

Call for information: consumer protection in green heating and insulation

27 September 2022

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Introduction

1. The CMA has launched a call for information looking at consumer protection in the green heating and insulation sector,¹ focusing on the following products for the home: **heat pumps; home solar; home insulation; biomass boilers and hydrogen-ready boilers**. We are seeking information and views from consumers, businesses and wider stakeholders to better understand consumer experiences of buying these products, including any potential barriers or problems that consumers may face. We also want to understand business practices and what further support businesses might need to ensure compliance with consumer protection law.
2. Adopting more environmentally friendly and sustainable ways to heat our homes will be critical to help meet the UK government's [commitment to Net Zero](#) by 2050.² Alongside policies by UK and devolved governments to enable this,³ supporting this switch is an ongoing priority area for the CMA, as reflected in our [2022/23 annual plan](#) commitment to support the transition to low carbon growth, including through the development of healthy, competitive markets in sustainable products and services.
3. Reducing energy use is also likely to be a particular consideration for many households in the near to medium-term in the context of high energy prices and significant cost-of-living pressures. Some products in this sector can help consumers to reduce the amount of energy needed to heat their homes: for example, home insulation does this by better retaining heat. The green heating and insulation sector is therefore likely to grow and become increasingly important over time as people seek to reduce home heating bills and use more environmentally-friendly and sustainable forms of energy - in the context both of the drive to Net Zero and to help address cost-of-living pressures.⁴
4. However, research suggests that this sector can be confusing and difficult for consumers to navigate (see paragraphs 11-12), which, when combined with other factors – eg the high costs of the products, their technical complexity and the novel nature of some products – can increase the risk of consumer harm.
5. It is therefore timely and important for the CMA now to consider consumer experiences and business practices in this sector, to ensure that consumers are adequately informed and protected as the sector grows. Such a review will

¹ By 'green heating', we mean low-carbon systems to provide heat and/or hot water to homes.

² [Scottish Government](#) has committed to achieving Net Zero by 2045.

³ For example UK government has set commitments in the [British energy security strategy - GOV.UK \(www.gov.uk\)](#) (April 2022) and [Heat and Buildings Strategy \(publishing.service.gov.uk\)](#) (October 2021).

⁴ For example the Spring 2022 release of the [BEIS Public Attitudes Tracker survey on heat and energy in the home](#) found that people who were very worried about their energy bills were more than twice as likely as those who were not worried (50% compared with 21%) to give a lot of thought to saving energy in the home.

also help to identify any existing poor practices which cause, or could lead to, consumer harm. If any such practices exist, tackling them early on will help to prevent them becoming embedded as the sector grows.

6. This is a fact-finding exercise to inform our knowledge and understanding. It will help determine whether further steps or action may be needed (either by the CMA or others) to ensure consumers are protected.⁵

Background

7. Home heating alone represents around 17% of all UK carbon emissions.⁶ For the UK to achieve Net Zero, the green heating and insulation sector will therefore need to grow substantially, at pace, in the coming years. There are approximately 28 million households in the UK, roughly 90% of which currently use fossil fuels, predominantly for space heating, but also for cooking and hot water.⁷ Around 19 million UK homes still need to be made low carbon, low-energy and resilient to a changing climate.⁸
8. To drive these changes, governments in the UK have introduced policies and plans to encourage consumer take-up of products in the sector. For example, the UK government has introduced the Boiler Upgrade Scheme, providing grants to eligible homeowners in England and Wales who want to switch to heat pumps or biomass boilers and its policy commitments include:
 - measures to scale up the market for heat pumps to at least 600,000 installations per year by 2028;
 - phasing out the installation of new gas boilers beyond 2035; and
 - introducing zero-rating VAT for five years on the installation of green heating and insulation.⁹
9. Governments in the devolved nations have made similar commitments and brought forward actions, for example:

⁵ This call for information is being carried out under section 5 of the Enterprise Act 2002 (EA02), which gives the CMA the function of obtaining, compiling and keeping under review information relating to its functions, with a view of ensuring that the CMA can carry out its functions effectively. These functions include the CMA's consumer protection enforcement functions under Part 8 of EA02 (see separate section on 'Potential outcomes' of this work).

⁶ BEIS (2021). [Heat and Buildings Strategy \(CP388\)](#).

⁷ BEIS (2021). [Heat and Buildings Strategy \(CP388\)](#).

⁸ Government data has indicated that nearly 19 million homes across the UK have EPC ratings of D or worse and are in need of some energy efficiency upgrade. Source: House of Commons' Environmental Audit Committee (2021). [Energy Efficiency of Existing Homes](#). Fourth Report of Session 2019-21 (HC346).

⁹ See for example BEIS, [Heat and buildings strategy](#), October 2021, and Prime Minister's Office and BEIS, [British energy security strategy](#), April 2022.

