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Citizens Advice response to MCS scheme redevelopment consultation

1. Proposal 1: New Scheme Structure

1.1. Do you agree with a proposed new scheme structure to incorporate MISs containing the technical requirements for an installation, new Scheme Rules and Customer Duty? Please explain why, providing evidence to support your answer.

If executed successfully, we are broadly supportive of these changes. Our [research](#) in recent years has highlighted that the existing protections landscape is failing consumers. The changes proposed here would simplify the MCS scheme (both for consumers and for contractors), while also providing greater alignment with Trustmark. This can drive better consumer outcomes provided the proposals are rigorously developed and implemented successfully. However, wider change would still be needed in the sector in order to truly give consumers the confidence to engage in the energy transition.

Supportive of moves to simplify the landscape

Our research shows that consumers would value having a single point of contact, with clear protections for them if something goes wrong. To that end, if they can be delivered successfully we would be supportive of more functions being centralised within MCS. Moreover, it is good to see alignment between the MCS Customer Duty and Trustmark's [Customer Charter](#). However, we think the 'Customer Duty' could be better named. It uses the language of a regulator, and we are worried this could provide an illusion of enforcement powers that MCS can't match. Since the

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creation of a 'consumer charter' was a recommendation of the Each Home Counts review, we don't see a reason why this same language shouldn't be used here.

More detail needed on how proposals will be implemented

Some of the proposals require more detail before we can fully support them. We address this more in subsequent questions, but we would expect more details on how vulnerable customers will be treated under new rule changes, the short and long-term funding arrangements for proposals, and details on how MCS will ensure adequate third-party oversight over the successful implementation of proposals.

Clarity needed on how Customer Duty will be enforced

Whilst we acknowledge that it is still a draft, it is not clear to us how compliance with the [Customer Duty](#) will be assessed. Some of the language used in the Customer Duty may also not be easily understandable to all consumers. As a result, we think MCS should investigate the possibility of simplifying some of the language in the Customer Duty, and creating a parallel document that outlines clearly how compliance with the Customer Duty will be enforced.

MCS must be clear that more work is needed in the sector to protect consumers

Changes to a single scheme only go some way to creating a protections framework fit for a mass rollout of low carbon technologies. In particular, our [research](#) points to a need to extend accreditation across the entire sector, and further simplify the network of different accreditation schemes. We see a role for MCS in advocating for these changes more clearly, as it would minimise the risk of more installers moving into the unregulated part of the sector in response to the potential for greater monitoring of their installations.

1.2. In light of the proposed introduction of the MCS Customer Duty, are there any risks that need to be considered with the removal of mandatory Consumer Code membership? Please explain, providing evidence to support your answer?

We are broadly supportive of the changes outlined above. However, we see a number of risks that will need to be carefully understood and addressed. We outline them below:

Failure to account for all functions performed by consumer codes

There is a risk to consumers if the new MCS Customer duty and accompanying checks on contractors do not fully account for the checks that are currently provided by consumer codes such as the Renewable Energy Consumer Code (RECC). To mitigate against this, we recommend that MCS publish a table outlining the functions that the consumer codes currently perform and the ways in which their proposals will still deliver this. Where there are inconsistencies, MCS should explain why in their view this will not lead to consumer detriment.

Poor delivery of the outlined proposals

Whilst we are supportive of the intent of proposed changes, they could risk undermining consumer protections if new functions are not successfully delivered. We expect MCS to build on the information provided in this consultation, and in their response provide further clarity on:

- **Transitional funding arrangements** that will enable a move to this new model to take place over the six month period they outline
- **A risk assessment** outlining how potential delivery risks will be mitigated against
- **Long-term funding arrangements** for different functions once the move to the new scheme arrangements has been completed.
- **A timeline** outlining the timescales and sequence in which these changes will be implemented
- **An impact assessment** of how these changes could affect the delivery of any existing Government schemes and funding mechanisms.

Inadequate monitoring of the ongoing impact of proposed changes

If these proposals are implemented we see a role for Citizens Advice, Government departments and a number of other bodies including the Chartered Trading Standards Institute (CTSI) and the Competition and Markets Authority (CMA) in assessing whether the move away from consumer codes is resulting in any consumer detriment. We would expect MCS to clearly outline a mechanism to facilitate this third-party oversight before any changes are made. We would also suggest working closely with the Consumer Protections Partnership (CPP) as a way of maintaining transparent oversight with these organisations. We will also be regularly monitoring our consumer service data to understand if changes are resulting in any new problems for consumers.

2. Proposal 2: Certificates for replacement, extended and adopted systems

2.1. What risks, associated with MCS allowing for the certification of replacement or extended systems, should be considered? Please highlight any difference or limitations for the various technologies.

