UK Government

Boiler Upgrade Scheme Consultation

Government Response

November 2025

Any enquiries regarding this publication should be sent to us at:
boilerupgradescheme@energysecurity.gov.uk

Contents

Introduction

Background

This document sets out the Government's response to Part 1 of the consultation on the Boiler Upgrade Scheme (BUS) and certification requirements for clean heat schemes, which was published on 30 April 2025 and closed on 11 June 2025. It does not repeat the content of that document therefore this government response and the original consultation document should be read together. A response to Part 2 of the consultation has been published separately.[1]

Part 1 of the consultation sought views on proposed amendments to the BUS, which provides grants to support property owners in transitioning to low carbon heating systems. The proposed changes are designed to increase access, stimulate further demand and enhance existing consumer protections. They include:

- expanding eligibility for low carbon heating technologies
- allowing new heat pump purchase options alongside the BUS grant
- reviewing potential barriers to the consumer installation journey
- enhancing consumer protection by simplifying certification requirements
- requiring installers to deduct grants upfront

The BUS plays a crucial role in helping homeowners and small businesses switch from fossil fuel heating to heat pumps. Since launching in 2022, BUS has delivered over £466 million in grants, supporting approximately 67,000 heat pump installations**.**

At the Spending Review, the Government confirmed that the BUS would continue to 2029/30, with rising budgets each year. Further details about scheme budgets will be provided in due course.

[1] Certification requirements for clean heat schemes (part 2): government response

Executive Summary

Stakeholder responses to the consultation proposals

This document sets out a summary of the responses to the 31 questions contained within Part 1 of the consultation and outlines the Government's response.

Where multiple questions related to a single issue, a single government response is provided to all the relevant questions on that theme. Some questions received more responses than others. For questions which asked respondents whether they agreed or disagreed with a proposal, some respondents provided answers which did not clearly indicate agreement or disagreement. This means the total number of yes/no responses to a question may not sum to the total number of respondents who answered the question.

We received a total of 357 responses to the consultation from a wide range of organisations, representative and trade bodies, professionals, and individual members of the public. While this document does not list in full every point or theme that was raised, all responses that were shared with us have been reviewed and taken into consideration. Feedback received during the consultation period through channels other than the formal consultation process has also been considered, however this feedback is not represented in the response totals.

A breakdown of the responses we received according to different stakeholder categories is provided in the table below.

Table 1: Consultation responses by type of organisation

Respondent type	Number of responses
Trade Associations	17
Installers	68
Manufacturers	32
Non-Governmental Organisations	21
Private Individuals	83
Other	136
Total	357

We are grateful for all views and thank those who responded to the consultation.

Government response to stakeholder feedback

This section summarises the changes to the BUS regulations, which we will begin to introduce during the current financial year (2025/26), subject to the will of Parliament. Please note that the timeline to implement specific changes to the scheme may vary depending on the nature of the legislative amendments, and operational complexity.

Expanding system eligibility

- We will begin to provide grants of £2,500 to support the installation of air-to-air heat pumps (AAHPs) in domestic properties.
- We will begin to provide grants of £2,500 to support the installation of heat batteries, once appropriate product, design and installation standards have been implemented, including robust consumer protections.
- We will amend scheme eligibility criteria to allow more installations of heat pumps in combination with other electric heating appliances.
- We will remove the requirement that heat pumps cannot use heat in air expelled by an appliance or building to allow the installation of exhaust air heat pumps.

Allowing third-party ownership agreements

- We will undertake further work on third-party ownership of BUS-funded heating systems to resolve complex interactions with the current regulatory landscape before determining eligibility for the scheme.
- However, we will continue to encourage the growth of innovative financial products, such as new low-cost loans, subscriptions (i.e. monthly payment plans), and green mortgages that can be accessed alongside BUS funding.
- We will consider whether to allow third-party ownership agreements to be permitted alongside the BUS in future, providing they offer robust protections for consumers and are viable within the regulatory framework.

