NATIONAL HOME IMPROVEMENT COUNCIL

REPORT

Protecting What Matters

Financial Protection Mechanisms in Home Improvement

DATE:
JULY 2025

PREPARED BY:
NHIC FINANCIAL PROTECTION WORKING GROUP

Contents

NATIONAL HOME IMPROVEMENT COUNCIL

Section 1

Executive Summary

As the UK advances its Net Zero and building safety ambitions, robust financial protection in the home improvement sector has become essential, but remains uneven and often unreliable. To unlock widespread retrofit adoption and ensure a fair transition, we must eliminate systemic barriers and address the heightened risks faced by low-income and vulnerable households.

The NHIC Financial Protection Working Group has conducted an in-depth review of consumer financial protection mechanisms within the UK home improvement sector. The report presents clear evidence that current protections are inconsistent, inadequately enforced, and poorly understood by consumers placing households at risk, particularly when contractors cease trading or work is substandard.

Evidence suggests that there are already some examples of effective consumer financial protection mechanisms operating under robust frameworks. These include regulated models which demonstrate compliance with Consumer Duty principles and effective claims handling. Nonetheless, the landscape remains fragmented, particularly for consumers with variations in scope, duration, oversight, and clarity of protection continues to create confusion and inconsistency.

Headline Problem

Consumers face significant and often avoidable financial risks when undertaking retrofit and home improvement works due to fragmented protections, unclear communication, and weak redress mechanisms.

Top Consumer Risks:

- Loss of upfront deposits due to contractor insolvency
- Defective workmanship with no route to resolution
- Lack of understanding of available protections
- Uneven safeguards depending on scheme, funding route, or contractor

Recognising that financial risk encompasses not only monetary loss but also safety and regulatory non-compliance if works are left unresolved, we emphasise the need for property-linked, enforceable, and easily verifiable protection systems.

Section 1

Strategic Recommendations

The Working Group proposes a framework grounded in 14 Core Principles and has identified the following key actions for Government and industry:

- **Mandate minimum protection standards** across all certified works, with a minimum of six years for workmanship and defined periods by product measure type.
- **Property-linked financial protections**, ensuring the property is always covered by protection, including upon sale.
- **Introduce protection for when deposit taken**, ensure that if a deposit is taken it is reasonable, justified, capped at 25% and part of an agreed payment schedule with consumers receiving written proof prior to payment.
- **Develop a national register of protected installations** a verification portal, accessible both digitally and via telephone, enabling consumers to confirm protection status at any point after installation has been completed.
- **Establish centralised redress pathways**, including access to a tiered dispute resolution framework comprising scheme-based Alternative Dispute Resolution (ADR), sector specific Ombudsman with technical understanding, and ultimately legal remedy.
- **Standardise consumer information** via a clear and accessible "Key Facts" summary required for all installations, outlining duration, scope, exclusions, provider details and claims process.
- **Embed oversight and performance monitoring**, with schemes required to publish annual claims and redress data to improve transparency and accountability.
- **Ensure protections are automatically transferable** with property ownership, with simple and low-cost administration for exceptional cases involving shared or complex systems.
- **Expand coverage to all certified or government-supported works**, including projects under Competent Person Schemes (CPS), TrustMark, MCS, and public schemes such as ECO, SHDF and GBIS. A minimum value threshold may be applied to exclude low risk works.
- **Introduce financial protection standards** for both FCA-regulated and non-regulated providers, ensuring they meet auditable conditions for solvency, enforceability and consumer fairness.
- **Strengthen contractor competence and compliance expectations**, integrating references to legal duty-holder roles and Building Regulations within consumer-facing materials.

Strategic Recommendations

- **Build shared national infrastructure**, including a digital protection register and interoperable scheme data-sharing platform to support oversight and consumer trust.
- **Deliver recommendations through a phased implementation plan**, starting with actions in the first 12 months (e.g. mandatory protection for when deposit is taken, public awareness campaigns, register launch) and progressing to full sector-wide framework development within five years.
- **Ensure alignment with regulatory expectations**, including the Building Safety Regulator (BSR), the Financial Conduct Authority (FCA), and the Office for Product Safety and Standards (OPSS), to reinforce accountability and consistency across schemes.

NHIC
NATIONAL HOME IMPROVEMENT COUNCIL

NHIC Role and Commitment

NHIC stands ready to:

- Convene a cross-sector implementation forum (Q3 2025)
- Support pilot schemes for the Key Facts summary and consumer verification tools
- Report progress annually via an industry "Protection Tracker"

These actions are backed by strong consensus from the NHIC's March 2025 stakeholder consultation, which engaged insurers, consumer codes, regulators, and scheme operators. Respondents overwhelmingly supported proposals for mandatory cover, improved deposit protection, standardised communication, and an independent complaints framework.

Adopting these reforms will help meet government policy goals on Net Zero, fuel poverty, and building safety—while delivering tangible, reliable protections for UK homeowners and tenants.

Section 2

Introduction

The National Home Improvement Council (NHIC) Financial Protection Working Group has prepared this report to evaluate the effectiveness of current financial protection mechanisms available to consumers within the home improvement sector. Its aim is to propose a more robust, transparent, and consumer-centric framework that fosters public trust, supports market confidence, and strengthens alignment with regulatory obligations.

Consumer financial protection, particularly in the event of contractor insolvency, misrepresentation, or substandard workmanship is fundamental to ensuring fair treatment and maintaining the integrity of the sector. It must be understood not only as a safeguard against monetary loss but also as a cornerstone of compliance and safety assurance. As the UK accelerates its transition towards a low-carbon, energy-efficient built environment, the scale and complexity of retrofit and improvement works are increasing. With this growth comes an imperative to ensure that consumers are adequately safeguarded when investing in their homes.

The group includes representatives from financial protection providers, certification bodies, insurance specialists, consumer advocates, scheme operators, and technical experts. It has drawn on significant cross-sector feedback and lessons from both government-funded and privately funded schemes.

The need for this work stems from a growing retrofit economy marked by both innovation and complexity. In this environment, consumers engage with a wide range of contractors, funding routes, and protection mechanisms. While some schemes offer effective protection in specific trades, there is significant variation in what coverage exists, how it is communicated, and how consistently redress is delivered.

This report is grounded in a series of key legislative and regulatory frameworks that influence financial protection standards across the sector, including:

- **The Building Safety Act 2022** – which introduces enhanced safety and regulatory requirements, directly impacting contractor responsibilities and redress provisions.
- **Competent Person Schemes (CPS)** – which play a central role in the self-certification of building work and set requirements for consumer protection, under Condition 17 of Conditions of Authorisation relating to financial guarantees.
- **The Financial Conduct Authority (FCA) Consumer Duty** – which establishes clear expectations for the fair treatment of consumers by financial services firms, with relevance to Insurance Backed Guarantees and other financial protection products.
- **The Consumer Rights Act 2015** – which provides statutory rights ensuring that services are delivered with reasonable care and skill, goods are fit for purpose, and remedies are available for up to six years following a breach of contract.
- **The Consumer Credit Act 1974 (notably Section 75)** – which offers important protections for consumers using credit to finance home improvement works, by holding credit providers jointly liable for breaches or misrepresentations by traders.

Despite these protections, the landscape remains fragmented and often poorly understood by consumers. With multiple overlapping schemes such as CPS, TrustMark, and MCS, and varying levels of protection across funding routes (e.g. ECO, GBIS), consumers frequently face confusion and exposure to financial loss.

This report therefore provides a critical assessment of existing mechanisms, identifies key risks and deficiencies, and sets out practical recommendations for a coherent, consumer-focused framework delivering:

- **Clarity** – through consistent standards and simplified language;
- **Confidence** – by ensuring mechanisms are enforceable, accessible, and resilient; and
- **Compliance** – by aligning with existing regulatory frameworks and wider government objectives, including those relating to building safety, energy security, net zero, and fuel poverty reduction.

Rather than prescribing a single model or approach, this report presents a set of design principles and operational recommendations intended to be applied across diverse delivery contexts. These are designed to support government, industry, and scheme operators in shaping a financial protection framework that is robust, scalable, and consumer-focused.

Specifically, the report aims to:

- Build on good practice already operating in the market;
- Identify gaps and opportunities for standardisation;
- Promote minimum criteria that raise protection outcomes while supporting sector growth and innovation.

Section 3

Methodology and Approach

This report is the outcome of a multi-stakeholder process coordinated by the NHIC. The methodology was designed to be inclusive, evidence-based, and consensus-seeking, drawing on input from across the retrofit and home improvement ecosystem.

Stakeholder Engagement

Over a 9-month period, the Working Group engaged with:

- Financial protection providers (regulated and non-regulated)
- Consumer advocacy groups
- Insurance underwriters
- Retrofit delivery bodies
- Certification scheme operators
- Government-aligned agencies
- Legal and dispute resolution experts

This engagement included structured meetings, bilateral feedback sessions, and written consultation on successive drafts.

