

Good practice principles for standards bodies

Raising standards in the green heating and insulation sector

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Raising standards in the green heating and insulation sector: good practice principles for standards bodies

1. In 2022/23, the CMA carried out a call for information into consumer protection in the green heating and insulation sector.¹ As part of this, we looked at the quality and consumer protection standards provided by standards bodies for businesses in the sector. These principles are an output from that work.

Overview

Who are these principles for?

2. These principles are for bodies that set quality and consumer protection standards, certify or accredit businesses as meeting those standards, and monitor compliance with those standards in the green heating and insulation sector.² Standards bodies include relevant certification schemes, registration schemes and approved Consumer Codes.
3. The principles may also be relevant to other bodies that help consumers find and choose reliable, trustworthy businesses, for example trusted trader sites and local trader approval schemes. However, we have not carried out a detailed assessment of these other bodies or the extent to which the principles may apply to them.

What do we mean by 'good practice' principles?

4. These principles cover key areas where improvements to standards bodies' practices or maintenance of good practices is recommended. There are five principles. Under each one, we provide examples of practices that we consider would be consistent with upholding the principle. These examples are not exhaustive. We recognise that each standards body is different and there may be different ways of meeting the principles.
5. Observing the principles will help to improve the standards landscape by raising the level of protections in the green heating and insulation sector, leading to better outcomes for consumers.
6. Standards bodies should be mindful that they also need to comply with applicable consumer protection laws. The principles do not replace those obligations, but

¹ We have considered this sector as businesses selling and/or installing the following products to consumers for use in their home: biomass boilers, heat pumps, solar products (solar panels and solar thermal), insulation (cavity wall, loft, underfloor, roof, etc).

² It is not necessary that the standards body has been created for the green heating and insulation sector. The principles apply to any standards body that has member businesses operating in this sector.

they have been formulated with those obligations in mind and they are designed to supplement and complement them. Applying the principles should help standards bodies stay on the right side of the law.

7. As far as the law is concerned, the [Consumer Protection from Unfair Trading Regulations 2008](#) (CPRs) mean that standards bodies which form, revise and monitor compliance with codes of conduct for their members would themselves be guilty of unlawful conduct under the CPRs if their code promotes any unfair commercial practice. For example, if they promote misleading actions or omissions or aggressive practices.
8. The CPRs also impose obligations on standards bodies where they engage in commercial practices which are directly connected with the promotion, sale or supply of products to consumers by member businesses. For example, the CPRs impose a duty to act with professional diligence. Professional diligence is an objective standard. It would reflect what a reasonable person would expect of a standards body if they use a member business.
9. These provisions of the CPRs have informed the formulation of the good practice principles.

What do the principles cover?

10. The five principles cover the following areas:
 - a) How standards bodies promote their activities;
 - b) Vetting and monitoring practices;
 - c) Complaints and dispute resolution;
 - d) Use of sanctions; and
 - e) Financial protections.
11. Common to each of the principles is the expectation that standards bodies will strive to continuously improve their practices. That is, they will actively seek to learn from their practices in each of these areas, drawing on available data, so they can update their requirements, adjust their risk assessments, refine their processes, and provide additional advice to their members on compliance issues.

What should schemes do now?

12. The CMA is calling on all standards bodies in the green heating and insulation sector to observe these principles by:

- reviewing their current practices;
- considering how the good practice principles apply to them and how they can best uphold the principles; and
- implementing any changes needed to meet the principles.

The good practice principles

1. Effective promotion: Standards bodies to actively promote their activities to help ensure consumers understand their scope and purpose and the benefits of using a member business.

Practices that we consider are consistent with this principle include:

- a. Prominently and clearly informing consumers of the protections and benefits that the standards body provides,³ and helping members to do this. This might include, for example, using a 'key facts' sheet.⁴
- b. Being clear with consumers about the scope of the protections provided, including which aspects of their members' work (eg types of technology, products) are covered and which are not.
- c. Making it easy for consumers to find a member in their local area, for example through an accessible search tool on their website.

³ For example, these protections may include: vetting of scheme applicants and ongoing monitoring of all members; training of members on consumer protection law; extended workmanship warranties; financial protections if a member stops trading; government-recognised certification of workmanship; access to an approved independent alternative dispute resolution scheme; special assistance to vulnerable people, etc.

