

THIS LETTER CONTAINS IMPORTANT INFORMATION ABOUT YOUR MEMBERSHIP OF THE RENEWABLE ENERGY CONSUMER CODE AND A WRITTEN RESPONSE FROM YOU IS REQUESTED. PLEASE READ IT CAREFULLY AND DO NOT IGNORE IT.

Mr J Hall
 Solartech NE Ltd
 251-255 Linthorpe Road
 Middlesbrough
 TS1 4AT

1 September 2015

Dear Mr Hall,

Request for Solartech NE Ltd to agree to a Consent Order

I am writing to you in accordance with clause 7 of the Bye-Laws to invite Solartech NE Ltd (referred to in this letter as "the Code Member") to agree to a Consent Order. The Bye-Laws are available at <http://www.recc.org.uk/scheme/bye-laws>.

Background

In a letter dated 30 July 2015, the Code Member was informed that the RECC Executive had received information which gave it reasonable grounds to consider that provisions of the Renewable Energy Consumer Code ("the Code") had been breached. Having investigated the information in accordance with clause 6 of the Bye-Laws, the RECC Executive informed the Code Member that it was invoking disciplinary proceedings in line with clause 8 of the Bye-Laws and invited the Code Member to provide its written comments in response. The content of these communications is considered below.

Summary of information received

The following information was received from the source identified below.

Issue	Source	Breaches of the Code
1. Code Member failed to make adequate arrangements for vulnerable consumers when selling in the home	Complaint information	Section 2.5
2. Code Member demonstrated pressure selling techniques when selling in the home	Complaint information	Section 5.2
3. Code Member provided consumers with inaccurate financial performance estimates at the point of sale	Complaint information	Section 5.3
4. Code Member gave consumers misleading information about their right to cancel when selling in the home	Complaint information	Section 6.2
5. Code Member failed to provide consumers with an	Complaint information	Section 9.1

Renewable Energy Consumer Code, 25 Eccleston Place, London SW1W 9NF

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adequate response to their complaints		
6. Code Member brought the Code into disrepute	Complaint information	Section 4

A full narrative, including details of the information received, the response from the Code Member, and the details of the breach the RECC Executive has identified is included in **Appendix 1** to this letter to which we suggest you refer carefully.

Review of the Code Member's Response

The RECC Executive has reviewed the Code Member's written response dated 19 August 2015 (summarised in the attached appendix) in accordance with clause 8.4 of the Bye-Laws. The Code Member commented on the alleged breaches of the Code and provided supporting evidence where necessary. The Code Member stated that it does try to 'adhere to the code in all areas' and will 'make improvements where [it] can in the areas highlighted'. It also states that improvements have been extensive over the last 2 years and that it 'continues to improve month by month'. The Code Member states that since January 2014 it has completed 1305 installations and emphasises that the RECC Executive has only received 15 complaints in this time. The Code Member's response sets out the procedures it has in place to ensure compliance with the Code but fails to deal with instances where evidence suggests these procedures may not have been followed. It therefore concludes that the information received suggests that there has been a breach of the Code.

The RECC Executive considers that (a) failing to make adequate arrangements for vulnerable consumers when selling in the home, (b) using pressure selling techniques when selling in the home, (c) providing consumers with potentially inflated and inaccurate financial performance estimates at the point of sale, (d) giving consumers incorrect and misleading information about their rights to cancel when selling in the home, and (e) failing to provide consumers with an adequate response to their complaints, are serious breaches of the Code. The RECC Executive therefore considers that sections 2.5, 5.2, 5.3, 6.2, 9.1 and 4 of the Code have been breached.

The RECC Executive also has concerns about a potential investigation by Trading Standards into the Code Member's compliance with the Code. In the Code Member's response it said that 'Both directors...have signed an undertaking with Trading Standard for the above as one of our previous sales man did on occasion mention that he was working in line with the Council (*sic*)'. Trading Standards asked the RECC Executive to provide a witness statement following its receipt of complaints relating to the Code. The RECC Executive is unaware of the outcome of this process and requires further information to decide whether this information should be of concern to it. This information should include the details of the aforementioned undertaking and any further involvement by Trading Standards since it was signed.

