



**Improving trader recommendation platforms:  
Draft consumer law compliance advice for businesses  
Competition and Markets Authority consultation document**

Renewable Energy Assurance Ltd (REAL), administrators of Renewable Energy Consumer Code (RECC), is pleased to have the opportunity to respond to this consultation by the Competition and Markets Authority on its advice for businesses to improve trader recommendation platforms (TRPs).

**About RECC**

RECC was set up in 2006 to maintain high standards of consumer protection for businesses that sell and install small-scale renewable energy generating systems in the domestic sector. RECC currently has 5,000 members. The Code is approved by Chartered Trading Standards Institute (CTSI) under its Consumer Codes Approval Scheme (CCAS). It is administered by REAL, a wholly owned subsidiary of the Association of Renewable Energy and Clean Technology (REA), a major trade association in the renewables sector, which is a not-for-profit company owned by its members.

RECC's mission is to promote the renewable energy sector by protecting the interests of consumers and minimising consumer detriment. The Code contains stringent requirements for selling practices, pre-contractual information, fair contracts, cancellation rights and after-sales practice. It also sets out a clear redress system for consumers and installers.

RECC assists its members by providing them with all the resources they require to comply with consumer protection legislation in force. We provide a range of guidance and technology-specific model documents which have been approved by our Primary Authority partners, Surrey and Buckinghamshire Trading Standards. We provide a comprehensive CPD-backed training resource for installers covering the whole consumer journey from first contact to handover and commissioning of the system. Those who pass the online exams earn CPD credits. We also provide training webinars for members, free of charge, covering a range of consumer protection issues.

RECC carries out thorough due diligence on applicants wishing to join and regularly checks that existing members are complying with the Code. We work closely with those members who are suspected of breaching the Code and, where the issues cannot be resolved, we take swift enforcement action.

### **3. Questions for consideration**

*3.1 We are seeking feedback on the following questions. Please provide your reasoning, any relevant information, and examples or evidence to support your response.*

#### **Scope**

*3.2 Is the scope of the draft compliance guidance appropriate and clear? If not, what else should this compliance advice address and why?*

General point:

The CMA should consider highlighting in the text (rather than in footnote 14 to paragraph 14), that the guidance is essentially of limited scope in that it is focussed on the Consumer Protection Regulations. There are other consumer protection laws in place with which traders must comply.

Lead-generators:

The draft guidance could make it clearer that platforms that may regard themselves as lead-generators rather than TRPs are included in the scope if they implicitly make recommendations. Paragraph 4(b) makes it clear that they should be included but acknowledges that they may not recognise themselves as 'implicitly' recommending traders who provide quotes for jobs consumers enter on the platform. We consider that the guidance should include some examples in order to spell out what 'implicitly creating a perception' of traders might cover. Otherwise, this point risks being overlooked as the grounds for interpretation is too subjective.

Review-only platforms:

The guidance specifically excludes 'other types of platforms and services that only...publish consumer reviews of traders' (para 5.a). Clearly the guidance in its entirety need not apply to such platforms. However, research indicates a significant scale of problems with fake / misleading / incentivised reviews across a range of platforms and that review-only sites are not immune. For this reason, we suggest that the relevant elements of the guidance should apply to such platforms also, specifically Principle 6: Collection, moderation and publication of consumer online reviews, unless CMA considers that either:

- these have been adequately addressed via the separate CMA advice on online reviews and endorsements referred to at paragraph 23 (a) that sets out that businesses must ensure that they have appropriate systems and processes in place to check that any customer reviews or testimonials they publish about their products are genuine; or
- they will be adequately addressed via the promised guidance on the Digital Markets, Competition and Consumers Bill when it is enacted.

*3.3 Are there any additional sector-specific considerations which the draft compliance needs to reflect? If so, what are these and why? How can these be addressed?*

In the domestic renewable energy sector, there have been issues around what the lead-generator platform claims for the technologies that the traders would be installing, as opposed to / as well as implicit or explicit representations about the traders themselves. For example, these may suggest

that consumers will save £££s or have no more electricity bills or that the system will perform optimally. Misleading information – or insufficiently caveated information - in this regard has the potential to lead to consumer detriment if it contributes to sub-optimal installation of the technologies or even to entirely inappropriate installations (eg because of the nature / location of a property or the lifestyle of those within the households).

