



Department  
of Energy &  
Climate Change

# Consultation on the proposal to amend the information to be included in section 77A statements relating to Green Deal consumer credit agreements

14 January 2014

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# 1. Introduction

The Energy Act 2011 introduced a new type of credit arrangement called the “Green Deal” which enables owners and occupiers to make energy efficiency improvements to their property. The improvements are paid for over time through instalments added to the electricity bill for the property. Responsibility for making those instalments rests with the person who is, for the time being, responsible for paying the property’s electricity bill (the bill payer). Therefore, when someone moves out of a property and ceases to be the electricity bill payer, they will no longer be responsible for the repayments.

The arrangement introduced by the Green Deal is termed a “Green Deal Plan” which includes a novel type of unsecured credit for energy efficiency improvements arranged at the initiative of an owner or occupier of a property (known as the improver). A Green Deal Plan is a contract for the supply and installation of energy efficiency improvements and the financing of those improvements.

Where the person signing the agreement is an individual<sup>1</sup>, the Green Deal Plan may be a regulated consumer credit agreement under the Consumer Credit Act 1974 (CCA).<sup>2</sup> The CCA regulates the manner in which credit agreements are entered into as well as the conduct of the creditor.

The CCA requires that certain information and statements are given to debtors under regulated consumer credit agreements either periodically or on request. In particular, section 77A requires the provision of periodic statements at least annually.

We propose to make a few specific amendments to the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007, using the power in section 77A(2) of the CCA, to provide confidence to stakeholders that they can issue section 77A statements that are compliant with the requirements set out in these Regulations. We also intend to ensure that debtors receive statements which are clear and intelligible and contain information that is relevant to them. These amendments do not change policy or the way in which the Green Deal works. The purpose of this consultation is to seek stakeholder views on the detail of these proposed amendments. We are also keen to gain an understanding of whether our proposals will be practical for Green Deal providers<sup>3</sup> to implement.

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<sup>1</sup> As defined by section 189 of the Consumer Credit Act 1974.

<sup>2</sup> On 9 January 2014 the Government laid the Consumer Credit Act 1974 (Green Deal) (Amendment) Order 2014 which will change the circumstances in which a Green Deal consumer credit agreement will be regulated.

<sup>3</sup> The person who makes the improvements is the Green Deal Provider.

## 2. Issue

Some stakeholders have stated that due to the specific nature of the Green Deal, they are facing challenges in meeting the requirements associated with issuing section 77A statements in relation to the scheme. They have therefore queried whether there is a risk that section 77A statements issued during the course of a Green Deal Plan could be viewed as non-compliant and whether in every case the information provided will be beneficial to the consumer. We have looked at this and believe there are three issues associated with the requirements set out in the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007:

- Issue 1:

Electricity suppliers will be collecting Green Deal repayments from customers on behalf of Green Deal providers. As set out in the Green Deal Arrangements Agreement (GDAA)<sup>4</sup>, electricity suppliers have three working days to remit those repayments to Green Deal providers, or a third party financier. Due to this time delay, it is possible that a Green Deal provider may not be aware of a recent payment by a customer and therefore will be unable to reflect this payment in a section 77A statement should one need to be issued before the payment is received. Furthermore, in the case of a customer using a prepayment meter, there is no clear date when a Green Deal payment is made by the customer. The customer will top-up their meter as needed. Fractions of Green Deal payments will be deducted from the meter balance several times a day. A statement which showed every fraction would contain hundreds of payments. This would be confusing and not particularly useful to consumers.

- Issue 2:

The regulations set out that section 77A statements must include the amount and date of any payment made into the account by, or to the credit of, the debtor during the period to which the statement relates. We take the view that statements should set out the dates and amounts of payments that are made into the account of the electricity supplier (as the agent of the Green Deal provider) by the consumer (as opposed to payments that are made into the account of the Green Deal provider from the electricity supplier).