Evidence Sources

The group reviewed:

- Real-world case studies of financial protection success and failure
- Claims data (where available) and consumer detriment records
- Scheme documentation including warranty terms, deposit protections, and redress policies
- Relevant legislation and regulatory guidance (e.g., Consumer Rights Act 2015, FCA Consumer Duty)

Consensus Building

While the report reflects widespread alignment on many issues, it also acknowledges areas where views diverged, such as the role of non-insurance models or the scope of financial redress versus technical resolution. In these cases, the report presents principles that accommodate a spectrum of views, while maintaining a focus on fair outcomes for consumers.

This approach was designed to ensure the recommendations are grounded in operational reality, adaptable to different delivery models, and reflective of the regulatory, technical, and financial complexities inherent in the sector.

Section 4

Current State of Financial Protection

Ensuring consumers are financially protected when undertaking home improvements is a critical component of building trust, encouraging uptake of energy-efficient measures, and meeting broader regulatory and policy objectives. While multiple schemes and protections are currently in place, the existing system remains fragmented, with inconsistencies in application, scope, and accessibility.

The current financial protection landscape for home improvement and retrofit works is diverse and multi-layered. Protections may be embedded in certification schemes, provided via third-party financial products, or offered through grant or warranty programmes. However, the scope, quality, and reliability of these protections vary significantly depending on funding route, work type, and delivery model.

This section outlines the regulatory context, existing mechanisms, and key gaps in the current financial protection landscape.

4.1 REGULATORY FRAMEWORKS

Competent Person Schemes (CPS) and Condition 17

Competent Person Schemes (CPS) enable certified as competent installers to self-certify that their work complies with Building Regulations without the need for a separate inspection by local authority building control. These schemes play a pivotal role in facilitating compliant, efficient delivery of home improvement works.

As a condition of authorisation, all CPS operators must adhere to a series of requirements set by government, most notably Condition 17, which mandates that consumers must be provided with appropriate financial protection in cases where the installer is no longer trading. This protection must last for a minimum of six years and must remain accessible even if the scheme operator ceases to exist. In practice, this has led to the use of Insurance Backed Guarantees (IBGs) as the most common, but not only, form of consumer cover.

Building Safety Act 2022

The Building Safety Act 2022 represents a significant regulatory shift following the Grenfell Tower tragedy. It imposes more stringent duties on those responsible for the planning, construction, and maintenance of buildings. The Act also reinforces the principle that building safety and consumer protections must be embedded at every stage of the building lifecycle.

While the Act focuses primarily on higher-risk buildings, its introduction has broader implications for regulatory alignment, competence assurance, and consumer redress across the built environment. Financial protection is an essential aspect of this, particularly where defects or unsafe work arise.

Role of the Building Safety Regulator

The Building Safety Regulator (BSR), established under the Health and Safety Executive, oversees the effective implementation of the new safety regime. Its remit includes competence and accountability within the building control profession, as well as the oversight of CPS.

The BSR has signalled the importance of strengthening financial protection mechanisms, embedding consumer charters, and improving scheme coherence as part of its future work. It is actively engaging with stakeholders to review the Conditions of Authorisation and consider how financial protection standards can be enhanced.

4.2 FINANCIAL PROTECTION MECHANISMS

Insurance Backed Guarantees (IBGs)

IBGs are currently the most prevalent form of financial protection within the home improvement sector. They offer consumers a safeguard if their installer ceases trading and remedial work is required due to non-compliance or defective workmanship. IBGs typically provide cover for six years under Competent Person Schemes and 2 years under MCS with TrustMark being varied. Often the scope, terms and provider quality can vary considerably.

The NHIC Financial Protection Working Group has identified both strengths and limitations in the use of IBGs. While they serve as an accessible and recognised form of cover with a high adoption rate, there are challenges around affordability, consumer understanding, and the rigour of enforcement across schemes as regards the workmanship guarantees.

Consumer research conducted by RB&M, suggests that understanding of IBGs is quite limited, especially in microgeneration technology contexts. Therefore, the visibility challenge may apply broadly across all protection models.

Alternative Mechanisms:

Funds, Bonds, and Captives

Some organisations or schemes operate alternative financial protection models, including collective funds, retention bonds, or captive insurance arrangements. These vary widely in structure and effectiveness and are often less visible to consumers. In some cases, these alternatives may not meet the accessibility and sufficiency tests set out in Condition 17 of CPS requirements, particularly where consumer recourse is not clearly defined or externally regulated.

The report explores the potential to develop a more consistent standard for these mechanisms and ensure any alternatives to IBGs provide equal or greater levels of consumer protection.

Publicly Funded Scheme Protections: ECO, GBIS, SHDF

Government-backed programmes such as the Energy Company Obligation (ECO4), the Great British Insulation Scheme (GBIS), and the Social Housing Decarbonisation Fund (SHDF) also embed financial protection requirements into their design. These protections are typically more comprehensive, with cover periods often extending to 20 or 25 years.

However, there is little consistency between these schemes and others operating in the market. For example, a consumer receiving a heat pump under ECO4 may have a substantially different protection experience compared to someone purchasing the same product privately via a CPS-registered installer.

4.3 GAPS AND CHALLENGES

Despite the existence of several frameworks and schemes, there remain critical weaknesses in how financial protection is applied and experienced by consumers.

Inconsistent Duration and Coverage

One of the most significant challenges is the lack of consistency in the length and type of protection provided. IBGs under CPS typically last six or ten years, while schemes such as ECO or SHDF may require cover for up to 25 years. These disparities can leave consumers with unequal levels of protection depending on the funding route or scheme involved.

Additionally, not all home improvements are covered under current frameworks, and work conducted outside recognised schemes may lack any meaningful protection.

Consumer Confusion

The current landscape is fragmented, with overlapping standards, varying terminology, and no centralised consumer guidance. Many homeowners do not understand the difference between a warranty, guarantee, or insurance-backed policy. This leads to low confidence and difficulty in making informed decisions, particularly for complex or high-value projects.

Low Awareness and Uptake

Public awareness of financial protection options remains low, particularly in relation to financial protection. Many consumers are unaware that they should expect financial protection or that it is required under certain schemes. This results in missed opportunities to access safeguards and leaves some households unnecessarily exposed.

Surveys and stakeholder feedback indicate that this lack of awareness is more acute among vulnerable or low-income consumers, who are often most in need of robust protections.

Current Identified Consumer Risks

While policy efforts have progressed in recent years, consumers continue to face significant risks when commissioning energy efficiency and home improvement works. These include:

- **Installer Insolvency or Withdrawal** – Consumers are often left without recourse if an installer ceases trading or cannot be contacted. This is particularly problematic where no valid financial protection cover exists. Although protections such as Condition 17 under CPS frameworks require financial cover, enforcement varies and many installations fall outside formal schemes.

- **Complex and Confusing Protection Landscape** – The home improvement sector presents a patchwork of overlapping schemes with inconsistent language, coverage and consumer routes. Consumers often struggle to understand the difference between guarantees, warranties, and insurance, and may be unaware of what protection applies to them or how to access it.

- **Inconsistent Coverage and Gaps in Protection** – The duration and scope of financial protection differ significantly between schemes. CPS requires six years of cover, while ECO and SHDF-funded measures often mandate 25 years. This creates inequity in outcomes depending on the funding route, scheme operator, or product involved.

- **Limited Confidence in Dispute Resolution** – There is no single, unified redress mechanism across schemes. Consumers are frequently left navigating between installers, insurers, and certification bodies without clarity or resolution. The absence of a well-publicised, central complaints process undermines consumer confidence in the system as a whole.

- **Lack of Trust with Home Improvement Tradespeople** – Concerns about the risk of poor workmanship or lack of aftercare are major deterrents to homeowners investing in retrofit works. This is especially true for high-value items such as heat pumps, where the stakes are higher and protection mechanisms are less understood.

- **Disproportionate Impact on Vulnerable Consumers** – Low-income households and those in fuel poverty are particularly exposed. They may lack the financial resilience to absorb losses if protections fail and are less likely to challenge poor outcomes or navigate complex redress processes. These households are also more likely to use unregulated contractors or be unaware of schemes that offer additional protections.

4.4 CONSUMER CONFIDENCE, COMPETENCE REQUIREMENTS, AND FINANCIAL PROTECTION

An important and emerging concern within the financial protection landscape is the gap between regulatory expectations and consumer awareness of the responsibilities placed on those designing and delivering home improvement works.

Recent reforms introduced through the Building Safety Act 2022, updated Building Regulations, and revisions to Competent Person Schemes (CPS) and related frameworks now place explicit legal duties on installers, contractors, and scheme operators regarding:

- Demonstration of competence to undertake specific types of work.
- Duty-holder roles in both design and construction phases.
- Use of compliant materials as required under Regulation 7.
- Conformance with the Approved Documents that provide statutory guidance.

However, public awareness of these changes remains low. Most consumers are unaware that there are new requirements ensuring that only competent and properly authorised individuals carry out regulated work—and that these duties are legally enforceable. This lack of awareness creates a disconnect as consumers believe protections are in place, but do not know what standards those protections rely upon, or what to expect if something goes wrong.

This gap is directly relevant to financial protection. The effectiveness of guarantees, deposit protection, and redress mechanisms is significantly undermined when:

- Consumers are unaware that poor competence or non-compliance could invalidate protection.
- Materials or systems used are non-compliant, thereby voiding warranties or limiting cover.
- Redress processes stall due to disputes over accountability between duty-holders.