⁴ Standards bodies and their members should take care to avoid presenting rights given to consumers in law (ie consumers' ordinary legal rights) as a distinctive feature of the bodies' or members' activities. That is prohibited under the CPRs.

2. Robust vetting and monitoring: Standards bodies to conduct robust compliance checks on applicants and, on an ongoing basis, their members, to ensure they meet (and continue to meet) requirements.⁵

Practices that we consider are consistent with this principle include:

- a. Using risk-based approaches to determine the regularity and/or scope of vetting and monitoring. For example:
 - i. where schemes review paperwork supplied by the applicant or member, determining when they need to go further and conduct their own independent checks;
 - ii. monitoring members more closely and more often in some cases – ie a new member, an existing member that is broadening its range of work (eg additional products), and/or a member that has been subject to complaints, whistle-blower tip-offs or negative reviews;
 - iii. focusing more intensive monitoring on areas, including types of product, complexity of installation and business practices, where consumers may be at higher risk of detriment;
 - iv. where standards bodies inspect installations, inspecting a representative sample of the business's work, including at different stages of the installation process (before, during and after installation) and, if applicable, work by sub-contractors. The sample would be chosen by the standards body, not the business.
- b. Carrying out proactive checks as well as reactive checks that follow consumer complaints, negative reviews, and/or enforcer enquiries. All members would be subject to periodic proactive checks and a significant proportion of members would be monitored each year.
- c. Using appropriate tools and techniques that enable robust checks to be carried out. For example, to draw on direct consumer experiences as much as possible, using consumer surveys, mystery shopping exercises, customer reviews, and/or other appropriate research methods. Ideally,

⁵ The CMA is mainly thinking of:

- a. Competence checks, to confirm that the business has the necessary qualifications and/or technical skills and know-how to do the work.
- b. Sales practice checks, to show that the business provides a high level of consumer protection from pre-sales to after-sales, for example in its advertising, sales pitches, performance/saving estimates, contracts, cancellation notices, and complaints handling.
- c. Business health checks, to evidence that the business is reputable and sound, and that its main officers are 'fit and proper'. Such checks may include: public liability insurance; credit checks; company history; director checks; criminal records; County Court judgments, and customer references.

Different schemes may focus more strongly on one or more of these types of check, or may be more thorough in one area than in another.

these methods would be used at different stages (ie before, during and after installation).

- d. Having sufficient capability and expertise – eg with suitably trained internal staff and/or external contractors – so they can carry out checks effectively and with appropriate frequency.
- e. Where standards bodies use third parties (eg certification bodies, independent auditors) to conduct checks, overseeing these third parties to provide assurance the checks are being carried out robustly and in accordance with scheme requirements, and taking action if they are not.
- f. Providing appropriate training and support to members to help them comply with requirements, including in relation to their consumer protection obligations.

3. Smooth dispute resolution: Standards bodies to actively oversee and assist consumer complaints and dispute resolution to make the process as straightforward as possible and to help parties reach a resolution in a timely manner.

Practices that we consider are consistent with this principle include:

- a. Having a robust complaints process in place and making sure it is clearly and simply communicated to consumers. For example:
 - i. offering a choice of accessible reporting channels (eg online form, email, phone, post), and making it easy for consumers (including those who may be vulnerable) to submit complaints about member businesses through an identified point of contact;
 - ii. setting out clearly to consumers what the standards body can and cannot do when assisting with complaints, and what issues are or are not within the scope. Where they cannot assist, they would signpost consumers to other entities that may be able to help.
- b. Where the handling of a complaint requires input from or referral to another entity (eg a certification body, a manufacturer), actively assisting the consumer, eg coordinating with the other entity and/or, with the consumer's permission, passing on the complaint. The aim should be to help the consumer get their complaint to the right place as quickly as possible so that it can be investigated.
- c. Handling complaints effectively, impartially and in a timely manner. Processes should not create unnecessary delays for the parties or add

unnecessary additional steps for the consumer. Standards bodies should set target timescales for each stage of the complaint handling process, and always endeavour to deal with complaints as quickly as reasonably possible. These timescales and progress with meeting them should be communicated to consumer complainants.