- Issue 3:

A unique feature of Green Deal Plans is that the person responsible for making repayments under the credit agreement automatically transfers, by operation of law, when a new customer becomes responsible for paying the electricity supply at the property. The new customer will not assume any liability for Green Deal payment arrears accrued by previous customers. The opening and closing balances in statements (referred to in paragraphs 3(f) and 3(j) of Part 1 of Schedule 1 of the Regulations) should not include arrears accrued by previous customers. If such arrears were included, there could be a risk that information relating to other bill payers is disclosed to the person receiving the statement.

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<sup>4</sup> <http://gdorb.decc.gov.uk/gdaa>

# 3. Proposed solution

In light of these stakeholder concerns, DECC proposes to amend the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007 for the purpose of Green Deal Plans.

In order to resolve **issue 1** we propose to:

- (a) Provide that a statement does not breach the regulations if:
  - it omits a payment which the creditor has not received from the electricity supplier provided that the creditor is not aware of the payment by other means, or
  - the statement contains an estimate of the amount of the payment, the estimated date the payment was received by the electricity supplier<sup>5</sup>, if the creditor has been informed by the electricity supplier for the property that the bill payer uses a prepayment meter and the creditor is not aware of the date on which a payment was made into the account. Such estimates will lead to fewer payments being shown on the statement and might better reflect the actual payments made by prepayment meter customers. Where such payments have been estimated, we also intend to make provision for balances and interest to be estimated.
  
- (b) Require creditors to include an explanatory paragraph which explains:
  - that a payment may not be included in the statement if it has not yet been received by the creditor from the electricity supplier, and
  - to bill payers who have made payments using a prepayment meter, that their statement may show estimates of the dates and amounts when payments were received by the electricity supplier and may include payments which have not yet been made. These dates and amounts may not correspond to the date on which and the amount by which the bill payer topped up their prepayment meter.

To resolve **issue 3** we propose to clarify that a statement given to a customer should only contain information pertaining to him or her, not to other customers and balances should not include amounts which are owed by previous bill payers. Our rationale for this is that we believe it would not be in line with data protection principles for a consumer to be provided with information that could let them determine that arrears are owed by previous bill payers and the amount of those arrears. Furthermore, as the customer is not liable for those arrears, the balance of account is more accurate if it disregards them.

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<sup>5</sup> DECC intends to work with electricity suppliers to provide guidance for creditors that will allow them to calculate reasonable estimates of the dates that electricity suppliers receive payment from their prepayment meter customers. Alternatively it could be stipulated in regulations that a weekly payment to electricity suppliers from prepayment meter customers should be assumed.

Regarding **issue 2**, we propose making an amendment to put beyond doubt that the date and amount of any payment required to be listed by virtue of paragraph 3(g) of Part 1 of Schedule 1 means the date and amount of any payments that are made into the account of the electricity supplier (as the agent of the Green Deal provider).

<b>Consultation Question</b>	
<b>1a)</b>	<p><b>Do you agree that the proposed amendments are sufficient to issue compliant section 77A statements for Green Deal Plans?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please explain why and outline what amendments you think are required?</b></p>
<b>1b)</b>	<p><b>Do you think that the proposed amendments will result in statements that are understandable to consumers?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please explain why.</b></p>
<b>1c)</b>	<p><b>Are you content that the proposed amendments will be practical for Providers to implement?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please explain why.</b></p>

## Draft amendment to the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007

A copy of our proposed draft amendments can be found at Annex 1.

New definitions have been added to regulation 2 (“Interpretation”) using similar language, where appropriate, to that used in the proposed new section 189B in the CCA<sup>6</sup>. For the term ‘prepayment meter’ we propose using the definition in the Electricity (Prepayment Meter) Regulations 2006.