Improving consumer confidence requires not just more robust financial protection mechanisms, but also greater transparency about the underlying regulatory duties that drive compliance and entitlement. As part of a future framework, schemes should:

- Signpost duty-holder responsibilities within Key Facts documentation.
- Embed references to Approved Document guidance in consumer contracts.
- Use onboarding and post-installation materials to educate homeowners about what standards their contractors must meet.

Financial protection is most meaningful when consumers understand both their rights and the competence obligations placed on those delivering work.

Raising awareness will empower consumers to engage confidently and take proactive steps if protections are breached.

Section 5

Key Consultation Findings

Based on extensive stakeholder engagement and cross-sector consultation, several priority areas emerged where improvements in consumer financial protection are both necessary and widely supported. The findings reflect recurring issues across pre-, mid-, and post-project stages in home improvement.

5.1 DEFINING CONSUMER FINANCIAL PROTECTION

- Strong consensus on the necessity of mandatory consumer financial protection across all certified or notifiable works.
- Persistent risks remain around deposit losses, non-completion, and post-installation failure.
- Stakeholders endorse enhancing existing protection mechanisms (e.g. Insurance Backed Guarantees) while promoting equitable access across schemes.
- There is a widespread gap in consumer awareness, especially in navigating contractor credibility and understanding what protections are in place.

5.2 Pre-Contract Protections

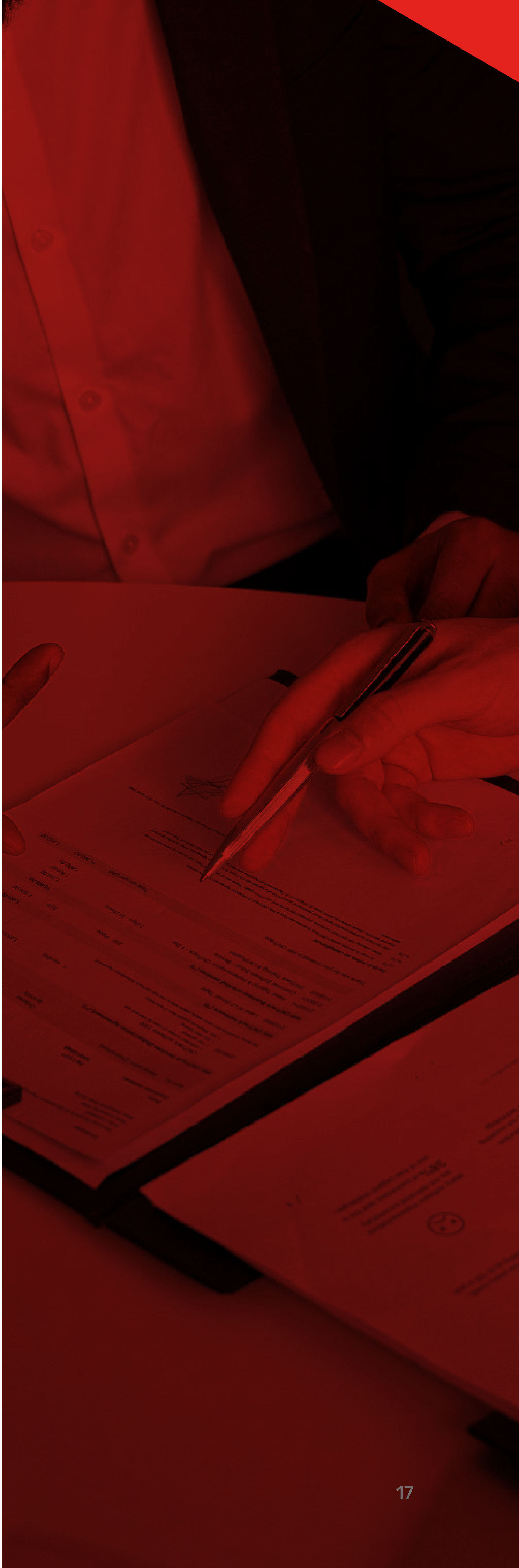
- Broad agreement on the value of upfront deposit protection, though views vary on mechanisms.
- Stakeholders highlighted the importance of standardised, easy-to-understand contracts to reduce pre-installation disputes and miscommunication.
- Greater transparency at contract stage was encouraged, especially regarding bespoke goods and payment triggers.

5.3 FINANCIAL PROTECTIONS DURING THE PROJECT

- Broad support for structured, milestone-based stage payments as a safeguard against mid-project insolvency.
- Stakeholders agree that protections should extend to both product and workmanship failures.
- Protection must remain active throughout installation, with accessible documentation and fair terms.
- Milestone payments, especially where bespoke goods are involved, must be clearly linked to work delivered and subject to meaningful consumer protection.

5.4 POST-COMPLETION PROTECTIONS AND REDRESS

- Support for guarantees lasting 6 to 10 years post-completion, especially for higher-value work.
- Guarantees must be property-linked and transfer automatically unless structural limitations (e.g. shared installations or scheme anomalies) make this impossible.
- Strong support for having a method of resolution and redress that sits outside of their organisation, with it being a legal requirement on Government authorised schemes.
- A recurring recommendation was the development of a national register enabling consumers to check financial protection is in place for a property.



5.5 COMPETENCE AND INDUSTRY STANDARDS

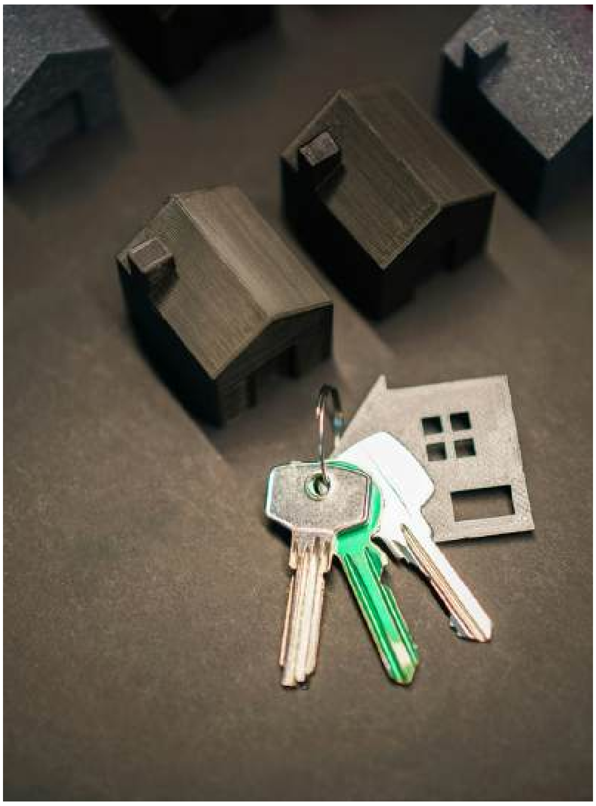
- Consensus holds that robust protection must be coupled with competent delivery.
- Recommendations include standardising installer accreditation requirements, CPD obligations, and links to quality assurance bodies.
- Alignment across schemes on competence metrics was widely seen as beneficial.
- A unified push toward standardisation of competence requirements across certification bodies.

5.6 REGULATORY & INDUSTRY ALIGNMENT

- Stakeholders called for clear regulatory consistency and harmonisation across schemes such as MCS, TrustMark, and government-funded initiatives such as ECO.
- There was also recognition of the role of the Office for Product Safety and Standards (OPSS) as the National Competent Authority for the UK's construction products regulation regime, with a vital oversight function regarding product safety, selection, and enforcement which is particularly relevant in high-risk retrofit measures.
- Some called for greater involvement of financial regulators like the FCA where insurance products are used. However, where not insurance, there was a need for a body to assess solvency and other matters with financial intelligence.
- FCA regulation provides governance standards but does not in itself guarantee adequacy of cover. Protections must be assessed on substance, not status to define whether a protection is fit-for-purpose.
- Concerns were also raised about unregulated financial products currently in use and the risks they pose to consumers due to solvency assurance and formal redress routes.

5.7 OVERSIGHT OF PROTECTION PROVIDERS:

- Agreement emerged that different models (regulated insurance, fund-based, trust-held) must meet equivalent standards for consumer safety.
- Stakeholders supported the development of a "Recognised Financial Protection Standard" with clear solvency, governance, and claims benchmarks.
- Oversight should be independent, auditable, and apply equally regardless of the financial model.



5.8 MANDATORY FINANCIAL PROTECTION CRITERIA:

- While applying protection to all traders was seen as unworkable without a licencing regime, stakeholders agreed it should be mandated where works are:
  - Work is notifiable under Building Regulations
  - Work is delivered by a CPS-registered contractor
  - Work is delivered under public schemes (ECO, SHDF, GBIS)
  - Work is regulated by PAS 2035/PAS 2030 standards

These findings underscore both the progress made and the inconsistencies that remain. While some protections deliver meaningful outcomes in singular trades, others fail to meet minimum expectations especially in multi-discipline activities. This inconsistency undermines consumer confidence and exposes sector vulnerabilities. A more coherent and enforceable framework is therefore essential.

In response to these challenges, the NHIC Financial Protection Working Group has developed a series of core principles, intended to offer a harmonised foundation for future financial protection policy and scheme development.

