

Consumer Scotland call for information: Converting Scotland's Home Heating (Building consumer confidence in the market for low carbon technologies and energy efficiency measures)

Response from the Competition and Markets Authority (CMA)

Background

1. The CMA is the UK's principal competition and consumer authority. It is an independent non-ministerial government department and its responsibilities include carrying out investigations into mergers and markets and enforcing competition and consumer law. The CMA helps people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.¹
2. The CMA also has a role in providing information and advice to government and public authorities.²
3. The CMA's key strategic priorities include:³
 - (a) Ensuring that people can be confident they are getting great choices and fair deals – by protecting people from harmful practices; and
 - (b) Continuing to take action to help accelerate the UK's transition to a net zero economy and promote environmental sustainability.
4. In line with this, the CMA published the [findings of its review of consumer protection in the UK green home heating and insulation sector](#) in May 2023. This assessed the consumer experience of buying products, businesses' practices in marketing and selling these, and the landscape of standards

¹ The CMA's statutory duty is to promote competition, both within and outside the UK, for the benefit of consumers.

² Under Section 7(1) of the Enterprise Act 2002, the CMA has a function of making proposals, or giving information and advice, 'on matters relating to any of its functions to any Minister of the Crown or other public authority (including proposals, information or advice as to any aspect of the law or a proposed change in the law).'

³ [CMA 2024/25 Annual Plan](#).

bodies which oversee quality and consumer protection standards for member businesses and their effectiveness in protecting consumers. We identified concerns in these areas and set out key actions for the CMA, the sector, and for governments across the UK, to help ensure that people are treated fairly and protected.

5. Our findings report also acted as a springboard to further CMA work to improve the consumer journey, and to build additional consumer confidence. In particular:
 - We launched an awareness campaign with ‘top tips’ as well as a [more detailed guide](#) setting out key considerations for people at each stage of the buying process and an outline of their rights under consumer law;
 - We issued a set of [good practice principles for standards bodies](#) to help improve the level of protections and ensure consistently high standards of consumer protection;
 - We helped businesses to better understand and fulfil their obligations under consumer law by publishing [compliance advice on the marketing of green heating and insulation products](#);
 - Following enforcement action, we [secured commitments from Worcester Bosch](#), a leading UK boiler brand, to change how it markets its boilers to make sure that customers can make well-informed decisions.

6. The CMA welcomes the opportunity to respond to Consumer Scotland’s [call for information on converting Scotland’s home heating](#). Our response is informed by the CMA’s review of consumer protection in the green heating and insulation sector. It focuses on the CMA’s key findings and recommendations and our further work to build additional consumer confidence (insofar as they are relevant to the issues raised in the call for information).⁴ The response is structured as follows:
 - (a) **Overarching comments on the issues raised in the call for information**
 - I. Introduction

⁴ The call for information notes particular interest in hearing from those with evidence of: ‘*The quality of, and access to, suitable incentives and the information, advice, and choices for consumers to engage in this market; the levels of protection from unfair trading, misleading claims, and scams - and the adequacy of existing standards and quality assurance; and the routes to, and adequacy of, remedies and redress when things go wrong.*’

II. Summary of key CMA findings

- Consumer experience: risk that people are put off from buying green heating and insulation products early on
- Landscape of standards bodies: offer important protections – but can be confusing, with varied levels of standards and risk of future gaps
- ‘Able to pay’ consumers at risk of having lesser protections
- Business practices: not all businesses are behaving fairly, making it difficult for people to make informed decisions

III. CMA steers to governments

(b) Other issues relevant to the call for information

- I. Consumer enforcement landscape: tackling scams and rogue traders in the sector
- II. Consumers’ lack of awareness of their general consumer rights

7. The CMA looks forward to continuing to engage with Consumer Scotland as its investigation progresses.

Overarching comments on the issues raised in the call for information

Introduction

8. We welcome Consumer Scotland’s review of the consumer protection frameworks in the market for energy efficiency and low carbon heating products.
9. We agree that it is vital to build consumer confidence in this developing market, otherwise there is a risk that people are put off from buying these products and that progress toward net zero is slowed. It is, therefore, essential that people can trust businesses in the sector to treat them fairly, that they can make informed decisions about buying and installing products and have confidence that they are protected. Consumer engagement is also needed to drive effective competition in the sector, to spur better innovation and better consumer outcomes.
10. Increasing consumer confidence in the sector will require a joined-up approach, so that the key areas of consumer information and advice, and compliance and enforcement, work effectively together.