Though the traders themselves obviously bear ultimate responsibility for ensuring that any claims made about a renewable energy system are accurate and appropriate, they may not be aware that the platforms are potentially misleading consumers. We consider that the guidance should remind those who operate TRPs of the importance of not misleading consumers in any way. For our part we regularly remind our members that they bear full responsibility for any claims made to consumers who they contract with. This is especially the case where a consumer can show that their decision to contract with an installer was based on information provided or claims made in advance.

We urge the CMA specifically to mention that sectors with approved Consumer Codes may have Primary Authority arrangements in place. (RECC's Primary Authority arrangement is outlined in the introduction.) Currently there is only a vague reference in a footnote to paragraph 26 to "a trade association (or other type of group)" as a potential other source of advice.

### **Compliance principles**

3.4

*a) and b)*

The principles identified in the draft compliance guidance – representations by TRPs, vetting practices, complaints processes, monitoring activities, investigations and sanctions and the collection, moderation and public of consumer reviews – are clearly set out and appear suitable. Indeed, they largely cover much of the work of RECC! We carry out due diligence on applicants, monitor traders' claims, handle complaints about members, audit compliance and sanction non-compliance. (We also issue guidance to members, some of which under the auspices of a primary authority arrangement, so we fully support the current exercise).

Again, for our sector, we would welcome clarity that 'representations by TRPs' extend to representations they might make about the performance of products / technologies that traders might be installing / servicing and not just representations about the traders.

### **'Do's and don'ts' examples**

3.5

The 'Do's and don'ts' examples for each principle are clear and appear to us to be easy to follow. We would add the following:

-As outlined above, we would welcome a clear reference in the text, rather than in footnotes (eg footnote 26), to 'a relevant Code of Practice'. We suggest that, if TRPs are to ensure they are aware of under-performing or misbehaving traders, then they should a) identify relevant Codes in their sector and b) liaise with them as necessary as part of their vetting and monitoring processes. We also suggest that, under Principle 3 Complaints Process, TRPs should be prepared to cooperate with such Codes or other bodies where they are investigating complaints or where the TRP is notified of issues with one of their traders by those other bodies.

- at paragraph 36, we suggest that **all** the examples of practices likely to uphold the principle of vetting are both necessary and sufficient i.e. guidance should steer TRPs to have all (a) to (j) in place. We would also add to (d) that TRPs should check not just if a business or person is not one previously expelled from the TRP but also that it is not in reality a phoenix i.e. a reincarnation of a problematic business.

We would suggest adding that TRPs should check the online and social media presence of traders for any misleading information, not just about themselves but where applicable about performance of any services and / or products they work with.

With regard to Principle 5: Investigations and sanctions, we fully support the need for TRPs to operate 'timely and effective investigation and sanction processes.' Again, we would support bringing the examples of what these processes might comprise out of footnotes and into the main text as they are useful guidance for TRPs and may be missed if only referenced in footnotes.

With regard to paragraph 56, (d), where assessment suggests potentially serious misconduct or repeat misbehaviour beyond a certain threshold, TRPs should both carry out more in-depth investigations but also perhaps suspending a trader from the platform during those investigations to protect consumers.

#### Principle 6: reviews

It is important to flag that research suggests the behaviour of the reviewer is a stronger indicator of potentially fake reviews than the content e.g. indications that the reviews come from a 'review farm', multiple reviews from the same reviewer(s) across multiple platforms.<sup>1</sup>

It would also be useful to alert TRPs to the existence of the global 'Coalition for Trusted Reviews', launched last year by Amazon, Booking.com, Expedia Group, Glassdoor, Tripadvisor, and Trustpilot. In particular it would be useful for TRPs to follow the best practice guidelines they may issue and methods of fake review detection they may share.

**16.08.2024**

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<sup>1</sup> See, for example, research for the then-Department for Business and Trade, Fake Online Reviews Research, April 2023