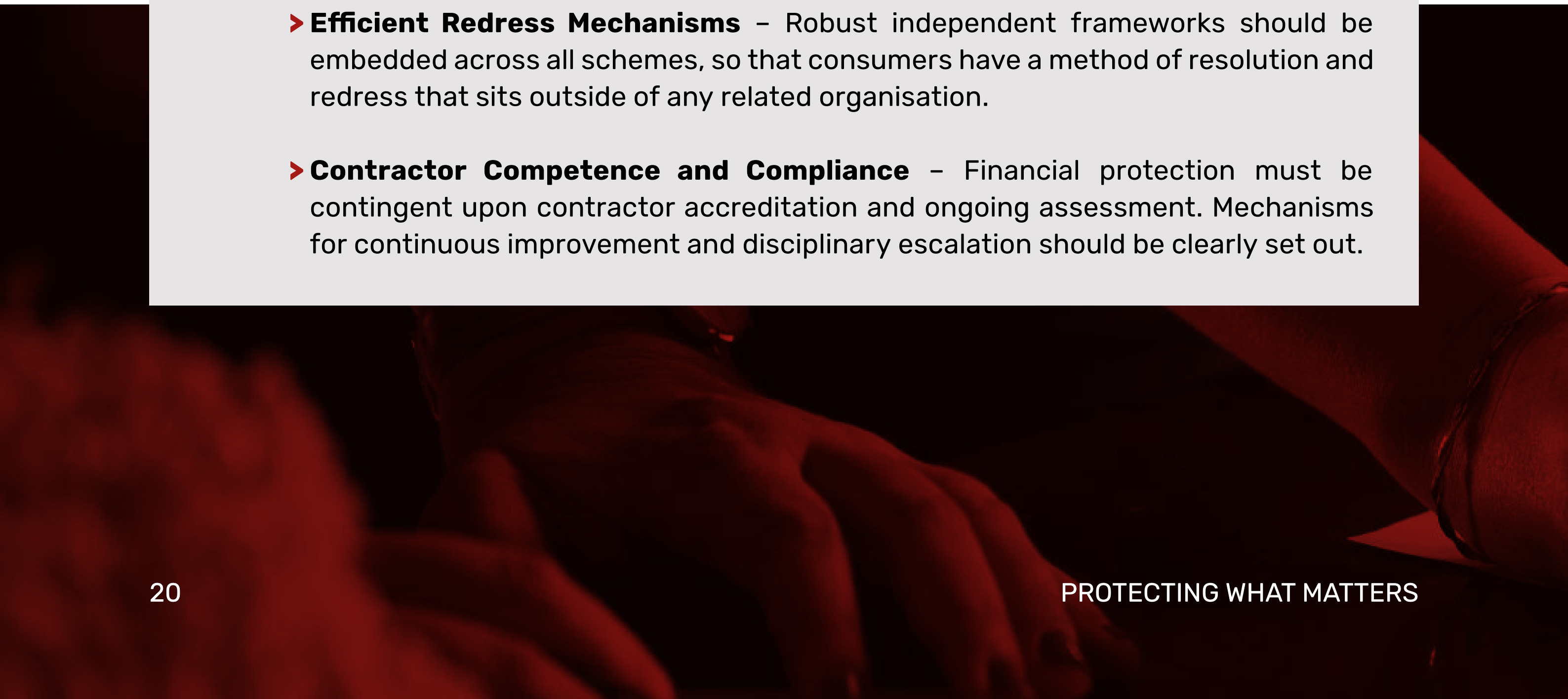
Section 6

Core Principles for Effective Financial Protection

Through extensive consultation, the following principles have been identified as essential to building a consistent, trustworthy, and scalable financial protection framework for the home improvement and retrofit sector.

These principles are designed to support consumer confidence, encourage responsible participation, and align with existing regulatory and industry standards:

- **Mandatory Consumer Financial Protection** – All certified home improvement work must be covered by a recognised financial protection scheme, particularly within publicly funded or regulated schemes.
- **Transparency and Consumer Awareness** – Consumers must receive clear, standardised information on what protections are in place, their limitations, and how to access redress. Existing tools such as IPIDs (for insurance) and Key Facts documents (for other models) should be integrated or harmonised to avoid confusion..
- **Affordability and Proportionality** – Financial protection solutions should be cost-effective and appropriate to the scale and risk of the works, without creating disproportionate burdens on consumers or SMEs.
- **Minimum Guarantee Periods** – Protections should offer a minimum of six years' cover post-completion, with longer durations for higher-risk or long-lifespan measures (e.g. EWI). Duration should be aligned to technical risk.
- **Efficient Redress Mechanisms** – Robust independent frameworks should be embedded across all schemes, so that consumers have a method of resolution and redress that sits outside of any related organisation.
- **Contractor Competence and Compliance** – Financial protection must be contingent upon contractor accreditation and ongoing assessment. Mechanisms for continuous improvement and disciplinary escalation should be clearly set out.



- **Regulatory Oversight and Standardisation** – Clear differentiation should be maintained between oversight functions: the FCA and PRA regulate insurance-based models; TrustMark and other schemes oversee compliance and consumer codes. Standards must be coherent but not duplicative.

- **Transferability of Protection** – Coverage should follow the property, not the individual, unless technical or legal barriers exist. This principle underpins continuity of protection for future owners.

- **Fraud Prevention Measures** – Providers must have processes in place to detect and manage misuse or fraudulent claims, while ensuring this does not unreasonably hinder legitimate redress.

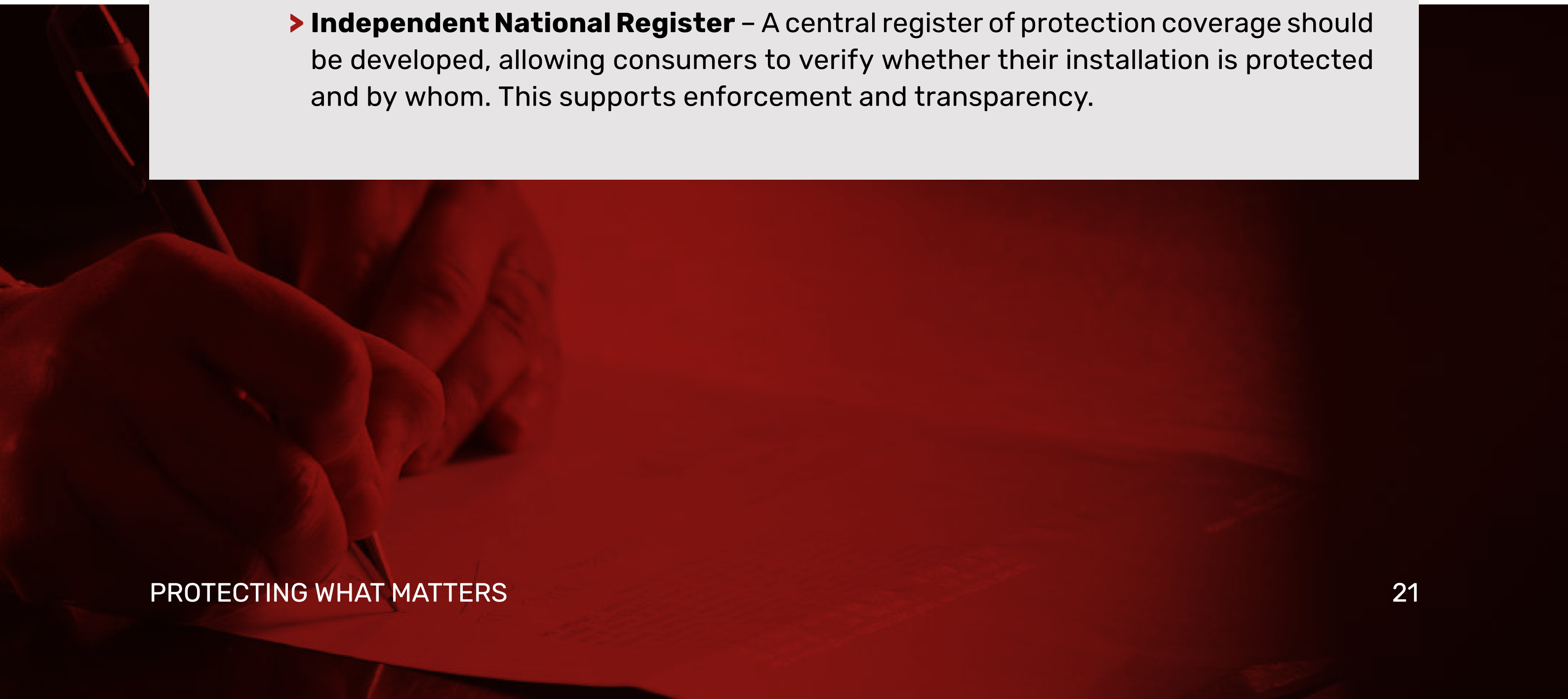
- **Consumer-Centric Design** – Protection mechanisms should be designed with user accessibility in mind, including for digitally excluded or vulnerable consumers. Processes must be clear, reasonable, and proportionate.

