



The HomeOwners Alliance guide to:

The Green Deal – is it right for your home?

Want to make your home warmer and save money at the same time? That's what the Green Deal is here to do. Brace yourself, the Green Deal is complicated and there are many critics out there

We all want to reduce the energy bills from our leaky homes, but few of us want to pay up front for making them more energy efficient. We are often suspicious that improvements such as double glazing simply won't pay for themselves, or that it is at the bottom of our list of things to do.

The government has just come up with its solution to the conundrum: the Green Deal. The flagship scheme aims to help homeowners make their homes warmer using less energy, with little upfront costs. It does that by offering you a loan of up to £10,000 to make improvements such as loft and cavity wall insulation, new boilers, draft-proofing, and solar energy. There are around 45 measures that qualify.

The '**golden rule**' is that you will always be better off, as the improvements will only be funded if the savings on your energy bill covers the payments on the loan. The work wouldn't be done if the loan payments are more than the energy savings. That's the theory. The exception is when measures qualify for an Energy Company Obligation (ECO) subsidy (see below).

Although a well-intentioned and innovative scheme, the interest rates on the loans are higher than ordinary bank loans, leading to much criticism. But that doesn't mean you can't benefit from the scheme. For many homeowners, it could simply be worth getting an initial Green Deal assessment done, and funding the most cost effective improvements in other ways

What do you need to do?

- Contact a Green Deal **assessor**, from the government approved list, to visit your home. This report – costing between £75 and £150 - gives you details of the most cost effective ways you can improve the efficiency of your home, together with the cost of each measure, and calculations of how much it should save.
- Sort out the **finance** - If you decide to go ahead with some of the recommendations, and you want a loan, you need a Green Deal Provider to sign a Green Deal Plan. This plan is a contract between you and the provider stating what work will be done and how much you will pay and for how long. Some may refund your initial assessment costs.
- Get the work done – you or your Green Deal Provider arranges for a Green Deal **installer** to do the work. You will not need to pay upfront for this work. Your provider will pay for the work and sort out the details with your energy supplier.
- **Pay** for it - you pay back your loan via your energy bill, as set out in your Green Deal Plan. If you sell, the loan is attached to the house, not you.

You can make your life easier, but probably not cheaper, by going with a firm who can assess, finance and install the measures. At the moment British Gas and NPower are offering a one-stop-shop service.

What to watch for

- **High Interest rates** – you will be charged between 7% - 9% extra on your Green Plan loan, including other costs and depending on how long you take the loan out for. This means that it could cost more than



if you paid for the work in other ways – with cash, a personal loan, or extending your mortgage. You may be penalised if you pay your loan back early.

- **You stop paying if you move** – the Green Deal loan is attached to the house, rather than the homeowner. This means that you don't have to worry about repaying the loan if you move – it will be paid off through the new homeowner's energy bills as before. But the loan may complicate a sale – which could add costs and headaches when you sell as buyers may be put off by what they see as an outstanding debt they never asked for.
- **Cash-back scheme** - For early adopters government has set aside £125 million to give to households – a maximum of £1,000 per household. The best value option has to be cavity wall insulation where you will get £250 back on work which typically costs around £500.

ECO subsidies are also available for low income or vulnerable households, or for or properties with solid walls (ie built before 1930 that may benefit from external and internal wall insulation. Follow this link for more information - <http://www.energysavingtrust.org.uk/Take-action/Find-a-grant/Green-Deal-and-ECO>

Protection against shoddy work - DECC insist there is an “unprecedented” level of consumer protection. The assessors and installers are all government approved and have to go through some sort of assessment. All of the assessments will be permanently logged on a government database so that assessors can be checked to ensure their recommendations were appropriate. If you go with the Green Deal Plan, this will also be permanently kept on a government database.

What to know more? Read a personal account of Dr Paula, who is desperately seeking external all insulation

Any questions on this ? Get in touch and we will try to help.

The [HomeOwners Alliance](http://hoa.org.uk/): (<http://hoa.org.uk/>) providing independent advice and services to homeowners and those aspiring to own.

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