11. The CMA's responses to the issues raised in the Consumer Scotland call for information are informed by our own review of [consumer protection in the UK green heating and insulation sector](#), and in particular our [findings report](#) (published in May 2023) and follow-up work. To inform our review, we gathered insights directly from hundreds of consumers through questionnaires, as well as from businesses and trade bodies, and also engaged with numerous stakeholders including consumer representative groups and other enforcers.
12. Although the CMA's review was UK-wide, we considered differences between nations in policy and net zero strategies to encourage the take-up of green heating and insulation products, including in Scotland.⁵ We also engaged with a range of stakeholders in Scotland to help inform our findings (including the Scottish Government, Consumer Scotland and Trading Standards Scotland).
13. While our key findings were applicable to the whole of the UK, where relevant we have noted in our response any insights that were specific to Scotland.

Summary of key CMA findings

Consumer experience: risk that people are put off from buying green heating and insulation products early on

14. Green heating and insulation products typically involve high upfront costs. These products can be technical and complex, and in the case of newer products such as heat pumps, unfamiliar to most people. As a result, people are likely to feel uncertain when they shop for these products and so are more vulnerable to being misled or exploited by businesses.
15. Making people's experience of buying green heating and insulation products as simple and straightforward as possible, is crucial for developing consumer confidence and supporting take-up of these products and the development of the sector. People must be able to make informed decisions about which products are right for them and have easy access to clear, accurate and digestible information and advice at key stages.
16. We found that buying these products can be a complicated process. People can face multiple difficulties during the consumer journey, especially at the early but important decision-making stages (before buying and when

⁵ We acknowledged that environmental, housing and some aspects of energy policy matters are devolved so there is variation in approach between nations. Governments across the UK have made commitments and introduced policies to help encourage consumer take-up of green heating and insulation products.

contracting with a business) and they may drop out at various points. In particular:

- It can be difficult to find reliable, trusted and independent information and advice. People often do not know where to start, typically going online and then struggling to assess the credibility of the information they found;
- Information is complex and hard to understand. If people do find accurate information, it is often overwhelming and difficult to assess. This might reflect the technical nature and/or lack of familiarity with the product;
- There are often limitations in the information from businesses. For some people, the challenges of finding credible information/advice led them to rely on businesses. While businesses can provide valuable insights, they are not necessarily incentivised to provide impartial advice to consumers.

17. We did not find substantive differences in the consumer experience between UK nations. However, we noted that environmental, housing and some energy policy matters are devolved and there are some different considerations in each nation. For example, the approach taken by governments to provide centralised information and support to consumers was at different stages with some – particularly Scotland – further ahead than others.^{6 7}
18. We further noted that some groups of consumers are likely to face additional challenges which might further limit their ability to access or make informed decisions about green heating and insulation products. It is essential that such groups receive any additional support they may need and are not left behind in the move to more energy efficient homes. For example:
 - (a) People who are ‘digitally disadvantaged’ (around 1 in 20 UK adults) can struggle to access information, as much of it is online;
 - (b) Tenants will be directly impacted by the installation and use of green heating and insulation products, however their engagement with the process is determined by the property owner;

⁶ See the [CMA’s call for information findings report](#), May 2023 (at paragraph 16).

⁷ We noted that in Scotland, Home Energy Scotland provides a holistic service that operates a network of regional advice centres to deliver information and advice to households on energy efficiency, funding and renewable home energy products.

- (c) Rural households are more likely to have poor energy efficiency and rely on traditional fuel sources like oil, coal, and liquid petroleum gas (particularly off-grid properties). This, in addition to other challenges like access to enabling infrastructure, can make it harder to find and install suitable green heating and insulation products;
- (d) Information presented to disabled consumers may not be sufficiently accessible and the installation process might not account for their needs (such as the impact of disruption to energy supply).