- **Adequacy of Cover** – Protection should fully meet costs arising from eligible faults, insolvency, or latent defects. Policy limits must be clear and sufficient. Products must not require consumers to exhaust other remedies (e.g. under the Consumer Credit Act) before claiming. Subrogation rights should not affect a consumer's right to redress.

- **Independent Monitoring and Metrics** – Scheme operators must collect and publish data on claims, complaint resolution, and consumer outcomes to support continuous improvement and transparency. Regular benchmarking (every 3–5 years) should be conducted to align with inflation, innovation, and market shifts.

- **Centralised Consumer Support** – A centralised portal or guidance hub should help direct consumers to the correct scheme or redress route. This must complement and not override the duties of regulated providers to handle complaints.

- **Independent National Register** – A central register of protection coverage should be developed, allowing consumers to verify whether their installation is protected and by whom. This supports enforcement and transparency.



Section 7

Operational Recommendations

The following recommendations are grounded in the cross-sector evidence and stakeholder consensus captured throughout this report. They are intended to support the implementation of a consistent and scalable financial protection framework, applicable across both public and private retrofit markets. Each recommendation addresses a key operational area, from the scope and value of protection to mechanisms for redress, oversight, and continuous improvement.

These actions are not intended to prescribe one delivery model but instead offer a flexible framework adaptable to varying levels of technical complexity, funding routes, and regulatory contexts. The aim is to deliver tangible improvements to consumer outcomes while supporting fairness, proportionality, and sector growth.

7.1 MINIMUM STANDARDS FOR COVERAGE

Recommendation:

Introduce a statutory minimum of six years for all certified or scheme-supported works. Longer durations (up to 10 years or more) should apply to installations with elevated risk profiles or funded via government programmes like ECO, SHDF, and Warm Homes Plan.

Note on divergence:

While uniform minimum durations are desirable, flexibility by work type or measure risk may be required. Benchmarking by installation type and technical risk is recommended at regular intervals (e.g., every 3–5 years).

OPERATIONAL RECOMMENDATIONS

6 MINIMUM STANDARDS FOR COVERAGE

SCOPE AND FINANCIAL VALUE OF COVER

DEPOSIT AND STAGE PAYMENT PROTECTION

DEFINITION OF PROTECTED WORK

7.2 SCOPE AND FINANCIAL VALUE OF COVER

Recommendation:

Financial protection must cover the full original contract value of the works, plus an additional buffer of 25% to account for potential consequential damage and reinstatement costs. This level of cover should be indexed annually in line with the BCIS General Building Cost Index (GBCI) to maintain its value over time. Where the GBCI is not available or appropriate, CPIH (Consumer Prices Index including Housing) may be used as an alternative benchmark.

Note on divergence:

Some schemes currently apply a fixed cap to cover, which may be lower than this threshold. While fixed caps maybe common, they may leave consumers under-protected. Where used:

- Caps must be clearly justified and disclosed in writing
- Limitations should be clearly explained in the Key Facts document
- Protections should not restrict access to redress for consumers using third-party credit or finance (e.g., under the Consumer Credit Act)

Technical input may be required to confirm the suitability of indexation mechanisms and uplift percentages across measure types.

CLARITY AND CONSUMER COMMUNICATION

VERIFICATION AND OVERSIGHT MECHANISMS

TRANSFERABILITY OF PROTECTION

REDRESS AND DISPUTE RESOLUTION

DATA, AUDITING, AND CONTINUOUS IMPROVEMENT

7.3 DEPOSIT AND STAGE PAYMENT PROTECTION

Recommendation:

Introduce mandatory deposit protection within publicly funded schemes and encourage adoption elsewhere.

- Maximum protected deposit: 25% of contract value (unless bespoke goods necessitate adjustment)
- Coverage until installation is complete
- Acceptable forms: FCA-regulated insurance, escrow accounts, e-wallet-based mechanisms
- Consumers must receive written confirmation of protection before transferring funds

Note:

Further analysis is required to ensure solutions remain viable for high-risk contractors while offering meaningful consumer safeguards.

7.4 DEFINITION OF PROTECTED WORK

Recommendation:

Financial protection should apply to:

- All works covered under CPS, MCS, PAS 2035/2030, and TrustMark schemes
- Notifiable building control works (e.g. structural modifications, hybrid retrofits)
- Government-funded retrofit programmes

Consider exempting low-risk tasks (e.g., under £500) from full financial protection requirements while maintaining clear communication and responsibility protocols.

7.5 CLARITY AND CONSUMER COMMUNICATION

Recommendation:

Introduce a standardised "Key Facts" document to accompany all home improvement contracts, providing consumers with accessible, clear information on:

- Type and duration of protection
- Coverage limits and exclusions
- Provider identity and oversight body
- Claims and redress process

This must complement, not duplicate, existing scheme or regulatory documents such as Insurance Product Information Documents (IPIDs) for insurance products. Coordination will be needed to avoid redundancy for regulated providers.

Contracts should align with Trading Standards and be available in accessible formats.

7.6 VERIFICATION AND OVERSIGHT MECHANISMS

Recommendation:

Develop a national protection verification service:

- Administered by an independent, publicly accountable body
- Accessible online and via telephone
- Requires regular, secure data submissions by scheme operators

This register could be integrated with TrustMark or Data Warehouse models, while ensuring that it reflects current protection status and not just registration data.

Note:

Governance, funding, and legal data sharing arrangements to be explored further.

7.7 TRANSFERABILITY OF PROTECTION

Recommendation:

Protections should transfer automatically upon change of property ownership:

- Coverage must be tied to the installation/property, not the owner
- Where notification is required, the process must be simple and low-cost
- Transfer rules should be consistent across schemes

7.8 REDRESS AND DISPUTE RESOLUTION

Recommendation:

Embed mandatory independent external redress pathways across all certified schemes.

- FCA-regulated protections should include access to the Financial Ombudsman Service (FOS)
- Where FOS is not applicable, equivalent independent redress models must be in place (Ombudsman, ADR, arbitration)
- Explore whether existing Ombudsman Services adequately handle complex multi-party failures or if a specialist function may be required to bridge current gaps.
- Ensure equivalence across different models (Arbitration / Ombudsman / Mediation) with an aim to protect consumers and consumer choice.

Note:

Legal advice may be required on ADR independence and enforceability across differing models.

7.9 DATA, AUDITING, AND CONTINUOUS IMPROVEMENT

Recommendation:

Scheme and provider performance should be transparently reviewed via public metrics, including:

- Number and value of protected works
- Claim rates and outcomes
- Timeliness of redress
- Customer satisfaction scores

Data should be collected annually and benchmarked against national and international good practice. Integration with other compliance metrics (e.g. installer audits) should be explored to reduce duplication.

Section 8

Consumer and Industry Evidence Base

This section presents the evidence base underpinning the NHIC Financial Protection Working Group's recommendations. It draws on consultation responses submitted in March 2025 by a diverse group of stakeholders, including certification bodies, IBG providers, consumer codes, scheme administrators, and technical specialists.

The consultation focused on the nature and scale of consumer financial risk, the adequacy and consistency of current protections, and the practical and financial challenges of improving standards across the home improvement and retrofit sectors.

NHIC has conducted extensive evidence-gathering in this area, and while some findings are commercially sensitive, they are available upon request to relevant public authorities to inform policymaking and regulatory oversight.

The findings from the evidence have led to the following statements:

8.1 EVIDENCE OF CONSUMER RISK

Stakeholders overwhelmingly agreed that consumers face significant, and in many cases avoidable, financial risks under current protection frameworks.

8.11 LOSS OF DEPOSITS

- Risk of deposit loss remains a primary concern, particularly where contractors cease trading prior to work commencement.
- The practice of using deposits from new clients to fund existing works increases systemic financial exposure.
- However, stakeholders acknowledged a lack of public claims data for deposit loss, limiting the ability to quantify this risk fully.

8.12 WORKMANSHIP DEFECTS

- The most frequent consumer complaints relate to poor workmanship, particularly where no ongoing installer guarantee exists or the firm has exited the market.
- Effective resolution is often unavailable or unclear, especially for vulnerable consumers.
- Stakeholders stressed the need for stronger audit, redress, and competence frameworks, and the integration of a central authority (e.g. BSR) to oversee standards.

8.13 REDRESS AND DISPUTE RESOLUTION

- Many consumers are unable to access or navigate civil redress mechanisms due to cost, complexity, or legal uncertainty.
- There was broad support for expanding access to Alternative Dispute Resolution (ADR), and interest in developing access to an Ombudsman structure with technical market understanding.

8.2 INCONSISTENCIES IN THE PROTECTION DELIVERY

Stakeholders identified significant fragmentation across schemes, creating confusion and inconsistent outcomes.

- Guarantee durations range from 2 to 25 years, depending on provider or scheme.
- Terminology (e.g. IBG, warranty, guarantee) varies widely, reducing consumer understanding.
- Inconsistencies were noted in:
    - Deposit protection availability
    - Transferability procedures
    - Legal enforceability of protections

8.3 IMPLEMENTATION CHALLENGES FOR PROVIDERS

Stakeholders also identified a number of practical barriers to delivering effective financial protection at scale.

8.31 COST AND AFFORDABILITY

- Protection products are expensive to underwrite for high-risk or new installers, especially for deposit cover.
- Balancing cost, risk, and accessibility—particularly for SMEs—was a recurring theme.