- Scottish Government targets provide for quicker phase-outs, with no new or replacement fossil fuel boilers in off-gas grid areas from 2025 and in gas grid areas from 2030.¹⁰ It has made a number of policy commitments. Ongoing developments include the set-up of a new National Public Energy Agency (NPEA) to lead their energy efficiency programmes and a new consumer-representative body, Consumer Scotland.
 - To date, the Welsh Government's focus has been primarily on decarbonising social housing. However, changes to the [Warm Homes Nest programme](#) to assist homeowners and private renters are being considered for the next phase of the programme following a consultation earlier this year - changes may include supporting those in fuel poverty, and decarbonising homes among other areas.¹¹
 - In December 2021, the Northern Ireland Executive committed to launching a pilot scheme in 2022 for domestic energy efficiency retrofits, and to use the findings to inform potential new business models for ramping up delivery.¹²
10. Policies are also being developed for products not yet available to buy, such as hydrogen-ready boilers.¹³
11. However, from our initial intelligence gathering and stakeholder engagement, we are concerned about the challenges consumers may face in the green heating and insulation sector. Research suggests that the sector is perceived as complex and difficult to navigate for consumers who can feel they lack both the knowledge and access to the support needed to make informed decisions.¹⁴ It has been reported that consumers' understanding of green heating products is low.¹⁵ There is also evidence that consumers may have a limited understanding of their rights under consumer protection law in the sector¹⁶ and of other protections offered by different certification schemes and Codes of Practice.¹⁷

¹⁰ Scottish Government and Scottish Green Party, [Shared policy programme](#), September 2021. The phase-outs are subject to technological developments and decisions by the UK Government in reserved areas.

¹¹ See the Minister for Climate Change's response to the Welsh Parliament's Climate Change, Environment and Infrastructure Committee (dated 7 April 2022).

¹² Northern Ireland Department for the Economy (2021) [The Path to Net Zero Energy. Safe. Affordable. Clean. \(economy-ni.gov.uk\)](#).

¹³ For example, the UK government plans to publish a consultation on the case for enabling, or requiring, new natural gas boilers to be easily convertible to use hydrogen ('hydrogen-ready') by 2026 (BEIS, [Heat and buildings strategy](#), October 2021).

¹⁴ Which?, 'Supporting consumers in the transition to net zero' policy and research report, October 2021.

¹⁵ BEIS Public Attitudes Tracker (Spring 2022, UK). For example, only 20% of consumers surveyed said they knew either a fair amount or a lot about air source heat pumps and around half said they only knew a little or hardly anything about heat pumps or biomass boilers.

¹⁶ See Citizens Advice Scotland report, 'Fit for the future - Putting consumers first in the move to net zero', September 2020, which found, for example, that only 28% of survey respondents who had recently purchased energy efficiency products were aware of the cooling off period; of those who had purchased renewable energy products, awareness was 41%. There was similarly low awareness of the terms and conditions of the product.

¹⁷ See, for example, Citizens Advice report, 'The net zero protections puzzle', October 2021.

12. More generally, the products in this sector can be costly, technical and complex for consumers to understand. Therefore, consumers' vulnerability to unfair business practices may be increased, giving rise to a clear risk of consumer detriment.¹⁸ The CMA is also concerned that this risk is heightened in the context of cost-of-living pressures, which may incentivise some businesses to take advantage of consumers looking to save money on home heating. We are aware of research and concerns raised by some stakeholders (including consumer representative bodies and Trading Standards enforcers) about potential poor practices by some traders at different stages along the consumer journey.¹⁹ This includes concerns about some businesses using pressured sales tactics, making misleading claims (eg about the availability of, and consumers' eligibility for, government grants and the performance and cost-savings of products) and problems after products have been installed, and are not working as they should be.

Relevant work in the sector

13. As indicated above, a number of organisations have recently undertaken, or are currently carrying out work related to consumer protection in the sector, including internationally.
14. We will draw on relevant information, research and reports as part of our work and we are asking stakeholders to share relevant documents through our call for information. It will also be important for us to engage closely with key organisations undertaking relevant work, including the UK and devolved governments, energy regulators (Ofgem and Uregni, regulators for Great Britain and Northern Ireland respectively), other public enforcement bodies including Trading Standards, CTSl and consumer representative bodies such as Citizens Advice, and Which?, among others.

Scope of our call for information

Products

15. The Call for Information focuses on the following products, which, as highlighted above, are particularly relevant to delivering Net Zero and are expected to become more common in households over time:

¹⁸ Citizens Advice, '[Home Truths. The challenge and experience of making home energy improvements](#)', March 2021.