Landscape of standards bodies: offer important protections – but can be confusing, with varied levels of standards and risk of future gaps

- 19. Whilst people have rights and protections under general consumer law (see paragraphs 34-45 below), there are also a range of bodies in the sector that set quality and consumer protection standards, certify or accredit businesses as meeting those standards, and monitor compliance with those standards (we refer to these as ‘standards bodies’). These bodies include the Microgeneration Certification Scheme (MCS), TrustMark and two sector-specific (Chartered Trading Standards Institute) approved Consumer Codes.⁸ Businesses carrying out work under government schemes are often required to be a member of a standards body.⁹
- 20. Standards bodies can play a key role in providing additional protections and safeguards for people, such as ensuring that businesses are competent to carry out the work, treat consumers fairly and provide mechanisms for people to seek redress if things go wrong (such as access to alternative dispute resolution). This can be particularly valuable given the fragmented and developing nature of the green heating and insulation sector.
- 21. However, we found that the standards landscape is complex. The myriad of different bodies and schemes is difficult for people to navigate and businesses may be members of multiple bodies, adding to the complexity. People also have low awareness of standards bodies which can create confusion about the protections that are available, how to take advantage of these and how much weight to put on a business’s membership. For example, a consumer survey commissioned by Trading Standards Scotland (TSS) found that

⁸ The Renewable Energy Consumer Code (RECC) and the Home Insulation and Energy Systems Quality Assured Contractors Scheme (HIES).

⁹ For example, under the Home Energy Scotland Grant and Loan scheme a business must be MCS-certified to install a green heating product and should be registered with TrustMark for installing certain insulation products.

awareness of standards bodies amongst adults in Scotland was very low at no more than 6% for a single body.¹⁰

22. We also identified several key concerns which risked undermining the effectiveness of protections from the standards landscape, in particular:
- (a) The level and robustness of standards varied, raising the risk of inconsistent protection and poor outcomes for consumers. For example, the approach taken to monitoring compliance of member businesses varied in terms of the frequency, coverage and nature of inspections;
 - (b) The complaints process was generally confusing, with no clear and simple route for people to raise complaints (given multiple standards bodies could play a role in complaints management). The overlapping responsibilities also created a risk that complaints could fall between standards bodies and/or were handled inconsistently;
 - (c) Some post-installation financial protections, such as insurance-backed guarantees (IBGs), could be limited in scope and contain important caveats and exclusions that consumers might not expect (for example, only covering quality of work issues). We were also concerned that consumers may be unaware that IBGs only apply if a member business ceases to trade and do not help consumers in other circumstances such as where the member refuses to remedy a problem or no longer belongs to the standards body.
23. To help address these concerns, the CMA published a set of [good practice principles for standards bodies](#). We called on standards bodies to review their practices against these principles and, where necessary, implement any changes to meet them.¹¹
24. In February 2024 we published [an update](#) setting out progress made in the standards landscape. We found that overall, standards bodies had engaged positively with our good practice principles but more still needed to be done to improve levels of consumer protection – particularly to ensure smooth dispute resolution and strong financial protections. For example, we remained concerned that the dispute resolution process is complex and the key risk we

¹⁰ The ScotPulse survey, conducted in September 2023, found that 2% of survey respondents said that they were aware of MCS, 5% said they were aware of RECC, and 6% said they were aware of HIES.

¹¹ In July 2023, the CMA also [responded to MCS's consultation on proposed changes to its scheme](#). We welcomed MCS's proposals to make improvements in transparency, consistency, and compliance monitoring. We also set out several considerations to inform MCS's approach, to help ensure good outcomes for consumers through a high level of consumer protection. In October 2023 MCS published its response to the consultation, setting out the scheme changes that will be taken forward, following a transition period. We welcomed MCS's intention to meet the CMA's good practice principles through the planned changes.

identified in our findings report – of consumers facing inconsistent outcomes or multiple investigations into the same issue where standards bodies have overlapping responsibilities – continues.¹² Amongst other things, we encouraged the sector to consider having a single oversight body for complaints management (as recommended in our findings report).

‘Able to pay’ consumers at risk of having lesser protections

25. We also identified that as the green heating and insulation sector grows, ‘able to pay’ consumers (that is, people who fully self-fund their purchase, rather than using government funding) are at risk of having lesser protections. This is because the businesses they use do not have to belong to a standards body.
26. We noted that sector-led developments are emerging that may help to address this risk, which we welcomed – for example some standards bodies have introduced schemes specifically for businesses providing products to able to pay consumers, and some green financing products from lenders require the consumer to use an installer that belongs to a standards body (as a way of reducing the lender’s risk). However, we remain concerned that able to pay consumers will have less protection overall and in particular, will have fewer options for pursuing complaints if something goes wrong and accessing alternative dispute resolution (ADR).
27. Building people’s trust in this developing sector is crucial to consumer engagement and long-term success in enabling the transition to innovative green heating solutions. But it may undermine the long-term ‘able to pay’ market if ‘able to pay’ consumers face potentially worse outcomes than those who use government funding schemes. We therefore think it is critical that people are protected so that they get good outcomes, and particularly if something goes wrong. ADR is very important in this sector, where low consumer understanding of products may mean that consumers struggle to challenge a business in court. Unresolved problems can also have a significant impact – for example, a household may no longer have heating if they encounter an issue.