Simplifying the heat pump installation journey

- We will relax the requirement to provide a valid Energy Performance Certificate (EPC) from 2026/27 onwards.

Enhancing consumer protections

- We will assess the Microgeneration Certification Scheme (MCS) Customer Commitment as a consumer code before determining whether to approve it for the scheme.

Grant payments under the BUS

- We will introduce a requirement in the BUS regulations for installers to deduct the grant amount from the upfront costs of the heat pump or biomass boiler installation.

Stimulating further demand for the BUS

Expanding system eligibility under the BUS

Currently, the eligible technologies under the BUS are hydronic heat pumps and biomass boilers which can meet the entire space heat and hot water demand of a property. The consultation sought views on expanding the range of systems and technologies which would be eligible under the BUS.

Multi-technology systems

We recognise that there has been considerable growth in innovation in consumer products that combine multiple technologies, and we understand that a standalone hydronic heat pump may not be the optimal solution for all properties. Therefore, we proposed amending the BUS regulations to allow more installations of heat pumps in combination with other low carbon technologies, should certain restrictions and requirements be met.

Question 1: Do you agree with the proposal to amend scheme eligibility criteria to allow more installations of heat pumps in combination with other electric heating appliances?

Summary of responses

We received 248 responses to this question. Of these, 218 respondents selected 'Yes', 27 selected 'No' and 3 respondents did not clearly indicate Yes or No but provided comments.

Of the respondents who supported allowing the installation of heat pumps in combination with other electric heating appliances, some respondents said this will increase flexibility on the scheme, both in terms of increasing the range of properties which can benefit from the scheme as well as providing property owners with more choice on how to decarbonise their properties.

A few respondents, who supported the proposal, also highlighted that not all properties are suitable for a standalone heat pump installation. Some respondents used this question to highlight other technologies which they believe should be supported through the scheme, including air-to-air heat pumps, heat batteries, heat networks and fossil fuel hybrid systems.

Of those opposed, the majority disagreed with heat pumps being the primary supported technology. A few argued that the eligibility criteria should be expanded beyond supporting electric technologies and should encompass hydrogen and renewable liquid heating fuels.

Question 2: Do you have any views on the proposed eligibility criteria that should apply to multi-technology systems?

Summary of responses

We received 155 responses to this question.

Most respondents used this question to highlight other technologies they felt should be supported through the scheme. A few respondents advocated that the scheme should provide funding for fossil fuel hybrid heat pump systems or hot water only heat pumps. However, the second most common theme of responses was opposition to providing support for fossil fuel hybrid systems.

Very few respondents disagreed with the proposal and said that any heat pump installed through the scheme should have to meet the full space and/or hot water heating demand of the property, or conversely that the technology installed through the scheme should not be required to meet the full space and hot water heating requirements.

Government response

We will amend scheme eligibility criteria to allow more installations of heat pumps in combination with other electric heating appliances. This will allow greater flexibility for consumers in choosing how to install their heat pump. It will also help support further growth and innovation in consumer products that combine multiple technologies, such as installations of heat pumps alongside solar PV-powered hot water, electric batteries or thermal storage, which may improve system efficiency and running costs for consumers. Examples of appliances that we intend to allow alongside a BUS-eligible heat pump include:

- Hot water heat pump
- Exhaust air heat pump (EAHP)
- Air-to-air heat pump (AAHP)
- Heat battery
- Electric heater

Hydronic heat pumps configured in this way will be eligible for the same grant level given to a hydronic heat pump system installed in a standalone configuration. We will continue to require that the hydronic heat pump provide space heating and be capable of meeting the full space heat demand of the property, whether it is installed alone or in combination with other appliances that are incapable of burning fossil fuels (i.e. continuing to exclude fossil fuel hybrid heat pumps). We do not intend to allow for the installation of a biomass boiler alongside a BUS-funded heat pump in a multi-technology configuration.