Following its review of the Code Member's response, the RECC Executive considers that there is a case to answer and accordingly it has decided to request the Code Member to agree to a Consent Order in accordance with clauses 7 and 8.5.2.2 of the Bye-Laws. The RECC Executive has decided that a Consent Order requiring the Code Member to take action is necessary in order to ensure its compliance with the Code, and to prevent the risk of consumer detriment in the future.

You will recall that in my letter dated 30 July 2015 I asked you to respond to the RECC Executive's concern that sections 5.1, 5.4 and 7.3 of the Code may have been breached as a result of the issues

raised. You will see that the RECC Executive has decided following its review of your response that the concerns it has raised can be adequately addressed in the Consent Order without reference to these potential breaches. Please note however, that in the event that a Hearing does take place in relation to this matter, the RECC Executive reserves the right to refer these potential breaches, and any evidence relating to them, to the Non-Compliance Panel, if appropriate at that time. This information will also be reconsidered in the case of an additional or repeated breach, and the RECC Executive reserves the right to take further action.

Terms of Consent Order

Accordingly, the RECC Executive invites the Code Member to agree to a Consent Order on the following terms:

1. *The Code Member agrees that the RECC Executive shall, within the period of 2 months commencing on the date on which this Consent Order is signed, carry out an Audit of the Code Member at the Code Member's expense to assess its compliance with the Code; and*
2. *The Code Member agrees that the RECC Executive may invoice the Code Member for this Audit in advance of it taking place.*

The Code Member further agrees that:

3. *Within the period of 1 month commencing on the date on which this Consent Order is signed, it will provide the RECC Executive with all information pertaining to any investigation carried out or undertaking issued by Trading Standards, including the outcome of that investigation and details of any complaints received by Trading Standards about the Code Member which relate to a potential breach of the Code; and*
4. *The RECC Executive may publish this Consent Order or a summary of its terms on the RECC Executive's website.*

Breach of this Consent Order

In the event that the Code Member agrees to the Consent Order and subsequently breaches it, the RECC Executive shall convene a disciplinary Hearing before the Non-Compliance Panel in accordance with clauses 7.5 and 8.12 of the Bye-Laws.

Next Steps

I have set out below the next steps if (1) the Code Member wishes to request a Hearing, (2) the Code Member does not agree with, or respond to the Consent Order, or (3) if the Code Member agrees to the Consent Order.

(1) If the Code Member wishes the matter to be considered by the Non-Compliance Panel at a Hearing

In accordance with clause 7.6 of the Bye-Laws, following the RECC Executive's invitation to the Code Member to agree to this Consent Order, the Code Member may request that the matter be considered by a Hearing of the Non-Compliance Panel instead of being addressed by a Consent

Order. In such a case, the Executive will convene a Hearing in accordance with clauses 7.6 and 8.12 of the Bye-Laws. Please make any such request by 8 September 2015.

In the event of a Hearing being convened before the Non-Compliance Panel, the provisions of clauses 8 and 10 of the Bye-Laws will apply. The Code Member should be aware that the Non-Compliance Panel may make such order for costs against the Code Member or the Executive as it considers fair and reasonable in the circumstances.

(2) If the Code Member and RECC Executive are unable to agree the terms of the Consent Order, or if the Code Member does not respond to the Consent Order

Should the Code Member fail to respond to this request by 8 September 2015, or should the Code Member and RECC Executive be unable to agree the terms of the Consent Order, the RECC Executive shall convene a disciplinary Hearing before the Non-Compliance Panel in accordance with clauses 7.5 and 8.12 of the Bye-Laws in order to address the breaches of the Code identified in this letter.

In the event of a Hearing being convened before the Non-Compliance Panel, the provisions of clauses 8 and 10 of the Bye-Laws will apply. The Code Member should be aware that the Non-Compliance Panel may make such order for costs against the Code Member or the Executive as it considers fair and reasonable in the circumstances.

