

Perenna: Retrofit Discount Feature

Sub-heading: A new mortgage discount trial designed to reward homeowners who install solar panels or heat pumps.

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Partners: Perenna Bank PLC, Heatio, Energy Systems Catapult

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- Discovery Phase: £193,351
- Pilot Phase: £599,331

Project duration:

- Pilot Phase: January 2024 – February 2025

Innovation Overview

Perenna, a UK digital mortgage lender, piloted a new green mortgage feature designed to encourage home retrofitting. The retrofit discount feature offered customers a 0.20% reduction on their long-term fixed-rate mortgage if they installed solar panels or a heat pump within two years of remortgaging.

This approach was innovative in that, instead of offering a one-time payment, customers would receive ongoing monthly savings over the entire mortgage term, which could be fixed for up to 40 years.

To support this, the pilot included optional services from Heatio, a home energy data and analytics platform, offering customers innovative digital tools and monitoring with smart meters to understand their energy use and plan improvements. Energy Systems Catapult (ESC) led research into how both homeowners and brokers understood and responded to the offer.

What were the objectives of the project?

The project aimed to design and test a mortgage product that would:

- **Provide a meaningful, long-term financial incentive:** Encouraging homeowners to retrofit.
- **Encourage take-up of low-carbon technologies:** E.g., solar panels and heat pumps.
- **Test the green mortgage incentive:** Test the real-world performance and customer journey of a green mortgage incentive.
- **Improve understanding among brokers and consumers:** Grow awareness and understanding of retrofit benefits.
- **Reduce upfront cost barriers:** Lower costs and simplify decision-making for homeowners.

The pilot specifically focused on remortgage customers, i.e. homeowners who already have a mortgage and are refinancing.

This group was identified as the most promising retrofit audience based on data and insights from market research undertaken by ESC in the Discovery Phase. The research suggested that people re-mortgaging are more likely to consider retrofit work than first-time buyers, as they are more likely to have built up equity, which can help fund improvements.

Activities funded by the Green Home Finance Accelerator

The pilot supported several new developments:

- **Behavioural research:** ESC conducted qualitative interviews with 20 mortgage brokers and 16 consumers. The project also surveyed 2,208 people during the pilot phase across a range of ages and income levels. The research tested whether the retrofit discount would change attitudes or increase the likelihood of installing green technology, and helped to inform the design of the discount feature.
- **Mortgage discount feature:** Perenna created a digital process allowing eligible customers to opt in to a 0.20% mortgage discount. To qualify, customers must commit to installing solar panels (minimum 2kWp) or a heat pump within two years, using an MCS-certified installer. Savings are then applied to the full mortgage loan for the remainder of its term. For example, a customer borrowing £300,000 could save £480 per year on mortgage payments, excluding energy savings.
- **Customer journey and verification process:** The customer journey was designed to be simple and flexible. Homeowners could choose their own installer or use links provided by Perenna to MCS-certified contractors. Once the retrofit was complete, customers submitted their installer's certification number. Perenna verified this through an automated link to the MCS database (a national system that certifies clean energy installations).
- **Educational content and marketing tools:** Perenna launched landing pages, digital calculators, downloadable guides and blog content to explain how the retrofit feature worked. Consumer testing of the website throughout the project led to improvements including key messages being reworded and bolded after surveys showed that many users missed basic eligibility criteria.
- **Heatio platform access:** Homeowners had the option to engage with Heatio, whose digital Home Energy Management System helps assess energy use and identify suitable retrofits. Heatio signed up 116 users during the pilot phase outside of the GHFA project, with 63 fully onboarded using smart meters.

What did the project achieve?

Although no customers completed a retrofit and claimed the mortgage discount during the pilot window, the project produced a number of insights:

- **Likelihood of undertaking retrofit increased in response to the mortgage discount:** Although the product saw no uptake during the pilot, the ESC research showed the retrofit discount had a measurable impact on consumer interest. Among homeowners with a mortgage, the stated likelihood of installing a heat

pump rose from 58% to 73% once the retrofit discount was explained. For solar panels, the likelihood increased from 63% to 78%.

- **Widespread interest in mortgage discounts but little knowledge of retrofit options:** Based on the ESC research, more than 50% of consumers surveyed said the retrofit discount feature was appealing. This figure was 84% among younger homeowners planning to remortgage within two years. However, interest did not translate into uptake. The research found that many consumers lacked basic awareness of retrofit options, with 75% saying they knew little or nothing about heat pumps, and 50% saying the same for solar panels.

Key challenges and learnings for the wider sector

- **Customers are wary of green claims made by banks or mortgage providers, hindering uptake of green finance products:** Although the mortgage feature was live and promoted nationally, no customers completed a qualifying retrofit within the project period. This means the project could not test post-installation processes like verifying savings or adjusting mortgage rates in real time. Survey participants and interviewees consistently cited cost and scepticism as key reasons for inaction. Many doubted whether the mortgage discount or the retrofit would deliver meaningful savings. Consumers were also wary of green claims made by banks or mortgage companies. In Heatio's parallel research, customers expressed fears of "hidden agendas" and questioned whether projected energy savings were realistic. These findings suggest that trust in lenders and retrofit technologies remains fragile, particularly when messaging is perceived as sales-driven or overly technical.
- **Brokers are vital to success – but need support:** Around 20 brokers were involved directly in ESC's interviews, and broader outreach was conducted through webinars, training guides, and marketing campaigns. Despite these efforts, brokers often did not mention the retrofit discount feature to customers. The main reasons were: lack of knowledge about low-carbon technologies; perceived complexity of explaining the feature; and low customer demand, with brokers saying that clients rarely asked about retrofit options. Perenna responded by simplifying the language in broker systems and updating guides. Going forward, Perenna recommends more broker training on how retrofit works and why it matters, clearer tools to identify when a customer might benefit, and exploring safe, regulation-compliant incentives to encourage broker engagement.
- **Upfront cash incentives are more attractive than long-term savings:** While the retrofit discount offers thousands of pounds in savings over time, ESC's consumer research suggested that most people prefer cashback-style offers. A cashback mortgage gives you money upfront, whereas a discount mortgage reduces your monthly payments over the long term. These findings suggest that future green mortgage offers could combine both models – for example, offering a smaller rate reduction along with an upfront reward to better match consumer preferences.
- **Green messaging alone isn't enough:** Environmental benefits alone did not drive engagement. Both consumers and brokers responded better to marketing

that emphasised cost savings, ease of installation and access to trusted support. In future, communications should lead with these practical benefits.

What's next for Perenna and partners?

Despite low uptake, Perenna is continuing to offer the retrofit discount feature and plans several improvements:

- **Expanding eligibility** to include more products and retrofit technologies (e.g. insulation, batteries)
- **Improving broker tools and training** to help identify and support retrofit-ready customers
- **Testing new incentive models**, including hybrid offers that combine cashback with rate discounts
- **Strengthening partnerships** with installers and digital energy tools like Heatio
- **Continuing consumer education** with simpler explanations, cost examples, and possibly video content

The pilot shows that while demand for retrofit mortgages exists in principle, unlocking it in practice will require clearer messaging, better tools for brokers and more compelling rewards for customers.

Where to find out more?

LinkedIn: [Perenna: Overview | LinkedIn](#)

Website: [Perenna | The only mortgage you'll ever need](#)

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