The proposed new regulation 6A provides that where the statement relates to a Green Deal consumer credit agreement:

- the information contained in the statement, including any balance shown, must not include any payments made by or movements relating to anyone other than the current bill payer.
- balances shown must also be calculated on the assumption that all instalments that were due before the date that the current bill payer became liable for instalments were paid on time. This is intended to ensure that statements will not include any arrears built up by a previous bill payer.

### Consultation Question

<b>2.</b>	<b>With regards to issue 2, do you agree with our proposal that the payments that should be reflected in the statement are those that are made into the account of the electricity supplier (as they are the agent of the Green Deal provider)?</b>  <b>Yes/No</b>  <b>If no, please explain why.</b>
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### Consultation Question

<b>3.</b>	<b>Are you content that regulation 6A resolves issue 3 in a way which is practical to implement?</b>  <b>Yes/No</b>  <b>If no, please outline your concerns with our proposed approach and if possible suggest an alternative approach.</b>
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<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226657/Government\\_response\\_-\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226657/Government_response_-_FINAL.pdf)

The proposed new regulation 41A provides that, as described above, a statement relating to a Green Deal consumer credit agreement will not breach the regulations if it omits a payment which the creditor has not received from the electricity supplier, or where the bill payer makes payments via a prepayment meter, estimates are used for the amount and date of the payments received by the electricity supplier, the balance or interest which falls due.

<b>Consultation Question</b>	
<b>4a)</b>	<p><b>Are you content that the regulation 41A resolves issue 1 in a way which is practical to implement?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please outline your concerns with our proposed approach and if possible suggest an alternative approach.</b></p>
<b>Consultation Question</b>	
<b>4b)</b>	<p><b>For the estimated date of payments received by electricity suppliers from prepayment customers, are you content to use future guidance provided by DECC or would you prefer a fixed weekly frequency?</b></p> <p><b>Please outline the reasons for your preference.</b></p>

In Part 1 of Schedule 1, the proposed new paragraph 3(k) provides that statements relating to Green Deal consumer credit agreements must include a description sufficient to identify the current bill payer and the date on which the current bill payer became liable to pay the instalments for the Green Deal consumer credit agreement.

<b>Consultation Question</b>	
<b>5.</b>	<p><b>Are you content with the proposed information to be included in statements relating to Green Deal consumer credit agreements (amendments to paragraph 3 of Part 1 of Schedule 1)?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please outline your reasons.</b></p>

In Part 2A and the new part 2B of Schedule 1, the amended paragraph 4A adds three additional paragraphs to the forms of wording to be included in statements, one of which is currently a requirement of the Green Deal Code of Practice. The new paragraph 4B contains additional text to be included in the statements of customers who use a prepayment meter.



## Consultation Question

6.	<p><b>Are you content with the proposed forms of explanatory wording in the amended paragraph 4A and the new paragraph 4B in Parts 2A and 2B of Schedule 1?</b></p> <p><b>Yes/No</b></p> <p><b>If no, please outline your reasons.</b></p>
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We also propose to make two additional small amendments to the existing wording of paragraph 4A of Part 2A of Schedule 1. The first reflects the establishment of a specific Ombudsman for the Green Deal. The second clarifies for the consumer that falling behind with their Green Deal payments will not necessarily lead to them paying more under their Green Deal Plan, as interest and additional charges are less likely to be levied on late payments than with conventional credit agreements.

### **Consequential amendments**

Once any necessary amendments to the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007 have been made, we propose to make consequential amendments to the opening and closing statement requirements contained in the Green Deal Code of Practice to ensure they are consistent.

**Please submit your responses by 11 February 2014 to:**

**[deccgreendealcomms@decc.gsi.gov.uk](mailto:deccgreendealcomms@decc.gsi.gov.uk)**

# Annex 1

## FOR CONSULTATION PURPOSES ONLY

### Proposed amendments to the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007

This document consists of excerpts from the existing Regulations with the proposed amendments shown in red. These may be subject to change as a result of this consultation.