8.32 SCHEME COMPLEXITY AND OVERSIGHT

- Responsibilities are often split across certification bodies, funders, and scheme operators.
- Stakeholders called for:
    - Enhanced data-sharing across schemes
    - Central verification systems to confirm protection is in place at the property level

8.33 TRANSFERABILITY OF PROTECTION

- While conceptually supported, automatic transfer of protections was seen as complicated by:
    - Undefined contractual language
    - Potential inspection costs
    - Risk management concerns among insurers

8.34 RESTRICTIVE CLAUSES

- Some current protections restrict claims if the consumer has recourse under the Consumer Credit Act 1974.
- This may discourage lenders or restrict consumer access to green finance.
- Future models must avoid disincentivising different financing routes.

8.4 AREAS OF BROAD AGREEMENT

Despite some technical differences, several common themes emerged strongly across the consultation responses:

THEME	SUMMARY OF VIEWS
Minimum Coverage Period	Strong support for a six-year minimum, aligned with Consumer Rights Act 2015
Deposit Protection	Broad support for mandatory protection, capped at 20–25% unless bespoke products
Consumer Information	Agreement on need for clear pre-contract documentation in plain language
Dispute Resolution	Widespread support for ADR, with interest in Ombudsman approach
Verification Tools	Strong interest in a national register for protection status verification

8.5 AREAS OF DIVERGENCE AND FURTHER CONSIDERATION

A number of areas require further discussion or modelling:

TOPIC	SUMMARY OF DIVERGENT VIEWS
Escrow and e-money systems	Some support innovation; others cited high costs and past implementation failures
Transferability	Support split between automatic, optional, or contractual mechanisms
Deposit Protection Scope	Insurers raised viability concerns for higher-risk or newer firms
Legal Mandate for ADR	General support for ADR, but debate over whether it should be regulatory or scheme-level
Verification Tools	Strong interest in a national register for protection status verification

Section 9

Implementation Considerations

Delivering a coherent and scalable financial protection framework will require coordinated action across government departments, regulators, certification schemes, protection providers, and industry. The recommendations in this report are designed to be practicable and proportionate but require structured implementation, clear governance, and ongoing review.

This section sets out key delivery enablers, supporting infrastructure, and stakeholder roles essential to successful implementation.

9.1 LEGISLATIVE AND REGULATORY FRAMEWORKS

Several of the recommendations can be implemented through existing statutory or regulatory mechanisms:

Several recommendations align with existing powers and statutory levers:

- Department for Energy Security and Net Zero (DESNZ) can embed minimum protection standards into publicly funded schemes (e.g., ECO, SHDF, Clean Heat Market Mechanism, Warm Homes Plan)
- Building Safety Regulator (BSR), through its Competent Person Scheme (CPS) Conditions of Authorisation, could revise and strengthen Condition 17 to mandate financial protection criteria
- Financial Conduct Authority (FCA) may offer clarity on how Consumer Duty applies to financial protection products linked to home improvements, and ensure regulated firms demonstrate fair value
- Competition and Markets Authority (CMA) guidance on consumer guarantees could inform consistency in scheme terms, helping to align legal protections with financial instruments
- Office for Product Safety and Standards (OPSS) should be linked into this framework. Poor product selection increases failure risks and undermines consumer redress systems. OPSS, as regulator of construction product safety, plays a vital systemic role

These alignments are essential to create a unified compliance environment and reduce consumer risk.

9.2 ROLE OF CERTIFICATION BODIES AND SCHEMES

Schemes and certification bodies will be instrumental in operationalising these reforms:

- Scheme rules should mandate minimum protection coverage, deposit safeguards, and clear consumer information.
- Certification bodies should harmonise contract terms and embed standardised consumer disclosures (e.g., Key Facts documents).
- Access to ADR must be embedded within certification or registration conditions.
- Schemes must regularly audit installer compliance, including verification of financial protection status.

Interoperability and alignment of scheme practices are crucial to achieving consistency and driving up standards.

9.3 OVERSIGHT, GOVERNANCE AND ACCOUNTABILITY

To embed consistency and consumer confidence:

- Government should appoint a lead coordinating body or designate a cross-scheme working group to oversee roll-out, alignment, and performance
- Government-authorised schemes (e.g., TrustMark, CPS operators) should embed financial protection within their licence or authorisation terms
- Developing a set of Key Performance Indicators (KPIs) to track all scheme success, including claims volume, resolution rates, consumer satisfaction, and provider compliance
- A tiered governance model could include:
    - A cross-scheme oversight council to review performance;
    - Shared KPIs (e.g. claim resolution rates, complaint volumes, consumer satisfaction);
    - Integration with government redress and consumer enforcement strategies.

Consideration should be given to the creation of a dedicated tiered Ombudsman or redress framework focused on financial protection and integrated with schemes.

9.4 ENABLING INFRASTRUCTURE

To support delivery, the following systems and tools are needed:

- A national financial protection register or verification portal, accessible to consumers and scheme operators.
- A standardised Key Facts template, aligned with other compliance documents (e.g., IPID for insurers).
- A secure data-sharing framework connecting insurers, schemes, and dispute resolution bodies to support monitoring and early intervention.

Stakeholders strongly recommend public-private funding models to develop shared digital infrastructure and avoid duplication of effort.

9.5 TRANSITIONAL CONSIDERATIONS

Implementation should be phased to manage risk and ensure readiness:

- Begin with new publicly funded programmes before expanding to wider markets.
- Provide structured training, guidance, and onboarding support to schemes, installers, and protection providers.
- Test core components (e.g., transfer protocols, digital registry) through pilot initiatives before scaling.

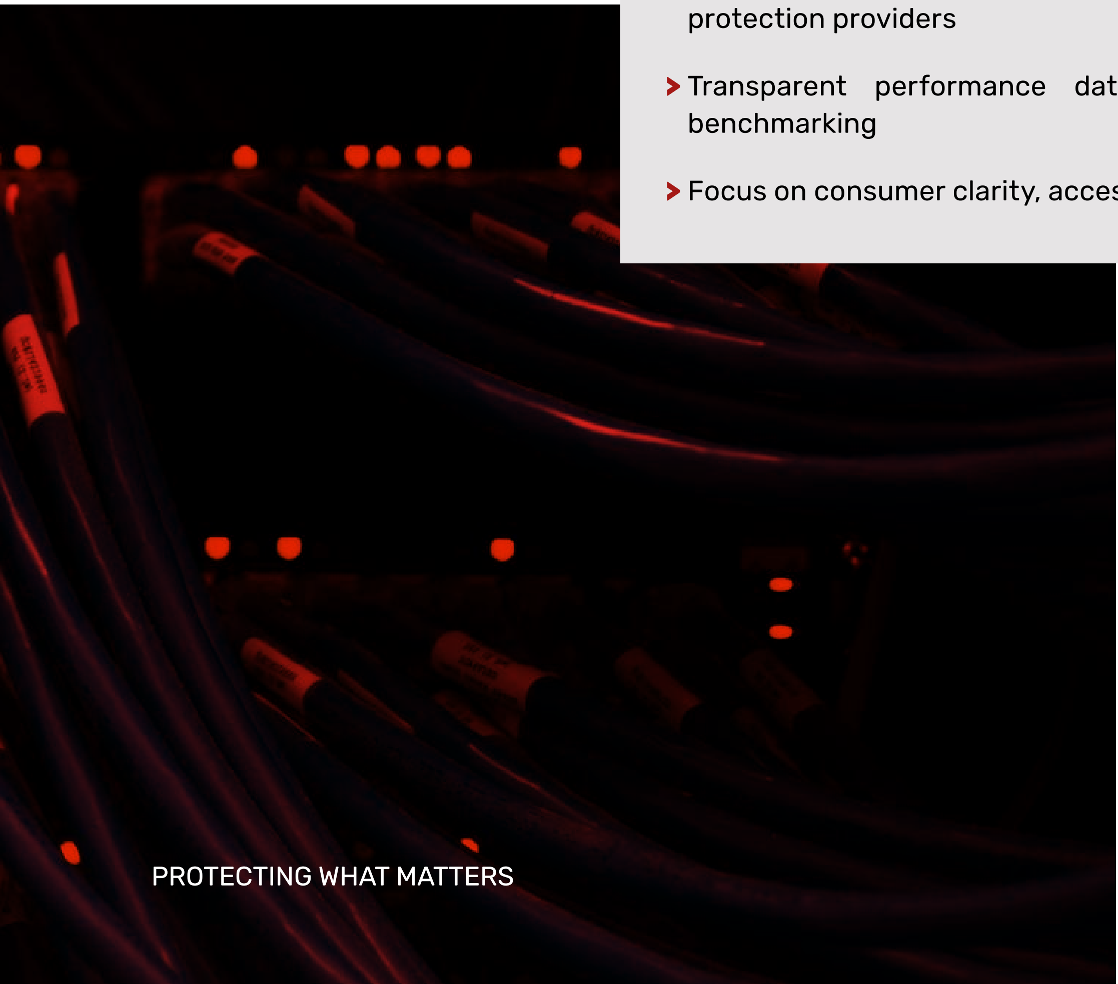
The NHIC Financial Protection Working Group, or a successor forum, should continue in a convening and oversight role during early implementation.