- d. Where a consumer complaint is upheld:
 - i. ensuring that appropriate action is taken to address the problem and, if possible, to stop it happening again; and
 - ii. having adequate mechanisms in place to provide redress for the complainant should the installing business fail to comply with recommendations and/or cease to trade.
- e. Where no resolution is achieved through consumer/member negotiation or the standards body's own internal dispute handling processes, giving the consumer access (ideally free) to an approved independent alternative dispute resolution (ADR) scheme.
- f. Ensuring that standards bodies' complaints handling staff have sufficient capability and expertise so they can do their work effectively, impartially and in a timely manner – in accordance with this principle.

4. Effective use of sanctions: Standards bodies to ensure that any potential non-compliance is investigated and dealt with as effectively, impartially and quickly as possible. Where appropriate, a sanction decision will be communicated to consumers.

Practices that we consider are consistent with this principle include:

- a. Having an independent disciplinary procedure for dealing effectively and fairly with non-compliance by members with requirements.
- b. Where possible and appropriate, taking action during the disciplinary process to limit the risk of additional harm/issues to consumers.
- c. Having an appropriate and proportionate range of sanctions,⁶ including the ability to suspend or expel a member for non-compliance with the required standards (including, for example, where a business commits a serious

⁶ By 'sanction', we mean any action taken by the standards body against one of its members in response to a finding that that member has breached the body's requirements.

breach, repeatedly fails to meet required standards, and/or is the subject of multiple upheld complaints).⁷

- c. Concluding any disciplinary proceedings against a member within a reasonable timescale.
- d. Where a member is suspended or expelled following disciplinary proceedings, taking immediate steps to:
 - i. notify any individual consumers known to be directly affected, including those that may have paid a deposit to the business or signed a contract, awaiting installation;
 - ii. remove the member from any public register of members (pending any further investigation in the case of suspension);
 - iii. consider publicising the outcome to consumers (in particular, where serious non-compliance has been found) other than in exceptional circumstances where this is deemed not to be in the public interest. For example, the standards body might post a warning on its website;
 - iv. where appropriate and necessary, share information about the member and the reasons for the action with other relevant standards bodies (to minimise risks of 'phoenix companies' or 'scheme hopping') and enforcement authorities.⁸
- e. Including provisions within its requirements that where a member has been expelled the member will remain responsible for any obligations it had while a member, for example in honouring a workmanship guarantee or complying with the decision of an ADR body.⁹

5. Strong financial protections: Standards bodies to ensure that consumer deposits and guarantees are effectively protected and the terms of these protections are made clear to consumers.

Practices that we consider are consistent with this principle include:

⁷ Such powers could also include a requirement to change unfair business practices or contract terms, to provide remedies to an identified group of consumers, and/or to implement a remedy as directed by an ADR provider, as a condition of continued membership.

⁸ Such as local authority Trading Standards Services in relation to potential consumer protection law breaches and local Building Control in relation to breaches of the Building Regulations.

⁹ For example, standards bodies could require that members use terms and conditions in their contracts with consumers that mean these obligations continue to apply.

- a. Ensuring that members provide consumers, at no extra cost, with workmanship guarantees¹⁰ that give them added protection beyond their statutory consumer rights and manufacturers' product warranties.
- b. Ensuring that members have, or the standards body has, a method of providing financial protection to consumers should the member become insolvent or stop trading before completion of the contract or during the term of the workmanship guarantee.¹¹ For example, to protect deposits and any further advance payments made by consumers and to honour the workmanship guarantee.
- c. Prominently and clearly informing consumers of the financial protections in place and actively helping member businesses to do this too. The information should include what is covered by the protections, any significant exclusions or limitations, any key conditions (such as service/maintenance requirements), duration, and how to access the protections if needed.
- d. Where protections are provided directly by the standards body (eg through a remedial fund), ensuring a written claims process that does not include any unreasonable barriers to the consumer making a claim. For example, consumers should not be subject to excessive form filling or unreasonable deadlines for making a claim.

¹⁰ Workmanship guarantees cover any faults that may arise from the installation process and the workmanship applied.

¹¹ For the avoidance of doubt, these financial protections should remain in force in circumstances where the member has become insolvent or ceased to trade after resigning from, or being suspended or expelled by, the standards body.