#### **PROPOSED AMENDMENTS TO REGULATION 2; DELETE AND INSERT CERTAIN DEFINITIONS:**

##### **Interpretation**

##### **2**

In these Regulations—

“the 1974 Act” means the Consumer Credit Act 1974;

“agreement to aggregate” means an agreement (whether arising by conduct or otherwise) made between the creditor and the debtor—

(a) concerning two or more agreements for fixed-sum credit between the creditor and the debtor where at least one such agreement is a regulated credit agreement; and

(b) which permits or requires the debtor to aggregate all individual payments under the agreements mentioned in paragraph (a) and pay them at the same time; and

“current bill payer” means the person who is liable by virtue of section 1(6)(a) of the Energy Act 2011 to pay instalments under the green deal consumer credit agreement as a result of being for the time being liable to pay the energy bills for the property;

“energy bill” has the same meaning as in section 1 of the Energy Act 2011;

“energy efficiency improvement” has the meaning given by section 2(4) of the Energy Act 2011;

“green deal consumer credit agreement” means a green deal plan that is to be treated as a consumer credit agreement by virtue of section 189B(1) of the 1974 Act;

~~“green deal plan” has the meaning given in section 1 of the Energy Act 2011;~~

“home credit loan agreement” means a debtor-creditor agreement which satisfies either or both of the following conditions—

(a) the agreement provides that all or most of the sums payable by the debtor are to be collected by or on behalf of the creditor at the debtor's home or at the home of a natural person who makes payments to the creditor on the debtor's behalf (or, in either case, to be so collected if the debtor so wishes);

(b) at the time the agreement is entered into, the debtor could reasonably expect, from representations made by or on behalf of the creditor at or before that time, that all or most of the sums payable would be collected as specified in paragraph (a) (or, in either case would be so collected if the debtor so wished).

“prepayment meter” has the meaning given by regulation 2 (Interpretation) in the Electricity (Prepayment Meter) Regulations 2006 (SI 2006/2010);

“property” in relation to a green deal plan, means the property to which the energy efficiency improvements under the plan are or are intended to be made;

“relevant energy supplier” has the meaning given by paragraph 2 of regulation 4 of the Green Deal Framework (Disclosure, Acknowledgment, Redress etc) Regulations 2012 (SI 2012/2079).

**PROPOSED AMENDMENTS: INSERT WORDING INTO REGULATION 4:**

**4**

Subject to regulations 5 to 9 and 41A, the statement shall contain--

(a) the information set out in Part 1 of Schedule 1;

(b) except where sub-paragraph (ba) applies, each of the forms of wording set out in Part 2 of Schedule 1;

(ba) where the statement relates to a green deal ~~plan~~consumer credit agreement, each of the forms of wording set out in Part 2A of Schedule 1;

(bb) where the statement relates to a green deal consumer credit agreement and regulation 41A(3) applies, the form of wording set out in Part 2B of Schedule 1;

(c) subject to paragraph (d),

(i) where the statement relates to a hire-purchase or conditional sale agreement, the first form of wording in paragraph 5 of Schedule 1; and

(ii) where the statement relates to a hire-purchase or conditional sale agreement and the debtor purchased a contract of insurance as referred to in regulation 2(8) of the Consumer Credit (Agreement) Regulations 1983 (information requirements in relation to credit and insurance finance agreements), each form of wording set out in paragraph 5 of Schedule 1;

(d) where the statement referred to in paragraph (c) is required to be given after the final payment under the agreement has fallen due, the statement need not include either of the forms of wording set out in paragraph 5 of Schedule 1.

**PROPOSED AMENDMENT: INSERT NEW REGULATION 6A:**

**6A**

Where the statement relates to a green deal consumer credit agreement--

(a) the statement must not show payments made by or movements pertaining to persons other than the current bill payer; and

(b) each balance shown in the statement is to be calculated on the assumption that an instalment which fell due for payment before the date in paragraph 3(k)(ii) of Part 1 of Schedule 1 was paid on time.