We recognise that there are now some EAHPs available on the market that are capable of meeting the entire heat demand of a property. Therefore, we intend to remove the current requirement that hydronic heat pumps cannot use heat in air expelled by an appliance or building. In order to be eligible to receive a hydronic heat pump grant, an EAHP will need to meet the same eligibility criteria set out for hydronic heat pumps; an EAHP will need to be installed to provide space heating, use liquid as the medium for delivering its heat, and be capable of meeting the full space heat and hot water demand of the property, whether alone or in combination with other appliances that are incapable of burning fossil fuels. EAHPs that only provide hot water will not be eligible for a BUS grant, however they will be eligible to be installed as a supplementary appliance alongside a BUS-eligible technology.

We do not intend to provide support for heat pumps that provide hot water heating only. We want the funding available through the scheme to go towards technologies that offer the greatest carbon savings. Hot water makes up on average about 20% of the building heat demand, whereas space heating makes up 80%. As with solar thermal collectors and immersion water heaters, the scheme will allow hot water only heat pumps to be installed or retained in properties alongside BUS-eligible technologies.

Where multiple connected hydronic heat pumps are installed in the same property, they would need to have an individual plant capacity of no more than 45 kilowatt thermal and a combined capacity of no more than 70 kilowatt thermal. The capacity limit for shared ground loop systems will remain unchanged at 300 kilowatt thermal, with each individual heat pump plant in the system having a capacity of no more than 45 kilowatt thermal.

Air-to-air heat pumps

We recognise that hydronic heat pumps may not be the most appropriate solution for all properties, especially those that currently have 'dry' (non-hydronic) space heating. Therefore, we sought views on allowing air-to-air heat pumps (AAHPs) under the scheme, along with the appropriate eligibility criteria, the grant level provided and potential barriers to installation.

Question 3: Should the BUS provide grants to support the installation of air-to-air heat pumps?

Summary of responses

We received 226 responses to this question. Of these, 185 respondents selected 'Yes', 36 selected 'No' and 5 respondents did not clearly indicate Yes or No but provided comments.

Most respondents supported the BUS providing grants for AAHPs. There was majority support across all stakeholder types for allowing these systems on the scheme. Those that agreed mainly cited carbon savings, technology efficiency, ability to provide cooling, and broadening of consumer choice as the main reasons for supporting the technology on the scheme.

Of the respondents who disagreed, the most common reasons cited (in order of prevalence) were: additional energy use for active cooling (vs passive cooling or no cooling), scepticism regarding performance compared to hydronic systems, that AAHPs usually do not provide water heating, and that AAHPs do not provide as much flexibility as storage technologies. This is because they can only draw energy as needed and cannot be set to operate flexibly, such as only charging at off-peak times.

Question 4: Do you have any views on the eligibility criteria that should apply to air-to-air heat pumps if supported by the scheme?

Summary of responses

We received 162 responses to this question.

The most common recommendation was that eligibility criteria should include efficiency requirements. Those mentioning Seasonal Coefficient of Performance (SCOP) said that the minimum should be equal to or greater than the current requirements for heat pumps on the scheme. Some respondents said that AAHPs should be MCS certified and comply with MCS product, design and installation standards. A few respondents agreed that AAHPs should only be eligible in domestic properties.

The majority of respondents felt that eligibility should be limited only to homes without hydronic heating systems. Some respondents were keen to keep the requirement for no fossil fuel systems to be retained, however a few respondents wanted to enable fossil fuel appliances to be retained as part of a hybrid system.

A few respondents argued that the AAHP should need to meet the entire heat demand of the property, and a few respondents suggested that the AAHP should also be capable of meeting water heating demand. A few respondents wanted to enable other means of water heating alongside the AAHP, such as hot water heat pumps, wastewater heat recovery and solar PV integration.

Question 5: Do you have any views on the advantages of certain types of air-to-air heat pumps that could be supported by the scheme, such as products that provide both space heat and hot water?

Summary of responses

We received 109 responses to this question.

Several respondents were supportive of AAHP systems that provide hot water, though very few recommended that these systems should be eligible for a higher grant level. A few respondents noted downsides including additional cost, installation complexity, limited benefits for space-constrained properties compared to space heating only systems, and hot water prioritisation negatively affecting space heating provision.