(3) If the Code Member agrees to the Consent Order

To confirm your agreement to the Consent Order, please sign, date and return a copy of this letter. The RECC Executive requests that the Code Member provides its written agreement to the terms of this Consent Order by 8 September 2015. On receipt of your agreement, the RECC Executive will provide you with a completed and countersigned copy of the Consent Order and no Hearing before the Non-Compliance Panel will take place in relation to this matter unless the Consent Order is breached.

I look forward to hearing from you.

Yours sincerely

Rebecca Robbins
Compliance Manager

Signed by *Dawn Barnett* of Solartech NE Ltd to confirm its agreement to the terms of this letter which, once signed by the Code Member, will constitute the agreed Consent Order.

Dated this 7 day of September 2015

Signed

SIGNATURE REMOVED

Name *D. Barnett*
Position *ADMINISTRATOR*
Member Name Solartech NE Ltd

SIGNATURE REMOVED

Name *VIRGINIA GRAHAM*
Position *CHIEF EXECUTIVE*
Company Renewable Energy Assurance Ltd

Appendix 1: Summary of information received and response from the Code Member

Information received

The RECC Executive decided to invoke disciplinary proceedings as it has received information in the form of complaints and feedback that indicated that the Code Member had breached the Code.

In its letter of 30 July 2015, the Code Member was informed that since 1 January 2014 the RECC Executive had registered 15 complaints about the Code Member. Of these complaints 3 were currently ongoing, 1 had been closed, 9 were recorded as feedback, and 2 had been referred onwards to the Code Member's MCS Certification Body. The complaints received raised a number of issues which were of concern to the RECC Executive and suggested that there had been a breach of sections 4, 2.5, 5.1, 5.2, 5.3, 5.4, 6.2, 7.3, and 9.1 of the Code. Accordingly the Code Member was asked to provide its written response to these allegations of breach.

Response from the Code Member

The Code Member provided its response in an email on 19 August 2015. The Code Member's response sets out the procedures it has in place to ensure compliance with the Code but fails to deal with instances where evidence suggests these procedures may not have been followed.

Details of breach of the Code

Having reviewed the Code Member's response, the RECC Executive considers that there is a case to answer in relation to the following sections of the Code for the reasons given below:

Section 2.5 Vulnerable consumers

Pursuant to section 4 of the Code, in the case of vulnerable consumers Code members are expected to provide extra care and support. This refers to section 2.5 of the Code which states that Code Members must ensure that its employees 'check whether a consumer they contact is vulnerable in any way' and that the 'information Code members provide should be appropriate to the consumer's needs, taking into account any vulnerability'. It goes on to say that 'Code members should take special care to ensure that the consumer understands the key documents' and that, where appropriate, it should 'seek the involvement of a trusted friend or relative in any contact they have with the consumer'.

The Code Member has clearly set out its vulnerable consumer policy and states that 'All our staff are given our Vulnerable Consumers Policy when they start in the business'. The Code Member has failed to provide comment on the evidence that suggests the procedures it sets out have not been followed.

Section 5.2 Behaviour of sales representatives

Section 5.2 of the Code states that 'Sales employees and representatives...must not use any selling techniques designed to pressurise the consumer into making an immediate decision. These high pressure selling techniques may be prohibited by law as well as contravening the Code.' These techniques include, but are not limited to staying in the consumer's premises for more than two hours and offering consumers an inflated price followed by a discount.

The Code Member provided evidence to show that it routinely records the lengths of sales visits and states that it always gets permission from the consumer where the visit will exceed 2 hours and completes and overstay form. It did not provide a response to the others matters raised in the RECC Executive's letter of 30 July 2015, significantly with regard to discounting and pressure selling.

Section 5.3 Performance information and predictions

This section of the Code states that it is 'very important that Code members do not 'oversell' energy generators to consumers' and that 'Code Members must give consumers a written estimate of how the energy generator will perform...based on specific performance data for the technology in question and for the property in question'

With regard to performance estimates the Code Member stated that 'Our representatives only supply information for 1 year, which is clearly stated on the contract...This calculation is based on the information derived from the Solar Calculation. Using the most up to date information given from MCS (*sic*)'.

