the trader has failed to provide the consumer with the information on the right to cancel required by paragraph (l) of Schedule 2, or the information on payment of that cost required by paragraph (n) of that Schedule, in accordance with Part 2, or

(b) the service is not supplied in response to a request in accordance with paragraph (1).
Other laws and regulations with major impact on sector

- **Consumer Protection from Unfair Trading Regulations 2008**
- **Unfair terms in Consumer Contracts Regulations 1999**
- **Sale of Goods Act 1979**
- **Supply of Goods and Services Act 1982**
Industry-specific standards and rules

- MCS Standards
- Green Deal (Code of Practice) if applicable
- RECC

Industry-specific legislation

- The Domestic Renewable Heat Incentive Scheme Regulations 2014
- 2008 Energy Act (Feed in Tariff) and related Statutory Instrument
- The Green Deal Framework Regulations 2012
RECC’s Toolkit of Solutions
Guidance and Model Documents

To help our members comply with the Code

We have prepared guidance and model documents to help our members who sign contracts with domestic consumers comply with the Code and relevant legislation. For technology specific documents please click on the relevant sub-headings on the left hand side.

Guidance

1. Guidance on consumer protection legislation (pdf)
2. Guidance on audit compliance checks (xls)
3. Guidance on dealing with vulnerable consumers (pdf)
4. FAQs on third party client accounts (pdf)
5. BIS guidance on the Consumer Contract Regulations 2013 (pdf)
6. BIS Guidance for Business on the Revision of Service Regulations (pdf)

Model Documents

1. Model contract (docx)
2. Model installer warranty (docx)
3. Model Cancellation Form (for companies who DO sell in the home, or by distance) (docx)
4. Model Cancellation Form (for companies who DO NOT sell in the home, or by distance) (docx)
RECC’s model contract

Compliant with:

- the Code
- Unfair Contract Terms legislation
- new Consumer Contract Regulations

Written in Plain English
Checked by Trading Standards

Adapt to your own business model
Technology-specific model documents

Heat pumps Guidance and Model Documents
To help our members comply with the Code

The following 'proposal pack' and associated guidance is suitable for members proposing the installation of heat pumps for domestic consumers.

Guidance
1. Guidance on heat pumps performance presentation (pdf)
2. Guidance on Consumer Proposals (pdf)

Proposal pack model documents
1. Model covering letter for proposals (docx)
2. Model performance estimate (docx)
3. Model performance estimate (no site survey) (docx)
4. Model quotation and order form (docx)
...easily adapted to suit most business models with prompts for compulsory information...

1.1 Your energy needs:
We estimate that you will need [insert] kWh per year to heat your home to a comfortable level and provide you with enough hot water. This amount includes [insert] kWh per annum to heat your living space (‘space heating’) and [insert] kWh to heat your hot water. These estimates are based on a detailed technical survey of your property as detailed in the Microgeneration Certification Scheme standard that applies for heat pumps.

1.2 Your installation design:
Your heat pump is expected to provide [insert]% of your space heating needs and [insert]% of your hot water.

You will need an additional heating source to heat [insert]% of your domestic hot water. These figures are explained in more detail in section 2: Your installation design.
MCS compliant with full ‘payback’ assessments according to FIT and RHI rules

Section 3: Income and Benefit

Important: The following calculations are based on the heat use figures contained in your valid Energy Performance Certificate. We cannot base your predicted income unless your EPC is available.

To calculate the total benefit compared to costs of this installation we need to consider:

A: Your predicted heat usage as stated in your valid EPC. 16,500kWh energy used

Electricity – [insert]kWh @ eg: 14p = £[insert]

Gas [if applicable] – [insert]kWh @ eg: 5p = £[insert]

Oil [if applicable] – [insert]kWh @ eg: 6.5p = £[insert]

Total current spend = eg: £1,200

B: Total annual running costs of proposed system based on eg: 5,500 kWh electrical system performance = eg: £770 as detailed in ‘Running Costs’ above.

C: Total Current Spend less Running costs of proposed system – eg: £420

RECC
RENEWABLE ENERGY CONSUMER CODE
The models include compliant covering letters, performance estimates and quote order forms.
RECC’s Comprehensive Training on all regulations and rules governing Microgeneration

Training in consumer protection legislation

An on-line training resource to help your business to comply

We have prepared this online training material to help you understand how to comply with the laws and regulations that govern the way you do business and how to comply with the Renewable Energy Consumer Code (RECC). Complying with the Code, and ensuring that all your employees understand the Code and comply with it, is not optional – it is mandatory as a condition of your membership of the RECC.

This training material covers all areas of your business, from advertising and marketing through to sales, contracts, installations and after-sales service.

You can read this training online, or you can print sections off to read offline. The training includes references throughout to the relevant Sections of the Consumer Code, as well as to the RECC Model Contract and the RECC Model Quotation, so you should read this training alongside those documents. There are also links throughout to help and advice from other organisations.

This training will be updated regularly and we will be adding some interactive features and other resources soon. In the meantime, do please let us know if you find it helpful, or if you have any suggestions for how it could be improved.

RECC has also developed an Interactive Training package for use by all staff.
With practice tests and exams that companies can use to track staff training

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Apply your knowledge:
The information below was published in a RECC member’s advert for an air source heat pump.

Which statements below about the advert are true? (You can choose more than one).

- The text box contains multiple choice questions on case studies and illustrations.

- The claim that air source heat pumps produce around 4kw of heat for every 1kw of electrical power used is roughly correct.
- In adverts, companies can quote the best performance figures for the equipment they sell.
- Adverts should not imply that all customers in all circumstances will achieve the best results.
- When describing the best possible results from a system the advert should describe the property and the circumstances.

Confirm Answer
Staff members can print results for practice sessions or results

Session Complete!
Thank you for using the online training system

2. Pre-sales activities
Lorem ipsum dolor sit amet, consectetur adipiscing elit.
Nam odio justo, vehicula a tincidunt ut, placerat sed dolor.

Exam taken by h on 29/10/2014 07:40:31
You have completed this exam and your score was:

5 out of 16 correct (31.3%)
Please do print this page if you wish to retain a copy.
See the RECC Members’ Area for more guidance and model document tools

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Questions?