A few respondents were supportive of AAHP systems complemented by other heat pump systems providing hot water provision (i.e. ‘dual’ heat pump systems). There were mixed views on the relative advantages and disadvantages of direct electric hot water provision alongside an AAHP. A few respondents argued that AAHPs should provide space heating only.

Question 6: Do you have views on the appropriate grant level to support the installation of air-to-air heat pumps?

Summary of responses

We received 131 responses to this question.

The most common response advocated for AAHPs to have the same level of support available for hydronic heat pumps, either in absolute or proportional terms (i.e. the same sum or a similar % of the total cost of installation). Some respondents argued that the same level of BUS grant should only be provided if the appliance can provide both space and hot water heating.

Respondents supportive of the expansion to AAHPs generally supported the proposed grant level of between £1,000 to £2,000. Of these, approximately half specifically indicated £2,000 as the most appropriate level of support.

Question 7: Should the cost of an integrated or separate electric hot water heating appliance be included in determining an appropriate grant level?

Summary of responses

We received 189 responses to this question. Of these, 142 respondents selected ‘Yes’ and 47 selected ‘No’.

Those who supported the inclusion of the cost of an electric domestic hot water heating appliance in determining the grant level said that, as the purpose of the scheme is to encourage people to fully replace their fossil fuel heating system, the cost of replacing the hot water appliance should be taken into account. A few responses said that if a property owner is only partially decarbonising their property, they should receive a smaller grant.

A few of those who opposed argued that the scheme should be kept as simple as possible as this was highlighted as a key success of the scheme. A few respondents also highlighted that for properties that currently have direct electric heating systems, hot water provision will likely be provided by an existing electric hot water appliance with no additional costs incurred.

Question 8: Do you have views on a reasonable level of air-to-air heat pump deployment on the BUS if a £1,000 or £2,000 grant was offered?

Summary of responses

We received 153 responses to this question.

Most responses to this question were comments on the grant level that should be provided for these technologies and did not provide views on the deployment level we would see under the suggested grant levels. Several responses to this question argued that the grant level would not be sufficient to encourage mass uptake of AAHPs. However, some respondents suggested that with the proposed grant level there would be a moderate to strong uptake of these systems.

Several respondents said that they could not provide a response without knowing the eligibility criteria which would apply to these installations or without an idea of the running costs, with some arguing that an impact assessment would be needed for an understanding of the level of deployment.

Question 9: Do you have views on other barriers (i.e. non-cost related) to installing air-to-air heat pumps?

Summary of responses

We received 149 responses to this question.

The most common theme raised was a lack of awareness of AAHPs. The second most common theme regarded the skills and experience of the current AAHP installer base, which is likely to be more familiar with commercial buildings. Of these, some raised the availability of F-gas trained installers specifically. A few respondents felt that the current design and installation standards in use insufficiently accounted for AAHPs.

Planning permissions were raised as a barrier by some respondents, particularly for flats, with over half of these respondents recommending updates to permitted development rights. A few also highlighted the impact on the building's aesthetics and the space taken up by the outdoor unit as a further barrier to deployment.

Government response

We intend to begin providing grants to support the installation of air-to-air heat pumps (AAHPs). We will do this by creating a new grant category for AAHPs with specific eligibility criteria, guidance, and a grant value of £2,500. To be eligible for BUS funding, AAHPs will need to be installed to provide space heating. They will also need to be MCS certified products, as well as meeting ecodesign requirements for heating and cooling. We will allow AAHPs to be installed alongside other electric appliances that provide supplementary space or water heating.

To ensure AAHP installations maximise potential carbon emission savings, AAHPs installed alongside existing fossil fuel heating appliances will not be eligible for funding and new fossil fuel hybrid heating systems will also remain excluded from the scheme. To ensure value for money, installations of AAHPs in non-domestic buildings will not be eligible for BUS funding, as there is already a mature market for AAHPs in non-domestic settings. BUS grants will remain limited to one grant per property.

