

# Project Case Study: Fornax

## Project theme:

Innovative financial models

## Project lead:

Fornax

## Partners:

N/A

## Contact:

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## Funding:

£293,830

## Project duration:

2024-2025

## Date of publication:

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## What were the objectives of the project?

Fornax's project aimed to address a primary barrier to heat pump adoption: high upfront costs. Building on Fornax's existing subscription-based model for heat pumps, the project developed this technology platform to collect and analyse relevant property and customer data, understand risk, and minimise customer costs. In short, its objectives were:

- **To minimise the costs of the heat pump subscriptions for customers** by developing a digital platform to optimise costs and risk profiles and a scalable financial model that could attract institutional investors with the lowest cost of capital.
- **To improve customer confidence in heat pumps** by including servicing and maintenance, and developing a system performance guarantee of 10+ years.

## What activities were funded?:

The project used its funding to:

- Build a digital platform that supports subscription and leasing options for heat pumps.
- Develop a pricing engine to accurately assess costs and risks.

- Run pilot projects to test the model and gather real-world data.
- Work with installer partners to trial the platform and measure customer interest in the comprehensive monthly subscription model.

### What did the project achieve?:

Fornax launched **The Heat Pump Plan**, a monthly payment option for homeowners. Key achievements include:

- A pricing engine that generates quotes quickly and accurately.
- Tools that reduce the time needed for home surveys.
- Real-time monitoring of heat pump performance.
- A system that helps installers stay compliant with regulations.

Early trials showed that some customers chose the plan when it was offered alongside traditional purchase options. The platform also helped reduce the underlying costs of installing a heat pump, further improving affordability for homeowners.

## Project objective 1: Minimise the cost of heat pump subscriptions for customers

### Why is this important?:

Heat pumps are a long-term investment, much like buying a car or a home. But without affordable financing, the upfront cost is a barrier to take-up. Making heat pumps available through low-cost monthly payments helps more people access clean, efficient heating.

### What activities were funded?:

To reduce costs, Fornax:

- Built a platform that uses customer and property data to accurately assess costs and financial risk.
- Ran pilot projects to gather evidence to test and refine the pricing model.
- Initiated discussions with institutional investors with a view to accessing lower-cost finance as the scale of installations increases.

### What were the project findings and did the project achieve this objective?

The project achieved its objective of creating an advanced pricing engine and underwriting model. The pricing engine evolved to focus on system design quality and installer performance – key drivers of financial and technical risk. It now processes over 80 variables and thousands of data points per project, including design specifications, installer behaviour, and consumer profiles. The system supports real-time quote generation and precision pricing, enabling lower rates and higher affordability. Engagement with and selection of the product improved as customers were given more choice and flexibility, with highly variable preferences for different contract lengths / monthly payment profiles ranging from five (5) to twelve (12) years

Fornax reported that this has reduced the cost of monthly payments to ~£75 a month for the installation of an average system. This represented the lowest monthly cost available and a 22-73% reduction vs. five other personal loan financing products on the market, a material reduction that significantly expands the addressable audience for heat pump retrofit.

Several product innovations helped to reduce costs:

- Fornax's platform uses data from hardware monitoring to quality-control systems, ensuring they are optimised and that potential issues are identified early and rectified. It uses a range of solutions to do this, including manufacturer APIs, smart controls and specialist monitoring software. This is scalable at low cost and can meaningfully reduce breakdown risk and the lifetime cost of ownership
- Fornax integrated tools and processes into the platform that enables installers to meaningfully reduce their administrative burden, such as the drafting of paperwork for certificates and insurance-backed guarantees. This allows installers to demonstrate compliance with relevant bodies and standards at a lower cost than they are otherwise able to today.

Through the project, access to estimates for a monthly subscription service was simplified, with pricing options delivered after a short survey based on basic information about the home (Figure 1). Following a full home survey, a bespoke digital quote pack is generated, helping consumers to understand their proposed new system and the different payment options available to them.

Through a trial with one regional installer, Fornax reported that quote requests doubled when the option of a monthly payment was made available. Over the course of the project, the platform attracted interest from 20 installers who were dissatisfied with existing personal-loan based solutions. This demonstrated interest in alternative financing offers to consumers.

Thank you!		
Congratulations! Your estimate is below.		
Homes can require pipework or electric retrofitting to be compatible with a heat pump. The numbers below may change based on the results of your professional installer survey.		
	PAY MONTHLY	OUTRIGHT PURCHASE
	Zero Upfront	100% Upfront
Agreement Length	12 Years	-
Upfront payment	-	£6,509
Monthly Payments	£85	-
Annual service included?	✓	About £300 per year
Breakdown coverage	✓	Non included

Figure 1: An example quote provided by the Fornax website.

## Project objective 2: Improve customer confidence in heat pumps

### Why is this important?

Some homeowners are unsure whether heat pumps will work reliably in their homes. This uncertainty, often due to misinformation, can stop people from switching to heat pumps, even if they can afford them. By offering a comprehensive heat pump offer, including ongoing servicing and maintenance, with extended system performance guarantees over 10+ years, Fornax sought to provide a solution that reassure customers about long-term heat pump performance.

### What activities were funded?

To improve customer confidence, Fornax:

- Designed a pricing model that rewards high-quality installations.
- Used live data to continuously monitor system performance, enabling the platform to detect and resolve problems before they affect the homeowner, thereby improving the overall reliability of heat pump installations.

- Created a feedback loop to improve future installations based on the real-world performance of previous installations.
- Offered a full heating system guarantee for over 10 years.

### **What were the project findings and did the project achieve this objective?**

The platform currently enables Fornax to offer agreements, including full servicing and breakdown cover, for up to 12 years. Fornax reported that several pilot customers were able to pay for a full installation upfront (i.e. not constrained by affordability) but still opted to take out the Heat Pump Plan due to the peace of mind it offered – they paid a high upfront payment to reduce monthly payments but selected a multi-year plan. Issues arising with systems are currently in line with modelling expectations, albeit at an early stage of validation.

### **Summary:**

The Fornax project aimed to improve access to heat pumps beyond the able-to-pay market, enhance trust in heat pumps' reliability, and develop a scalable financing model that can reduce capital costs. By building a technology platform and conducting pilot projects, Fornax created The Heat Pump Plan, a pay-monthly option that shows potential as an alternative way to finance a heat pump. The project also focused on ensuring reliable performance through live data monitoring and proactive maintenance in order to deepen consumer trust. The project demonstrated strong market demand and secured future commitments from capital providers. The next steps involve raising private capital to scale the offering and accelerate heat pump rollout, targeting substantial growth in installations over the coming years.

### **What next?**

The next step is to assess whether it is possible to scale the platform, working to support specialist installation partners across the UK and to see if The Heat Pump Plan can offer affordable finance and quality installations.

### **Where to find out more**

[fornax.energy](https://fornax.energy)

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