¹⁹ Eg Citizens Advice '[Home Truths. The challenge and experience of making home energy improvements](#)', March 2021 and Trading Standards Scotland '[Consumer Protection in the Energy Efficiency and Renewables Sector](#)', June 2020.

- **Biomass boiler** - works in a similar way to a standard gas boiler but uses a renewable material such as wood pellets as fuel.²⁰
 - **Heat pump** - draws heat from a low temperature source and raises it to a higher temperature. For homes, there are two main types: **air source** (heat from the outside air) and **ground source** (heat from pipes buried in the ground).
 - **Home solar** - uses energy from the sun to generate electricity or to heat up water for use in the home. **Photovoltaic (PV) panels** create electricity. **Thermal (or water heating) systems** warm water for storage in a hot water cylinder. Solar systems typically are installed on the roofs of homes.
 - **Hydrogen-ready boiler**²¹ - uses natural gas when it is initially installed but is specifically designed to be simply converted later to use 100% hydrogen instead. This is different to a natural gas boiler capable of taking a blend of 20% hydrogen and 80% natural gas.
 - **Insulation for the home** - helps to keep heat in the home and can use different materials including fibreglass and spray foam, among others. It can be applied to different parts of the home: under the **roof**; over the **loft** floor; into the gap between **cavity walls**; as an added layer to **solid walls** (either to the exterior walls or to outer-facing interior walls); or **underfloor** (ie to the underside of timber floors or above or below concrete floors).
16. While insulation itself does not generate heat/energy (like the other products we are looking at), it is an important way of making homes more energy efficient and may be necessary in some homes prior to installing a heat pump.

Geographic scope

17. Our review is UK-wide. While consumer protection law applies across the UK, we will take into consideration any variations in policy approach between the UK nations and Net Zero strategies and other areas as appropriate. As part of our evidence-gathering, we will engage closely with governments and key stakeholders across the UK and in the devolved nations.

What issues are we interested in?

18. We are interested in exploring consumer experiences and business practices in the green heating and insulation sector, with a particular focus on:

²⁰ Biomass boilers are likely to be an important option where alternative green heating options are not viable – eg households in rural areas or who are not connected to the main gas grid supply, and cannot use a heat pump.

²¹ While hydrogen-ready boilers are not yet being sold in the UK, the boiler industry has indicated these products may be available as soon as 2023 - 2025. In carrying out this work the CMA is interested in embedding good practices and tackling and preventing poor practices, early on.

- **How consumers select products and business suppliers** - For example, what information is available to consumers regarding the various products, business suppliers and government funding schemes? When (if at all) do consumers access and use this type of information? Is it accurate, transparent, and up-to-date?
 - **How businesses in the sector promote their products/services to consumers** - For example, what claims do businesses use to describe their products and related services? Are there examples of good practice? Do any claims have the potential to mislead consumers?²²
 - **The provision of key information to consumers by businesses before, during and after purchase and installation** - For example, at what stage in the sales (or leasing)²³ process are contracts of sale brought to consumers' attention? Are contracts clear? Can consumers understand them and are contract terms fair?
 - **The complaints and redress process if things go wrong** - For example, do consumers know how to complain if there is an issue, and who to complain to? How easy is it for consumers to access and receive timely redress or redress at all?
 - **The role of certification schemes and codes of practice in this sector** - For example do they provide a source of information, which is typically used by consumers? What is the level of protection they provide for consumers? How effective are the various certification schemes and codes in setting high standards for businesses and increasing consumer confidence within the sector?
19. We are also interested in identifying whether particular groups of consumers face specific difficulties and are more at risk of potential harm in this sector. We also want to understand the differing experiences of consumer groups, for example homeowners in rural and isolated areas or consumers who may be considered vulnerable, including those on low incomes.
20. While we are primarily focusing on the experience of homeowners, it is also important that consumers living in private rented and/or social housing are not unfairly penalised in the transition to Net Zero and are adequately protected. Therefore, we are interested in hearing about any particular consumer protection considerations for these groups.

²² While we will consider any evidence received relating to misleading claims about green heating and insulation products (which might also include claims relating to sustainability or environmental credentials) (see paragraph 12), our work will not duplicate the CMA's separate ongoing work on [misleading green claims](#). We note that the [ASA](#) is also looking into misleading environmental claims as part of its climate change and environment project launched in 2021.

²³ Some products, such as home solar systems, may also be bought with hire or leasing agreements.

Areas where we do not intend to focus

21. Our focus is on consumer protection in the green heating and insulation sector and more specifically on the products listed in paragraph 15 above. Therefore, matters which are out of scope of this work include:
- other home heating or energy efficiency products or services (not listed at paragraph 15 - eg heat networks, standard heating systems such as natural gas boilers and double/triple glazing);
 - broader matters relating to the supply of energy (including costs), which are separately regulated; and
 - building regulations or other policies/regulatory frameworks which are applicable to the installation of any of the relevant products.