Due to the time required to update scheme regulations, guidance and operational procedures, we anticipate that applications for AAHP installations will open in 2026.

There are a limited range of AAHP products that have an integrated hot water function, where the heat pump is capable of heating both air and water. These systems will be eligible for the AAHP grant of £2,500. But we will continue to monitor this market and review whether an uplift to this grant level may be suitable in future.

Electric heating technologies

We appreciate that there may be some homes where a heat pump may not be suitable. Therefore, the consultation also sought views on whether the Government should provide grants to support the installation of other electric heating technologies such as heat batteries, and to invite views on the appropriate eligibility criteria and suitable grant level.

Question 10: Do you have any views on whether government should provide grants to support the installation of electric heating technologies that are not heat pumps (e.g. heat batteries)?

Summary of responses

We received 206 responses to this question.

There was broad support for the scheme being expanded to support the inclusion of alternative electric technologies. The most commonly cited technology was heat batteries, with an emphasis on their ability to shift electricity demand to off-peak times and take advantage of time of use tariffs, and their suitability for homes where heat pumps might not be viable.

Some respondents raised concerns about direct electric heating's lower efficiency relative to a heat pump, its running costs and a lack of evidence on the performance and suitability of the various technologies. Some respondents advocated for all electric heating technologies to be eligible to increase consumer choice. Others preferred to limit eligibility to heat batteries, or other technologies with proven performance and compliance with MCS standards.

Question 11: What eligibility criteria should apply to other electric heating technologies?

Summary of responses

We received 154 responses to this question.

Respondents suggested a range of eligibility criteria which should apply to these systems. Some respondents suggested funding should only be provided where a heat pump installation is not feasible due to outdoor space constraints, cost, complexity or planning restrictions. Respondents also highlighted the need for robust design, installation and product standards. Minimum standards such as energy efficiency or proportion of off-peak charging were also suggested as potential eligibility criteria.

Question 12: Do you have views on the appropriate grant levels to support the installation of other electric heating technologies (e.g. heat batteries) if supported by the scheme?

Summary of responses

We received 169 responses to this question.

There was a diverse range of views on an appropriate grant level for other electric heating technologies in the scheme. Many responses focused on technology specific support, for example support for heat batteries only or support only under specific conditions.

Some respondents suggested grants of £5,000 should be provided for heat batteries, arguing that this would achieve post-grant cost parity with a gas combi boiler or an electric boiler. A few respondents argued for the grant level for other electric technologies to be lower than the level of support given to heat pumps, with a range of grant levels suggested between £500 and £2,500. A few respondents advocated for a proportional or percentage-based grant approach (e.g. 50% of installation costs).

Government response

To support homes that might be unable to install a heat pump, we intend to begin providing BUS grants for heat batteries. We will do this by creating a new grant category for heat batteries with specific eligibility criteria and guidance. We will set the grant value at the same level as grants for AAHPs at £2,500.

To be eligible for BUS funding a heat battery will need to provide space heating and be capable of meeting the full space heat and hot water demand of the property, whether alone or in combination with other appliances that are incapable of burning fossil fuels. We want heat battery installations to maximise potential carbon emission savings, therefore any fossil fuel heating appliances must be replaced and fossil fuel hybrid heating systems will remain excluded.

Installations of these technologies will need to be MCS certified and heat batteries will be required to meet the MCS design and installation standard to be eligible for grant funding. Currently there are no product standards for the thermal energy storage performance of heat batteries. To ensure that heat battery consumers in the BUS receive the same quality assurance and consumer protection as those installing heat pumps, these technologies will become eligible for scheme funding once the relevant standards have come into force.

As with AAHPs, where multiple BUS eligible technologies are installed in a property, grant eligibility will be based on the appliance that is providing the space heating. For example, if a hydronic heat pump is installed to provide space heating alongside a heat battery that provides supplementary hot water heating, the installation would be eligible for a £7,500 hydronic heat pump grant. BUS grants will remain limited to one per property.

Due to the time required to develop product and installation standards and subsequently amend regulations, guidance, and operational procedures, we anticipate that applications for heat battery installations will open during 2026/27.