The response did not deal with the allegations of breach with regard to inaccurate and inflated financial performance estimates. The Code Member submitted four contracts from May and June 2015 for assessment by the RECC Executive. In all 4 cases the Code Member assumed 80% consumption by the consumer. This has a significant impact on the level of savings that the Code Member suggests the consumer will achieve. Any estimates on savings must be based on the specific consumer's property and their actual energy use. The RECC Executive would expect to see a 25-50% assumed usage. Anything more than this would be unusual and would need to be clearly justified by the individual consumer's lifestyle. There is also no information on these contracts that indicates that the annual income and savings estimates are for the first year only.

Section 6.2 Cancellation Rights

This section states that where a domestic consumer enters a contract in the home, away from trade premises or by distance means, the Code member must give the consumer written notice of their the right to cancel without penalty within 14 days of the date on which the goods were delivered to the consumer's home. This is the 'cancellation period'. Please take note that a consumer can also cancel without penalty before the goods are delivered. In the event that the consumer cancels the contract before the expiry of this 14 day cancellation period, the Code member must refund any money already paid to the consumer within 14 days. This section goes on to say that Code members who install the system, or undertake work, within the cancellation period, must first have obtained the consumer's written permission to do so. In such a case the Code member will make the consumer aware that, should they then decide to cancel within the cancellation period, they may be responsible for the costs of goods and services already supplied, and of making good the property. Please take note that Code members must keep a record of any instances in which they start to install within the cancellation period and the reasons why.

The RECC Executive's principal concern was that the Code Member was a) suggesting that consumers could waive their cancellation rights and b) where consumers had given express consent for work to commence within the cancellation period, charging for work not actually undertaken or threatening the consumer with legal action. The Code Member's response states that consumers are

'only asked to sign waivers/ express requests when installation is arranged within 14 days cancellation period with in the meeting (*sic*)'. The documentation supplied with the Code Member's response shows a number of express consent forms signed by consumers since January 2015. In the majority of cases these forms accurately set out the consumer's rights in the event of express consent being given. However, it is of particular concern that the word waiver is regularly used. This word has a particular meaning which potentially contravenes the purpose of the regulations governing consumers' cancellation rights. A consumer cannot waive their cancellation rights but can expressly agree that they may incur costs should work be undertaken within the cancellation period. Based on the information received which suggests that the Code Member has attempted to charge consumers for work not actually undertaken or threatened legal action upon cancellation, the RECC Executive remains concerned that consumers are given the impression that they are 'waiving' their cancellation rights. The presence of this term on numerous express consent forms suggests that consumers are being directed to use this phrase.

Section 9.1 Consumer complaints procedure

This section sets out the complaints procedure which should be followed when a Code member receives a complaint from a domestic consumer. It includes the provision that, when made aware of a complaint, 'the Code member will consider the details of the complaint and report the findings clearly to the consumer within seven days of receiving the complaint'.

The Code Member's response states that it takes all complaints very seriously and that it advises consumers that it has a '5 working day turnaround on all complaints/ remedial issues'. In response to the allegation of breach that consumers have not received an adequate response to their complaints from the Code Member it states that 'We have had instances where the customer has emailed our old email address which no longer works although our telephone number is still the same'. The RECC Executive would need to analyse the Code Member's complaints log in order to assess whether the procedures put in place by the Code Member work in practice but it does not consider the Code Member's response to adequate.

Section 4 General Business Standards

This section states that 'Code members will not act in any way that might bring the Code into disrepute.' The evidence that this aspect of Section 4 has been breached is from the evidence of the purported breaches of sections 2.5, 5.2, 5.3, 6.2 and 9.1 as highlighted in this Consent Order.

In addition this section states that Code members are 'expected to provide extra care and support' in the case of vulnerable consumers. Evidence that this part of section 4 has been breached is the same as section 2.5.

Section 4 also states that 'Code members will not engage in high pressure selling techniques.' Evidence that this section has been breached is the same as section 5.2.

This section goes on to say that '[w]hen made aware of a complaint, Code members will act to resolve the complaint as speedily and effectively as possible.' Evidence that this section has been breached is the same as section 9.1.