**PROPOSED AMENDMENT: INSERT REGULATION 41A:**

**Errors and omissions**

**41**

Where a notice or statement contains an error or omission which does not affect the substance of the information or forms of wording which it is required by these Regulations to contain, that notice or statement shall not breach these Regulations on this ground alone.

**Green deal (omissions and estimates)**

**41A**

(1) Where a statement relates to a green deal consumer credit agreement and one or both of paragraph (2) or (3) applies, the statement shall not breach these Regulations on this ground alone.

(2) This paragraph applies where--

(a) the statement omits a payment which has been made by the current bill payer;

(b) the creditor has not received the payment from the relevant energy supplier; and

(c) the creditor has not been made aware by other means that the payment has been made.

(3) This paragraph applies where--

(a) the creditor has been informed by the relevant energy supplier for the property that the current bill payer has taken his supply of electricity through a prepayment meter during part or all of the period to which the statement relates;

(b) the creditor is not aware of the date on which a payment is made into the account; and

(c) one or more of the following applies:

(i) the statement contains a reasonable estimate of the amount of a payment or the date on which a payment was made into the account;

(ii) the statement contains an estimate of the interest which became due during the period to which the statement relates;

(iii) the statement contains an estimate of a balance during the period to which the statement relates.

(4) In this regulation, references to “the account” mean the account of the relevant energy supplier, not the account of the creditor.

**PROPOSED AMENDMENTS TO SCHEDULE 1, PART 1: INSERT NEW SUB-PARAGRAPH 3(k) AND PARAGRAPH 3A:**

**SCHEDULE 1**

**Part 1**

**Information to be Included in Statements relating to Fixed-Sum Credit Agreements**

**1**

The period to which the statement relates.

**2**

(1) The name, telephone number or numbers, postal address and, where appropriate, any other address of the creditor.

(2) Where the creditor and the debtor have entered into an arrangement under which the creditor has given the debtor details of a particular employee or category of employee of the creditor whom the debtor is entitled to contact in relation to all his dealings with the creditor, the creditor may, instead of including the telephone number or numbers referred to in sub-paragraph (1), refer to that arrangement.

**3**

Information specific to the agreement--

(a) a description of the agreement sufficient to identify it;

(b) the amount of credit provided and, where applicable, to be provided under the agreement (shown as one figure);

(c)

(i) any rate or rates of interest applicable on a per annum basis which applied during the period to which the statement relates and--

(aa) the periods during which each rate applied; and

(bb) if applicable, the element of the credit to which each rate applied; or

(ii) where the rate or rates of interest are not applicable on a per annum basis, the rate or rates of interest on the credit provided under the agreement, in each case quoted on a per annum basis and a statement explaining how and when interest charges are calculated and applied under the agreement;

(d)

- (i) the date on which the agreement became an executed agreement; or
- (ii) the date of first movement on the account;

(e)

- (i) the duration; or
- (ii) the minimum duration,

of the agreement as provided in the agreement;

(f) any opening balance under the agreement at the beginning of the period to which the statement relates;

(g) the amount and date of any payment made into the account by, or to the credit of, the debtor during the period to which the statement relates;

(h) the amount and date of any interest or other charges payable by the debtor which became due during the period to which the statement relates, whether or not the interest or other charges relate only to that period;

(i) the amount and date of any movement in the account during the period to which the statement relates which is not required to be included in the statement under sub-paragraphs (g) and (h); and

(j) the balance under the agreement at the end of the period to which the statement relates.

(k) in relation to a green deal consumer credit agreement--

(i) a description sufficient to identify the current bill payer; and

(ii) the date on which the current bill payer became liable to pay the instalments for the green deal consumer credit agreement.

### **3A**

In this Part, where a statement relates to a green deal consumer credit agreement, references to “the account” mean the account of the relevant energy supplier, not the account of the creditor.