Allowing third-party ownership agreements under the BUS

Hire purchase or conditional sale agreement

We sought views on whether third-party ownership models should be eligible alongside the BUS grant. This included proposals to allow hire purchase and conditional sale agreements, which enable property owners to pay for low carbon heating systems in instalments. Under these arrangements, ownership of the system is transferred to the consumer once payments are completed – either through a final instalment or at the end of the contract term.

Question 13: Do you agree that hire purchase and conditional sale agreements should be permitted alongside the BUS?

Summary of responses

We received 210 responses to this question. Of these, 145 respondents selected ‘Yes’, 60 selected ‘No’ and 5 respondents did not clearly indicate Yes or No but provided comments.

The majority of respondents supported the permitting of hire purchase and conditional sale agreements alongside the BUS. A large proportion of those who agreed highlighted the potential to enable more people to install low carbon heating technologies, with several specifying that such arrangements could help reduce upfront cost barriers. A few felt it would offer greater flexibility to property owners and cater to a wider range of consumer circumstances, and a few also noted that removing barriers to hire purchase and conditional sale models could encourage private finance and innovation in the market.

Several respondents emphasised the importance of ensuring strong consumer protections, including fair finance terms, safeguards to avoid repossession of a heating system, transparency on costs, ensuring the property owner benefits from the full grant value and clarity on the procedures when moving house.

Of those respondents who disagreed with the proposal, the most common reason was due to the potential for consumer detriment. A few also included fears of repeating past issues seen with third-party ownership such as mis-selling, and the risk of consumers falling into arrears and losing access to their heating systems. Several questioned the value for money of the model, warning it could inflate prices, and several raised concerns it could negatively impact property values or mortgage eligibility. A few felt it would add unnecessary complexity to the scheme. A few respondents felt the model was not appropriate for the BUS, arguing it could distort the market, disadvantage smaller installers, or lead to inappropriate use of public funds.

Hire purchase or conditional sale agreement combined with energy tariff billed in kilowatt hours (kWh)

A hire purchase or conditional sale agreement combined with an energy tariff billed in kWh is an arrangement where the third-party ownership provider offers two separate contracts – one for the heating system and one for the energy supply – but bundles them into a single monthly payment.

Question 14: Do you agree that hire purchase / conditional sale ‘plus’ agreements combined with an energy tariff billed in kWh should be permitted alongside the BUS?

Summary of responses

We received 187 responses to this question. Of these, 113 respondents selected ‘Yes’, 66 selected ‘No’ and 8 respondents did not clearly indicate Yes or No but provided comments.

Of those who supported the proposal, several stipulated that this support was on the basis that robust consumer protections are in place and contracts are properly regulated. Respondents also emphasised the importance of transparency, affordability, and ensuring that the BUS grant is passed on to consumers without inflating installation prices.

Several respondents highlighted the need for separate energy and hire purchase contracts to ensure consumers have price visibility and maintain the ability to switch energy tariff or supplier. Several respondents also saw potential for innovation, such as alignment of costs with consumption, which could incentivise the installation of more efficient systems, or a ‘pay as you save’ model if energy costs were reduced.

Of those who were opposed, some expressed concerns about potential consumer detriment, including risks of mis-selling, a lack of price transparency, and barriers to switching energy supplier. There were also concerns about competition and market distortion, particularly the risk of excluding smaller installers and enabling larger energy suppliers to dominate. A few disagreed with the principle of promoting models that may increase consumer debt, particularly for low-income households.

Consumer hire agreement

Consumer hire agreements, otherwise known as leasing, involve hiring the equipment for a set period, with the consumer paying a regular fee for use of the equipment.

Question 15: Should consumer hire agreements be permitted alongside the BUS?

Summary of responses

We received 192 responses to this question. Of these, 110 respondents selected ‘Yes’, 74 selected ‘No’ and 8 respondents did not clearly indicate Yes or No but provided comments.