We are supportive of these changes, as they fill a gap in the current protections framework. Data from our consumer service shows that this gap is currently resulting in consumers being unable to have their desired work completed by a contractor. Contractors would not be obliged to adopt installations, and so in our view there is not a high enough risk that would indicate that this proposal should not be implemented.

2.2. Should MCS allow for the adoption of incomplete installations and if so, what additional checks or consumer protections might be necessary? Please explain why, providing evidence to support your answer.

There should be a mechanism that allows consumers who have paid for an installation which hasn't been completed to have it be adopted by another MCS contractor. Our consumer service

data shows that this is a gap in the current protection landscape that can result in consumers being left high and dry through no fault of their own, in particular when a contractor goes bust.

However, it is not clear to us how this would fit with other proposals, namely the potential creation of an MCS guarantee. MCS should explain if this would be a necessary step in order to establish an MCS guarantee, and also whether they still intend to pursue this if an MCS guarantee is not established.

3. Proposal 3: Risk-based compliance assessments

3.1. Do you agree with our plans to refocus the scheme's CB-delivered compliance assessments on 'delivered quality', with a reduced focus on a contractor's back-office systems and paperwork? Please explain why, providing evidence to support your answer.

We are supportive of these changes. It makes sense to focus a greater share of resources on contractors that are viewed as high risk, and it would create an incentive for contractors to continuously demonstrate high standards of delivery and customer service. This model is also better suited for a future where larger organisations are active in the sector, whereas a 'one-size-fits-all' desk-based approach would not deliver the same level of appropriate rigour.

One concern that we have is that it could create a perverse incentive for contractors to operate outside of the accreditation scheme, if they want to avoid the possibility of a high compliance burden. As a result, we see a role for MCS in advocating for sector-wide accreditation, as this would eliminate this risk entirely.

3.2. Do you agree with the deployment of a scheme-wide compliance risk model that determines the volume and nature of contractor assessments, with the aim of ensuring more compliance effort is spent on higher risk contractors, with low-risk contractors rewarded with less site assessments? Please explain why, providing evidence to support your answer.

Please see our response to question 3.1.

3.3. Do you agree with the level of assessment burden described and that this can only decrease after 2 years on the scheme? Please explain why, providing evidence to support your answer. If you disagree, please propose alternative assessment levels and reasoning behind your recommendations.

We do not have a close understanding of what level of assessment burden is most appropriate here, but it is clear from our consumer service data that there should be a higher overall amount of on site assessments than currently take place today. It would also not make sense for contractors to automatically be placed on a 'low risk' rating. We would welcome a cost benefit analysis as to which level of assessment burden could be most appropriate.

We would like to understand why the assessment burden does not increase proportionally with a contractor's installations. Without establishing a framework such as this, there is a risk that issues with the installations carried out by large organisations are not picked up on.

- 3.4. Do you agree with our proposed list of factors that should influence a contractor's risk of non-compliance (increasing or decreasing)? Please provide any further recommendations in addition to the factors already described, along with their relative importance.**

The list of factors seems fairly comprehensive and we do not have anything to add.

- 3.5. Do you agree with the proposal to record a contractor's risk rating on the MID and make this visible to them? Please explain why, providing evidence to support your answer.**

No response provided.

4. Proposal 4: Technical responsibility for each installation

- 4.1. Do you agree with a move away from Nominated Technical Person (NTP) to a Technical Supervisor recorded on the MID for each installation? Please explain why, providing evidence to support your answer.**

The current system of each contractor having a Nominated Technical Person (NTP) will clearly not provide meaningful oversight if more large organisations begin to play a greater role in the installation of low carbon technologies.

However, we are interested in understanding how the change to a system of Technical Supervisors for every installation is feasible for small and medium-sized contractors. We would not want this to lead to SMEs ceasing to carry out work under Government grants as a result.

- 4.2. What checks should be made when assessing an installation as to the technical supervision that was put in place and the involvement and competency of the Technical Supervisor? Please explain, providing evidence to support your answer.**

No response provided.

- 4.3. We do not plan to include the Technical Supervisor's details on an MCS certificate but retain this information in the MID for compliance reasons only. Do you agree with this approach?**

No response provided.

5. Proposal 5: Pending (conditional) certification

- 5.1. Do you agree that a "pending certification" option is of benefit to contractors struggling to secure a first installation without having to complete an installation at their own cost? Will this resolve the issue of contractors needing to complete a first installation to support their initial assessment, but unable to find a customer willing to contract with a contractor who isn't already MCS certified? Please explain why, providing evidence to support your answer.**

We understand that this may result in a greater number of contractors becoming MCS certified, and as a result see it as having the potential to be in consumers' interests. However, the language must be carefully set out so as not to create the opportunity for consumers to be misled.

- 5.2. Will taking a bond to offset the cost of completing a customer's installation if a contractor fails to achieve MCS certification, provide adequate protection for customers? Do you have any other suggestions that could provide adequate customer protection during a contractor's "pending certification"? Please explain, providing evidence to support your answer.**

No response provided.