Potential outcomes

22. We plan to publish a short report summarising the key findings from the call for information, based on the evidence received, in spring 2023. The information gathered will also help us to determine whether further steps or action in the sector may be needed, either by the CMA or others. Potential outcomes from this work might include:²⁴
- guidance for businesses in the sector on how they can comply with consumer protection law;
 - information or guidance to consumers; and/or
 - advocacy or advice to governments to ensure consumers are adequately protected in the sector.²⁵
23. At this early stage the CMA has not reached a view as to whether consumer protection law may have been broken. However, if we find evidence of businesses in the sector breaching consumer protection law, for example, engaging in unfair or other egregious practices (such as using unfair contract terms), we may consider taking enforcement action.

How you can share your views

24. We are interested in hearing from people who have bought, or considered buying, green heating products (heat pumps, home solar, hydrogen-ready or

²⁴ Other potential outcomes available to the CMA from a call for information include: taking no further action; launching a market study; and seeking voluntary action from industry.

²⁵ While we may provide advice to governments on consumer protection through this work, the CMA does not have powers to directly set consumer protection legislation or regulations.

biomass boilers) or home insulation and businesses who directly sell, lease and/or install these products to consumers. We would also like to hear from the wide range of interested parties who are involved, or have an interest, in the sector to build our understanding of consumers' experiences and business practices.

25. We are calling on consumers, businesses and other interested parties to share their views and experiences by completing our questionnaires:
- **consumer questionnaire** – if you have bought or considered / planned to buy green heating/home insulation products in the last 2 years;
 - **business questionnaire** – if your business directly sells, leases and/or installs green heating and insulation products to consumers;
 - **other interested parties' questionnaire** – for stakeholders including trade bodies/associations, government bodies and regulators, consumer representative bodies, charities, think tanks, and academics.
26. Please respond to our questionnaires by **5pm, Tuesday 1 November 2022**. If you have any additional comments or details that you would like to share with us, or queries about any of the questionnaires, please email greenheating@cma.gov.uk.
27. An explanation of how we will use information provided to us is set out in the Annex. If you wish to submit information that you consider to be confidential, please indicate this to us clearly at the time it is provided with an explanation as to why you consider it to be confidential.

Annex: How we use the information you provide

1. This Annex sets out how we may use information you provide to us during the course of our work looking at consumer protection in the green heating and insulation sector, in line with our legal responsibilities.
2. In carrying out this call for information, the CMA is acting in relation to its function under section 5 of the Enterprise Act 2002 which gives the CMA the power to obtain, compile and keep under review information about matters relating to its other functions, so the CMA has sufficient information to make informed decisions and carry out those functions effectively.

Will the CMA take steps to protect my information?

3. We may only publish or disclose with others (outside of the CMA), the information that you provide to us in specific circumstances as set out in legislation (principally Part 9 of the Enterprise Act 2002).²⁶ In particular, prior to publication or any such disclosure, we must have regard to (among other considerations) the need for excluding, so far as is practicable: (a) any information relating to the private affairs of an individual which we think might significantly harm the individual's interests; or (b) any commercial information which, if published or shared, we think might significantly harm the legitimate business interests of the undertaking to which it relates.

What will the CMA do with the information I provide?

4. We may disclose any information provided by you where it is lawful to do so and where we consider such disclosure to be appropriate (see paragraph 3 above). For example, in addition to referring to information you provide in a published, short report summarising the key findings from the call for information, we may choose to put information provided by you to third parties, such as other government departments and other parties providing information to the CMA, for the purpose of facilitating any further related work.
5. Where appropriate, we may share the information you provide within the CMA to facilitate the performance of our functions. We may also use the information you provide to take enforcement action, using our consumer powers. We may also share your information with another enforcement authority or with another regulator for them to consider whether any action is necessary.

How will the CMA handle any personal data I provide?

²⁶ Note, the disclosure of information which relates to the affairs of individuals or any business of an undertaking, and which comes to the CMA in the course of the call for information, can only be disclosed if it falls within one of the 'information gateways' set out in Part 9 of the Enterprise Act 2002.

6. Any personal data you provide to us will be handled in accordance with our obligations under the UK General Data Protection Regulation and the Data Protection Act 2018. Our [personal information charter](#) sets out the standards you can expect from us when we collect, use or share personal data and provides details of your rights in relation to that personal data and how to contact us.

What should I do if I have concerns about how the CMA will use any information I provide?

7. You should make clear to us any information that you consider to be confidential when you provide it to us and set out why you consider it to be confidential.

Where can I find further information?

8. Further details of the CMA's approach can be found in [Transparency and Disclosure: Statement of the CMA's Policy and Approach \(CMA6\)](#).