A majority of respondents supported permitting consumer hire agreements alongside the BUS. Of those in favour, the most commonly cited reason was reducing the upfront costs by spreading them out over time and thereby increasing the number of people able to install low carbon heating. Some respondents also highlighted the value of offering greater choice and flexibility for consumers or potential benefits of maintenance being handled by third-party ownership providers. Some respondents emphasised the need for minimum standards and consumer protection.

Of those who did not support allowing consumer hire agreements alongside the BUS, the main concern highlighted was the potential for consumer detriment. Some flagged particular issues around the lack of a route to eventual ownership of the heat pump. Some respondents were concerned about the potential impact on consumers’ ability to get a suitable mortgage on a property or sell their home, such as in the event that the seller was unable to transfer the third-party ownership contract to the new owner. A few also raised concerns about whether the property owner would receive the full value of the BUS grant and the potential for price inflation. Some respondents noted that leasing agreements offered fewer consumer protections relative to hire purchase. A few respondents were concerned about repossession of the heating system in the event of the property owner defaulting on payments, while a small number of respondents flagged issues like mis-selling and added scheme complexity.

Question 16: Do you have any views on the level of demand for i) hire purchase and conditional sale agreements and ii) consumer hire agreements alongside the BUS among different consumer groups?

Summary of responses

We received 58 responses to this question.

The majority of respondents indicated that there would be demand for third-party ownership arrangements alongside BUS, while some felt there would be little to no demand for them. Most responses did not include any evidence and most did not answer i) and ii) separately, but indicated their views on overall demand for third-party ownership products in general.

Some believed that reducing upfront costs and the ability to spread the cost over time could significantly boost demand, especially among households unable to afford the upfront cost of installation. A few suggested private landlords could be a key market, allowing them to spread upfront costs of clean heat upgrades whilst including the convenience of inclusive servicing and breakdown cover.

Some respondents raised concerns about potential consumer detriment, particularly for low-income or vulnerable groups, who some respondents indicated may have a greater incentive to utilise these contracts.

A few suggested there may be demand for third-party ownership style models but stressed any models offered must be both commercially viable and attractive to consumers. A few were more pessimistic about the level of interest these arrangements would generate due to current low demand for existing finance products for heat pumps and questioned whether new ownership models would increase this demand.

Heat as a service agreement

Heat as a service (HaaS) agreements involve paying a monthly fee covering both the system cost and the amount of ‘heat’ produced by the heating system, rather than the amount of energy consumed.

Question 17: Do you have any views on what industry and government would need to do to enable ‘heat as a service’ models to be offered alongside the BUS in the future?

Summary of responses

We received 110 responses to this question.

The majority of respondents noted the importance of having a clear regulatory framework to support HaaS. Of these, several respondents highlighted the need for appropriate oversight and consumer protection measures. A few respondents suggested that the Government should develop model HaaS contracts in collaboration with industry.

Some respondents emphasised the importance of consumer awareness and educating consumers on how HaaS compares to other service models. Targeted government support was another common theme. A few respondents called for pilot schemes, market testing or innovation funding. Several respondents stated that they did not believe HaaS should be offered alongside BUS or considered it unviable and raised concerns about potential negative impacts on consumers.

Proposed requirements on third-party ownership providers accessing BUS

We proposed that all third-party ownership providers would need to comply with rigorous eligibility requirements to ensure high-quality installations and sufficient consumer protections. The consultation proposed that the third-party ownership providers must be or become, an MCS certified company; have Financial Conduct Authority (FCA) authorisation and demonstrate to Ofgem that they meet eligibility requirements by registering as a third-party ownership provider ahead of offering third-party ownership contracts to BUS recipients.

Question 18: Do you agree that third-party ownership providers wishing to access the BUS should be restricted to MCS certified companies?

Summary of responses

We received 259 responses to this question. Of these, 101 respondents selected ‘Yes’, 150 selected ‘No’ and 8 respondents did not clearly indicate Yes or No but provided comments.