Business practices: not all businesses are behaving fairly, making it difficult for people to make informed decisions

28. It is crucial that people can trust businesses in the sector to provide accurate, transparent and clear information to help make decisions. Unless claims are

¹² For example, where a business was a member of MCS (via a certification body), a Consumer Code, and TrustMark, it could still be difficult for a consumer to know how to navigate the process, who was in charge, etc.

honest and pricing is transparent, people will not have the confidence necessary to switch to green heating solutions, undermining the move to Net Zero. Businesses making misleading claims, including forms of greenwashing, are likely to be in breach of consumer protection law.

29. Although we did not carry out a full sector-wide review, we assessed a range of material to understand business practices – including a sample of over 1,000 business websites, marketing materials and evidence from businesses, trade bodies and key stakeholders. We found evidence that some businesses were:

- making potentially misleading claims about their products' cost saving, environmental and/or energy efficiency benefits, which may lead consumers into making poor decisions or hinder good decision-making;
- engaging in other potentially misleading actions, including making claims about access to government funding schemes without being clear on eligibility criteria.

30. We also found little evidence of businesses providing upfront or 'headline' price information about the cost of products, and where they did they often took different approaches to what information was included, making it difficult for people to compare prices.

CMA steers to governments

31. Our report set out a number of key actions to address the concerns we had identified. Aside from the actions for the CMA itself (see paragraph 5 above), they required action from a range of bodies to take forward, including governments across the UK. In particular:

- We welcomed ongoing efforts by governments to provide greater centralised information and advice services for consumers. We noted these were at differing stages and strongly urged governments across the UK to prioritise their work to put in place accessible, trustworthy information sources and support to ensure people can confidently make informed decisions about green heating and insulation products;
- We supported and encouraged the UK government to push on with pilots to provide tailored services to potentially vulnerable consumer groups;

- We called on the UK government to consider:
 - Carrying out a holistic review of the standards landscape to look at how it could be simplified and protections further improved, informed by the CMA's and others' work in this area; and
 - Making business participation in approved ADR schemes mandatory across the sector to help ensure people can uphold their right to redress, regardless of whether they have bought a product through a government funding scheme.
32. The UK government published a [written Ministerial Statement](#) in February 2024, welcoming the research the CMA had carried out, acknowledging the findings set out in the CMA's 2023 report, and announcing the work the government was undertaking to improve consumer protection in the green heating and insulation sectors.
33. The CMA will continue to engage with the UK government to progress our steers, to help further strengthen consumer protections in the sector.

Other issues relevant to the call for information

Consumer enforcement landscape: tackling scams and rogue traders in the sector

34. Whilst standards bodies have an important role to play in providing additional safeguards for people, increasing consumer trust will also be dependent on the ability of consumer enforcement bodies, in particular national and local Trading Standards Services, to effectively tackle rogue traders and scams in the sector.
35. The CMA's findings report noted stakeholder concerns about the potential for unscrupulous businesses to engage in scams in this sector. National and local Trading Standards Services play a key role in enforcing consumer protection law and lead on enforcement against rogue or scam businesses,¹³ and we therefore did not consider this in detail as part of our review.

The consumer enforcement landscape

36. The consumer enforcement landscape is complex. Reforms of the UK consumer landscape in 2013/14 reflected the UK government's aim of giving Trading Standards Services a central role in national consumer enforcement

¹³ Trading Standards Services are also the lead enforcers of the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) with a duty to enforce them.

with the CMA taking on a broader enforcement role to look for systemic problems in markets, whilst also taking forward its predecessor's (the Office of Fair Trading) unfair terms leadership work in partnership with Trading Standards Services. The CMA prioritises cases where it can secure wide-ranging changes to markets.¹⁴