9.6 RISKS AND MITIGATION

RISK	MITIGATION STRATEGY
Increased costs for SMEs may deter participation	Apply risk-based pricing models; consider exemptions or targeted support for microbusinesses
Continued consumer confusion	Mandate standardised Key Facts and contract terms; reduce duplication
Fragmentation across schemes	Utilise cross-scheme governance to align standards
Reluctance by insurers to underwrite high-risk firms	Explore mutualised models or pooled risk mechanisms

9.7 KEY ENABLERS FOR SUCCESS

- Clear government leadership and regulator alignment
- Cross-industry collaboration and standards convergence
- Market engagement with insurers and financial protection providers
- Transparent performance data and continuous benchmarking
- Focus on consumer clarity, accessibility, and fairness



Section 10

Timeline and Phased Implementation

Delivering a robust, consistent, and scalable financial protection system will require a phased approach. This timeline reflects a balance between urgency and feasibility, aligning with the operational recommendations and stakeholder consensus throughout the report. It outlines immediate actions to increase consumer protection and sets a clear path toward long-term integration into the UK's home improvement and retrofit landscape.

Timelines Summary

TIMEFRAME	ACTION AREA	KEY ACTIONS
Short-Term (0–12 months)	Laying Foundations	› Embed protection standards in ECO, SHDF, GBIS › Develop and pilot national register › Mandate deposit protection › Launch consumer awareness campaigns › Engage FCA, BSR, OPSS for enforcement clarity
Medium-Term (1–3 years)	Scaling Up	› Extend oversight to all providers › Scale ADR access across schemes › Full operation of protection register › Require installer financial assessments › Legal consultation on mandatory protections › Publish industry guidance and tools
Long-Term (3–5+ years)	Institutionalising Change	› National framework adoption › Regular reviews of scheme effectiveness › Benchmark against global best practice › Deploy digital redress and verification platform › Support innovative financial protection models

10.1 SHORT-TERM ACTIONS (0–12 MONTHS)

- Embed standardised financial protection criteria into public funding schemes (e.g., ECO, SHDF, GBIS).
- Develop and pilot a national register of protected installations, including design and data-sharing governance.
- Mandate deposit protection where consumer pre-payments are required, with clear disclosure and approved mechanisms.
- Launch consumer awareness initiatives to improve understanding of protection rights and scheme participation.
- Engage key regulators and oversight bodies (e.g., FCA, Trading Standards, BSR, OPSS) to clarify enforcement roles and interoperability.

10.2 MEDIUM-TERM OBJECTIVES (1–3 YEARS)

- Extend formal oversight to all protection providers, either via FCA or an equivalent standards-based mechanism.
- Scale up sector-wide ADR access, with integration into scheme rules and aligned with Ombudsman Association standards.
- Operationalise the protection register, with real-time access for consumers and scheme operators.
- Mandate financial resilience assessments for installers participating in government-authorised schemes.
- Draft and consult on legal frameworks for introducing mandatory protections across relevant segments of the retrofit market.
- Develop industry-led guidance for implementation, standardised documentation, and contractual disclosures.

10.3 LONG-TERM INTEGRATION (3–5+ YEARS)

- Institutionalise a national protection framework, integrated with certification and regulatory infrastructure.
- Regularly review and update scheme requirements (minimum every two years), based on claims data and market performance.
- Benchmark UK models against international best practice, supporting alignment with broader decarbonisation and consumer policy agendas.
- Deliver a unified digital verification platform, allowing consumers to confirm protection and redress pathways in real time.
- Support innovation in financial protection products, including mutual, pooled-risk, or staged-payment-linked solutions that improve access and affordability.

By taking a phased and collaborative approach, these actions will:

- Enhance consumer trust in energy efficiency and home improvement markets;
- Reduce financial risks and systemic exposure;
- Promote fair competition through minimum standards;
- Align with broader goals of safety, resilience, and consumer empowerment.

Section 11

Conclusion

This report has presented a sector-wide review of the current landscape of consumer financial protection in home improvement and retrofit. Drawing on extensive consultation and cross-sector feedback, the findings make clear that while examples of good practice exist, the overall system remains inconsistent, fragmented, and insufficient to meet the scale of consumer risk.

The recommendations set out in this document offer a clear and actionable roadmap for reform. They are designed to promote consistency across schemes, embed minimum protection standards, and improve consumer outcomes—while remaining proportionate and achievable for industry actors.

The NHIC Financial Protection Working Group urges government, certification bodies, regulators, and protection providers to work collaboratively in adopting these recommendations. By doing so, stakeholders can ensure:

- Fair and consistent consumer protections, regardless of funding model or scheme;
- Greater confidence in retrofit and home improvement markets, accelerating decarbonisation goals;
- Transparency, accountability, and accessibility in how protections are communicated and delivered.

With the right leadership, oversight, and infrastructure, the UK can implement a fit-for-purpose financial protection framework that supports industry growth and restores public trust.

NHIC

NATIONAL HOME IMPROVEMENT COUNCIL

Appendix A

A Tale of Two Outcomes: Jane's Home Improvement Experience

Background

Jane, a homeowner in Leeds, decides to install a £10,000 air-source heat pump system through a contractor accredited under a recognised Competent Person Scheme (CPS).

> I thought I was protected—but no one explained what the paperwork meant. I ended up out of pocket, with nowhere to turn.

Current Protection Landscape (Status Quo)

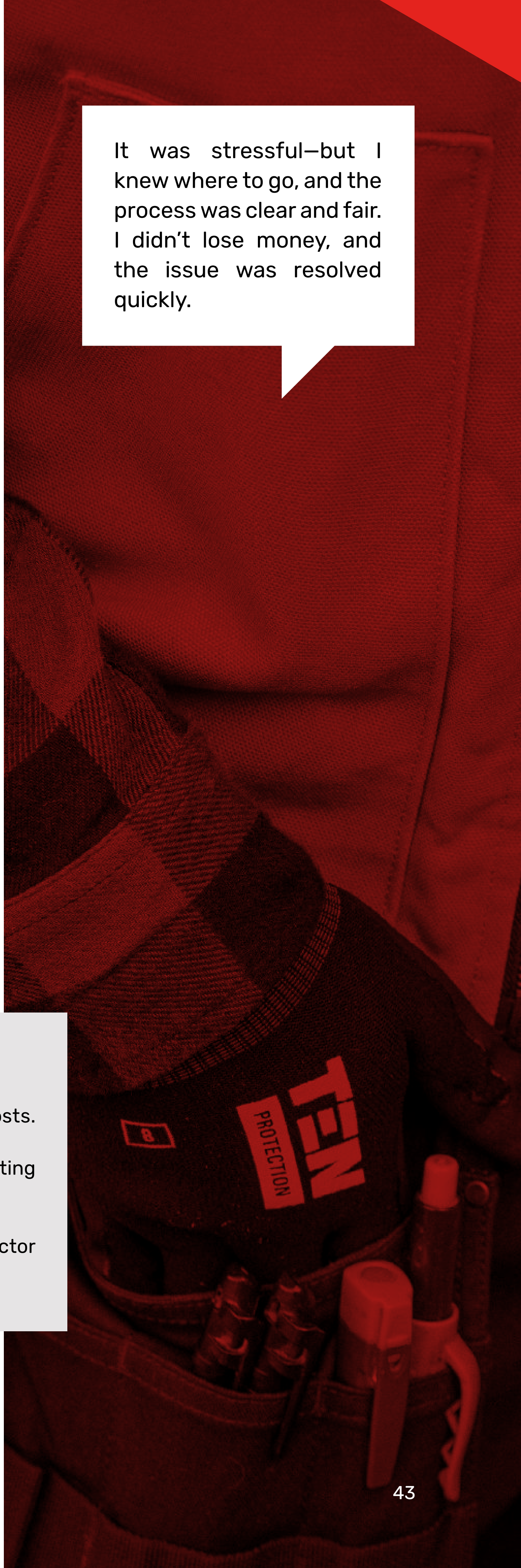
- Jane pays a 50% deposit upfront.
- The contractor installs the system but ceases trading four months later.
- Her workmanship guarantee is void, and the heat pump develops a fault.
- Jane contacts the CPS but discovers:
  - The installer had left the scheme two months prior.
  - The job was never formally registered, so no Insurance Backed Guarantee (IBG) was triggered.
- The IBG provider confirms no valid protection applies.
- Jane spends over £3,000 on legal support and a replacement installer.

Future Scenario Under the Proposed Framework

Under the NHIC Financial Protection Working Group's proposed system, Jane's experience is transformed:

- At the point of signing the contract, Jane receives a Key Facts Summary that clearly outlines her rights and the limits of protection.
- Her 25% deposit is protected through an FCA-regulated insurance product or equivalent.
- The installation is registered with the scheme and linked to Jane's property.
- When her installer ceases trading, Jane accesses a national verification portal confirming her coverage.
- Jane contacts an approved redress provider (ADR), who arranges remedial works.
- A qualified contractor is assigned to complete the repair, at no cost to Jane.

It was stressful—but I knew where to go, and the process was clear and fair. I didn't lose money, and the issue was resolved quickly.