- 5.3. Is a bond of £5,000 enough of a deterrent to prevent unscrupulous contractors taking advantage of an option for "pending certification"? Please explain why, providing evidence to support your answer.**

No response provided.

6. Proposal 6: MCS Contractor Agreement

- 6.1. Do you agree that MCS should further strengthen its ability to hold contractors to account for poor quality installations via a new Contractor Agreement? Please explain why, providing evidence to support your answer.**

We support much of what is outlined here, and see it as vital that any checks currently performed by consumer codes are included here. As outlined in our answers to other questions, we would welcome a table outlining the checks that are currently performed by consumer codes, and whether or not they will form part of MCS scheme approval checks or compliance assessments. If not, MCS should justify why this check will not be performed. In addition, we would like to see more detail about how compliance with the Customer Duty will be assessed.

- 6.2. Do you agree that MCS should adopt powers so that a contractor who is no longer on the scheme is not absolved from the liabilities and responsibilities**

accrued during their operation as an MCS certified Contractor? Please explain why, providing evidence to support your answer.

This is a sensible measure to take to ensure that consumers remain protected even if the contractor ceases to be MCS certified. However, we would like to understand in more detail how practical this will be to enforce.

7. Proposal 7: Centralised complaint management

7.1. What are the most important aspects of complaint management that we should consider? Please explain why, providing evidence to support your answer.

The outline proposed seems sensible, although as we mention in our response to question 1.2 it would be valuable for MCS to provide a table outlining the functions that the consumer codes currently perform in this space, and the ways in which proposed new changes will continue to deliver these services. Nevertheless, if successful this would provide consumers with a clearer route to having their problems dealt with, which we would support.

One concern we have is that we do not see reference here, or elsewhere in the consultation, to how MCS will ensure that consumers in vulnerable circumstances are adequately supported. A clear policy for supporting consumers in vulnerable circumstances should represent an important part of a complaints handling function.

7.2. How should we judge the success of our complaint management and dispute resolution, including through the partnerships we form for the provision of dispute resolution services and ADR? Please explain, providing evidence to support your answer.

No response provided.

8. Proposal 8: Implementation of new financial protections

8.1. Do you agree with the premise of the "MCS Guarantee" as a new financial protection to be associated with MCS certified installations? Please explain why, providing evidence to support your answer.

The MCS guarantee represents a significant departure from current arrangements for financial protections under MCS. It would involve MCS taking on an entirely new delivery function, the costs of which we would expect to be quite uncertain at this point. This is in contrast to other proposals, such as centralised complaint management, which involve taking on sole responsibility for providing a service to consumers that MCS already provides in some way.

In light of this, we are concerned about the potential risk of being able to successfully deliver an MCS guarantee, and would need to be provided with significantly more detail regarding both short and long-term funding arrangements for the program.

Instead, in the first instance we would support a more thorough investigation into which IBG providers are able to provide the most effective cover for consumers. We note that Trustmark and Competent Person Schemes have not outlined the same extent of problems with IBGs as MCS. This could ensure better financial protections for consumers whilst other changes to the schemes are being implemented. Once other proposals have been successfully implemented, we would support a further consideration of whether an MCS guarantee could be a more effective long-term replacement for IBGs.

8.2. What should we consider in designing the "MCS Guarantee" and in our choice of a financial protection partner(s)? Please explain, providing evidence to support your answer.

No response provided.

8.3. Do you agree that there is little or no consumer detriment from removing the current mandatory requirement for IBGs? Please explain why, providing evidence to support your answer.

Please see our answer to question 8.1.

8.4. Are alternatives to credit card protection of deposits necessary in today's market and if so, what form of protection would you suggest? Please explain, providing evidence to support your answer.

Alternatives to credit card protection of deposits are vital, especially for fuel poor consumers who are having work done via government schemes. According to [YouGov](#), 29% of the general public do not have access to a credit card. For those that do have a credit card, estimates by the [Money and Pensions Service](#) found that 43% of them are anxious about the amount they currently owe.

As a result, we would prefer to understand if more can be done with current insurance products to ensure that MCS contractors are purchasing the most effective products to protect consumer deposits. We note that Trustmark and others still rely on IBGs and have not outlined the same concerns that MCS have in this space.

8.5. Should MCS prescribe the maximum deposit a contractor can take from their customer, as a percentage of the overall cost of an installation? Are there any other considerations in relation to a contractor taking deposits that we should review? Please explain, providing evidence to support your answer

No response provided.

9. Proposal 9: Retirement of existing documents

- 9.1. Do you agree that we can retire MCS 001-1, MCS 001-2, MCS 025 and MGD 001 as result of proposed changes to MCS? Please explain, providing evidence to support your answer.**

No response provided.