37. The CMA shares most of its consumer enforcement powers not only with Trading Standards Services but with a number of other agencies, many of which have enforcement responsibilities for particular economic sectors – such as Ofgem in the energy sector. We work closely with other enforcers to ensure action is taken in each case by the most appropriate body. The Advertising Standards Authority (ASA) can also take action against misleading advertisements that contravene its Codes and has a relationship with National Trading Standards for it to act as a backstop consumer enforcer should that prove necessary on individual cases.
38. The UK parliament passed legislation in May 2024 to give the CMA stronger consumer powers, which will enable the CMA to decide when consumer law has been broken without taking a case to court. The Digital Markets, Competition and Consumers Act 2024 will, once it comes into effect,¹⁵ empower the CMA to fine those firms that do break consumer law up to 10% of their global turnover. Other enforcers, such as local authority trading standards services and sector regulators (as well as the CMA), will be able to apply to the civil courts to impose penalties when dealing with consumer law breaches.
39. Strong consumer laws without adequately resourced, positioned and coordinated enforcers may lead to ineffective protection for consumers and fair dealing businesses. The consumer landscape would benefit from clarification of the different roles, improved coordination, and by ensuring the system is adequately resourced at all levels.

The CMA's enforcement role

40. The CMA targets its consumer enforcement powers on systemic market issues that adversely affect the collective interests of UK consumers (i.e. where the unfair treatment of consumers, or the challenges they face in making choices, suggests there may be a systemic market problem). We

¹⁴ Consumer protection enforcement powers are reserved to the UK Government, although the Scottish Government has powers to provide consumer advocacy and advice.

¹⁵ The Government expects to commence these enhanced consumer protection enforcement provisions in April 2025.

therefore focus our resources on choosing enforcement cases which have a market-wide impact or precedent setting value.¹⁶

41. By way of example, the CMA recently secured undertakings from Worcester Bosch in respect of the marketing of its 'hydrogen-blend ready' boilers to make sure that customers can make well-informed decisions. Alongside this, we carried out wider compliance work in the sector, sending warning letters to other boiler suppliers which led to positive changes in these businesses' marketing practices.
42. Given the focus of the CMA's consumer enforcement work, we do not prioritise action against 'rogue' traders or scam businesses – as stated at paragraph 35 above. National and local Trading Standards Services lead on enforcement against such businesses.

Role of Trading Standards Services in tackling energy efficiency scams

43. We welcome the work that Trading Standards Scotland (TSS)¹⁷ has undertaken in the sector over the past few years. We understand that the energy efficiency sector is a national priority for TSS, which means that resources are prioritised to address it. We are aware that local authority Trading Standards Services have also worked with TSS on coordinated, proactive enforcement action. For example, TSS:
 - Jointly worked with local authority Trading Standards Services (and the ASA) on a project to identify and disrupt misleading internet-based adverts, relating to the sale of energy efficiency products;
 - Launched awareness campaigns (supported by Home Energy Scotland and funded by Consumer Scotland) to help consumers avoid scams linked to energy efficiency measures and to point them towards sources of trusted, impartial advice.
44. We note that the Society of Chief Officers of Trading Standards in Scotland (SCOTSS) has previously highlighted that many local authority Trading Standards Services were operating at or below minimum levels and suggested that any further fragmentation or reductions in capacity could

¹⁶ We aim to achieve a wider impact through our enforcement action, for example by developing the law or by having a deterrent effect across a sector or sectors.

¹⁷ Trading Standards Scotland is the national team for trading standards in Scotland. The team is funded by the UK Department for Business and Trade (DBT) and managed by the Convention of Scottish Local Authorities (COSLA); the representative body of local government in Scotland.

seriously risk the ability to deliver positive outcomes for consumers in Scotland.¹⁸

Consumers' lack of awareness of their general consumer rights

45. In addition to consumers' general lack of familiarity and understanding of green heating and insulation products, and their low awareness of standards bodies in the sector, we note that previous consumer research commissioned by Citizens Advice Scotland also found relatively low levels of awareness about general consumer rights and protections amongst adults who had recently purchased renewable energy or energy efficient products.¹⁹ This is likely to add to the potentially vulnerable position consumers may find themselves in when buying green heating and insulation products.

Conclusion

46. We welcome Consumer Scotland's call for information on the home heating sector. We consider that the questions on which Consumer Scotland is focusing its investigation are important to understand the sector and potential consumer protection issues in Scotland. Further to this response, we remain available to cooperate with Consumer Scotland and look forward to discussing the findings of its investigation.

Competition and Markets Authority

October 2024

¹⁸ See the [SCOTSS response](#) to the Scottish Government's consultation on proposals for the creation of a consumer body for Scotland, September 2018.

¹⁹ 2019 Omnibus survey commissioned by Citizens Advice Scotland. See Citizens Advice Scotland report '[Fit for the future - Putting consumers first in the move to net zero](#)', September 2020, at page 9.