**PROPOSED AMENDMENTS: AMEND AND INSERT NEW PARAGRAPHS IN SCHEDULE 1, PART 2A AND NEW PART 2B:**

**Part 2**

**Forms of Wording to be Included in Statements relating to Fixed-Sum Credit Agreements**

**4**

Each of the following forms of wording shall be contained in a statement under this Part:

**“Settling your credit agreement early**

You can settle this agreement [in full] at any time by giving us notice . . . and paying off the amount you owe. If you wish to settle early you should contact us for a final settlement figure.

[You can also settle this agreement in part at any time by giving notice and paying off some of the amount you owe.][NOTE 1]

NOTE 1: Delete where agreement is secured on land.”;

**“Dispute resolution**

If you have a problem with your agreement, please try to resolve it with us in the first instance. If you are not happy with the way in which we handled your complaint or the result, you may be able to complain to the Financial Ombudsman Service. If you do not take up your problem with us first you will not be entitled to complain to the Ombudsman. We can provide details of how to contact the Ombudsman.”;

**“Paying less than the agreed sum:**

If you pay less than your agreed payment in most cases it is likely to take you longer and may cost you more to pay off the debt under the agreement.

If you have difficulties making payments under your credit agreement please contact us if you have not already done so to discuss terms for the rest of the agreement. You may also want to seek advice on what to do from an independent free advice agency such as the Citizens Advice Bureau.”.

## Part 2A

### **Additional Information to be Included in Statements Relating to ~~Green Deal Consumer Fixed-Sum~~ Credit Agreements ~~which are Green Deal Plans~~**

#### 4A

Each of the following forms of wording shall be contained in a statement under this Part—

#### **“Your Green Deal Plan**

This credit agreement is part of a Green Deal Plan. Regular instalments are therefore collected through the electricity bill for this property. To keep this credit agreement up to date, it is important that your electricity bill is paid on time and in full. You remain free to change the payment method and payment schedule of your electricity bill in line with your electricity supplier’s policies, without any penalty or extra charges. If you wish to change payment frequency, you are advised to contact your electricity supplier directly.”;

#### **“Settling your Green Deal Plan early**

You can settle your Green Deal Plan in full at any time by giving us notice and paying off the amount you owe. If you wish to settle early in full you should contact us for a final settlement figure.

You can also settle your Green Deal Plan in part at any time by giving notice and paying off some of the amount you owe.”;

#### **“Dispute resolution**

If you have a problem with any aspect of your Green Deal Plan, please try to resolve it with us in the first instance. If you are not happy with the way in which we handled your complaint or the result, you may be able to complain to the Financial Ombudsman or the EnergyGreen Deal Ombudsman. If you do not take up your problem with us first you will not be entitled to complain to either Ombudsman. We can provide details of how to contact both Ombudsmen.”;

#### **“Paying less than the agreed sum**

If you do not pay your electricity bill in full, you will be behind with payments due under both your Green Deal Plan and your electricity bill and, in most cases, it is likely to take you longer and could cost you more to pay off what you owe under your Green Deal Plan.

If you have difficulties paying your electricity bill please contact your electricity supplier. You may also want to seek advice on what to do from an independent free advice agency such as the Citizens Advice service.”;

#### **“Payments**

This statement may not include recent payments made by you to your electricity supplier.”;

#### **“Previous payments and arrears**

This statement does not reflect payments made and arrears incurred before the date indicated in this statement as being the date on which you became liable for payments.”.



**Part 2B**

**Additional Information to be Included in Statements relating to Green Deal Consumer Credit  
Agreements where Regulation 41A(3) Applies**

**4B**

The following form of wording shall be contained in a statement under this Part—

**“Estimated payments in relation to Green Deal Plans**

If you have made repayments using a prepayment meter, the statement may show estimates of the dates and amounts when payments were received by the electricity supplier and may include payments which you have not yet made. These dates and amounts may not correspond to the date on which and amount by which you topped up your prepayment meter.”

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