Impact

- Jane avoids more than £3,000 in unexpected costs.
- Her low-carbon investment is protected, supporting decarbonisation goals.
- She regains trust in the home improvement sector and recommends the process to others.

Appendix B

Glossary of Terms

DRAFT DEFINITIONS DOCUMENT	DRAFT AGREED WORDING
Alternative Firm	means a supplier or installer instructed by [Financial Protection Provider] to rectify a Defect and/or a breach of the Building Regulations and any other relevant defined standards identified in the contract.
Building Regulations	means a set of standards for the design and construction of buildings to protect people's safety, health and welfare. Detailed regulations cover specific topics including: structural integrity, fire protection, accessibility, energy performance, acoustic performance, protection against falls, electrical and gas safety.
Ceased to Trade	means the contractor is no longer operating and unable to fulfil their contractual or guarantee obligations. This includes formal insolvency (liquidation, receivership, administration), company dissolution, bankruptcy (for sole traders/partnerships), or permanent closure due to retirement, death, or long-term incapacity. It may also include other scenarios where verifiable evidence shows the business is no longer trading. The Financial Protection Provider must be satisfied that no business operations remain.
Certificate of Cover	means the Certificate issued for the installation as confirmation of cover. No cover is in place, unless this certificate has been issued .
Cessation of cover	The date the cover expires as stated on the Certificate of Cover
Claims Process	means the process consumers must follow to lodge a claim against the cover and the process the Financial Protection Provider uses to handle a claim
Commencement of Cover Date	means the date the cover starts as stated on the Certificate of Cover
Competence	Competence refers to the ability of an individual or organisation to perform a task or function to a defined standard. It encompasses a combination of skills, knowledge, experience, and behaviours necessary to achieve compliance with relevant regulatory requirements, industry best practices, and safety standards within the home improvement sector.
Complaints Process	means the complaints process established by the financial protection provider to handle any complaints about their services
Completion Date	means the date on which the works defined in the contract have been deemed to be completed to the policyholders satisfaction, all negotiations with respect to Contract Value have concluded, and no Defect is evident in the installation at the point of any handover back to the consumer.

DRAFT DEFINITIONS DOCUMENT	DRAFT AGREED WORDING
Consequential Damage	means physical damage to the property arising out of defective workmanship and/or breach of the Building Regulations and any other relevant defined standards by the contractor. This includes wall coverings, ceilings, roofs, roof coverings (including plaster and render but excluding decoration), and floors.
Consequential costs	means out-of-pocket costs incurred due to defective workmanship or regulatory breaches, such as fees for alternative contractors or remedial materials.
Consequential Losses	means indirect financial losses including damage to personal belongings, lost income, time off work, or unachieved performance expectations due to defects
Construction Product	Construction Product, material, substance or collection thereof that has been manufactured, refined or processed and declared by its manufacturer for an intended end use for temporary and/or permanent inclusion in building or civil engineering works, refurbishment or maintenance
Customer	Customer means an individual or business acting for purposes that are wholly or mainly outside that individual/business' trade, business, craft or profession
Contract	means a legally binding agreement between the consumer and the contractor concerning the sale of goods or digital content, or the supply of services (with or without goods).
Contractor	means the installer a customer has entered into a contract with for the sale of goods or digital content, or the supply of services (with or without goods).
Contract Value	the total value of the contract (inclusive of VAT).
Defect/s	means a fault with the installation which is covered by the contractor's guarantee or does not comply with building regulations which was caused by defective design, defective workmanship or defective materials.
Defective Design	means a fault with the design of the installation by the contractor
Design	means the process taken by the contractor to create a plan, select the materials required and consider how best to complete an installation at a Property to achieve specified outcomes.
Defective Workmanship	means a fault with the work that has been carried out by the contractors installation team.
Defective Materials	means a fault with the materials used by the contractor for the installation.
Deposit or Staged Payment	Payments made by you to the contractor prior to the completion of the contract
Documentation	means documents you must provide to make a claim as specified by the financial protection provider

Appendix B

DRAFT DEFINITIONS DOCUMENT	DRAFT AGREED WORDING
Dwelling	means a building, such as a house or a flat used for domestic living purposes only. A dwelling will still be deemed as being used for domestic purposes when used for a commercial purpose (such as a home office) provided the public do not have access to it and planning permission or consent has not been required to carry out the commercial activity.
Excess	means the amount of money you must pay to the Financial Protection Provider which contributes towards the cost of the claim.
Exclusions	means what is not covered by the financial protection
Failed to Rectify	means there is a defect with the installation and the contractor has failed to rectify the fault with the installation that is covered by the guarantee.
Financial Limit	means the maximum amount that is covered by the financial protection as stated on your certificate of cover.
Financial Protection	means the mechanism that ensure consumers are safeguarded against defect/s with the installation due to the failure of the contractor. This includes insurance backed guarantees, compensation schemes, escrow accounts, and consumer protection measures mandated under Competent Person Schemes and Building Regulations.
Goods (CRA 2015	means any tangible moveable items, but that includes water, gas and electricity if and only if they are put up for supply in a limited volume or set quantity.
Guarantee	A promise that goods or services will meet a set standard for a time period, separate from statutory consumer rights. Therefore, a guarantee does not replace the policyholder's existing legal rights under the Consumer Rights Act.
Home Improvement	Home Improvement refers to any renovation, repair, alteration, or installation work carried out on a residential property to enhance its functionality, efficiency, safety, or aesthetic appeal. This includes, but is not limited to, installation of energy-efficient systems, structural modifications, insulation upgrades, heating system replacements, and any work requiring compliance with Building Regulations.
Installation	means the process of physical placement and/or fixing of a measure in a property to complete the contract.
Installer	means the party named on the contract with for the sale of goods or digital content, or the supply of services (with or without goods).
Insurer	The organisation providing insurance cover
Risk	means a risk that a financial protection provider is willing to cover under a financial protection mechanism. Risk within the home improvement sector includes defect/s with the installation and non-compliance with building regulations and any other relevant defined standards identified .
Works	means the works carried out by the contractor at the Property in accordance with the contract.

DRAFT DEFINITIONS DOCUMENT	DRAFT AGREED WORDING
Insurance	means cover that is provided to the policholder for a period of time for defect/s with the installation or non-compliance with building regulations.
Investigation	means a review of submitted evidence or a physical inspection of an Installation by the Financial Protection provider in order to assess a claim of a Defect.
Manufacturer	means the business that has manufactured or supplied the measure
Manufacturer's Warranty	means the Warranty that may be provided for the Measure by the Manufacturer.
Materials	means the components used by the contractor to complete the installation
Measure	means the product or service that is stated in the contract.
The policyholder (you)	means the person named on the certificate of cover.
Policy Term	means the duration for which a financial protection mechanism remains in place. This period is specified on the Certificate of Cover and dictates the timeframe within which claims can be made for defect/s with the installation or non-compliance with building regulations.
Property	means a building , such as a house or a flat used for domestic living purposes only. A dwelling will still be deemed as being used for domestic purposes when used for a commercial purpose (such as a home office) provided the public do not have access to it and planning permission or consent has not been required to carry out the commercial activity.
Property Suitability	means the contractor assessing whether a measure should be installed at the property
Remediate	means the works undertaken to rectify defect/s covered by the financial protection
Settlement	Settlement: Any payment made by the Financial Protection Provider instead of completion of remedial works.
Trader (CRA 2015)	means a person acting for purposes relating to that person's trade, business, craft or profession, whether acting personally or through another person acting in the trader's name or on the trader's behalf
Transferability	means how protection can be transferred to new property owners.
Trigger Event	means the conditions under which a claim can be made.
Workmanship	means the work carried out by the contractor during the installation of a measure at the property

Thank you for reading.

The NHIC would like to thank the following members of the group for their contributions to this report:

Atkins Réalis

British Board of Agrément (BBA)

Building Safety Regulator (BSR)

Builders Merchants Federation (BMF)

Certass

Certass Trade Association (CTA)

Construction Leadership Council (CLC)

Construction Leadership Council (CLC) Domestic RMI Taskforce

Construction Products Association (CPA)

CORGI Services Ltd

Crown Commercial Service (CCS)

Data-Door

Department for Business and Trade (DBT)

Department for Energy and Net Zero (DESNZ)

Digital Buildings

Energystore

Envirovent

Federation of Environmental Trade Associations (FETA)

Federation of Master Builders (FMB)

Fensa

Glass and Glazing Federation (GGF)

Health and Safety Executive

HomePro

Local Authority Building Control (LABC)

MCS Certified

NAPIT

NFRC Competent Person Scheme

QA Scheme Support Services Ltd (QASSS)

QANW

Qualitymark Protection

Recticel

Retrofitworks

Safe World Insurance Group UK

Tech Influence

The Chartered Institute of Building (CIOB)

The Heat Pump Association (HPA)

The Installation Assurance Authority (The IAA)

The Installation Assurance Authority Federation (The IAAF)

The National Home Improvement Council (NHIC)

TrustMark

Get in touch...

The National Home Improvement Council (NHIC)

Web: nhic.org.uk

Social: @TheNHIC

Email: office@nhic.org.uk

NHIC

NATIONAL HOME IMPROVEMENT COUNCIL