The majority of respondents disagreed that third-party ownership providers wishing to access the BUS should be restricted to MCS certified companies. Several respondents felt that certification by another scheme would be sufficient, and that restricting access to MCS certified companies alone could have a negative impact on competition, costs or innovation. A few respondents argued that installers should be certified, but the third-party ownership provider itself may not need to be and requested clarity on how partnerships between separate installers and third-party ownership providers would be treated under the proposed arrangements.

Among those who selected ‘Yes’, some respondents viewed the proposal as a way to safeguard consumers and ensure adequate protection, while some also believed it would help build trust and confidence in the heat pump market. Some respondents agreed with the view that the requirements for accessing the scheme through third-party ownership should be the same as the requirements for accessing the BUS grant directly.

Question 19: Do you agree that third-party ownership providers wishing to access the BUS must be carrying out an activity regulated by the FCA and therefore be FCA authorised?

Summary of responses

We received 179 responses to this question. Of these, 148 respondents selected ‘Yes’, 25 selected ‘No’ and 6 respondents did not clearly indicate Yes or No but provided comments.

The majority of respondents agreed that third-party ownership agreements, as with other financial products, should fall under the remit of the FCA. Some respondents noted that FCA authorisation would offer additional protections, helping to safeguard consumers in the event of any issues. A similar number highlighted that FCA oversight would help build trust in third-party ownership models among consumers.

Of those who disagreed with the proposal, a few respondents felt that it would create a disproportionate legislative burden, either due to the volume of requirements involved, duplication with existing legal frameworks, or that sufficient protections were already in place. Others suggested that the appointed representative regime would be more appropriate than full FCA authorisation.

Question 20: Do you agree that third-party ownership providers wishing to access the BUS must register with Ofgem and provide proof of FCA authorisation?

Summary of responses

We received 173 responses to this question. Of these, 140 respondents selected 'Yes', 32 selected 'No' and 1 respondent did not clearly indicate Yes or No but provided comments.

Most respondents agreed that third-party ownership providers wishing to access the BUS should be required to register with Ofgem and provide proof of FCA authorisation. Among those who provided comments, the most common theme was that it would help safeguard consumers. Others noted that it would help build consumer trust and confidence, while a few respondents commented that the proposal would ensure sufficient oversight and accountability. Of those who disagreed, the most frequently raised concern was that it would introduce duplicative or unnecessary bureaucracy, with a few respondents noting that the FCA already maintains a public register of authorised firms.

Question 21: Are third-party providers wishing to access the BUS likely to operate as FCA authorised brokers or lenders, or both?

Summary of responses

We received 95 responses to this question.

The majority of respondents said that third-party ownership providers are most likely to operate as both FCA authorised lenders and brokers. Several respondents expected providers to operate solely as brokers, while very few respondents anticipated they would act only as lenders.

Among those who believed third-party ownership providers would operate as both broker and lender, many emphasised that FCA authorisation is essential to ensure effective oversight of third-party ownership models and to deliver appropriate consumer protections. Several respondents argued that third-party ownership providers, installers especially, are more likely to act as brokers, noting that most are unlikely to have access to sufficient funds to lend directly to consumers.

Very few respondents said that third-party ownership providers may not need to operate as either an FCA-authorised lender or broker. These respondents pointed out that certain activities, such as corporate lending, are generally not regulated under the Consumer Credit Act. They also raised concerns that requiring FCA authorisation could reduce the number of potential third-party ownership providers and restrict market growth.

Question 22: Are there any additional conditions beyond FCA authorisation and MCS certification that should be required for a third-party ownership provider wishing to access the BUS?

Summary of responses

We received 121 responses to this question. Of these, 52 respondents selected ‘Yes’, 67 selected ‘No’ and 2 respondents did not clearly indicate Yes or No but provided comments.

The majority of respondents were opposed to introducing additional conditions beyond FCA authorisation and MCS certification. Those in favour emphasised the need for further consumer protections tailored to the specific risks associated with the different types of third-party ownership agreements, such as contractual clauses and clear guidance. A few also argued for the inclusion of accountability measures to ensure the use of reputable installers, including the provision of workmanship warranties to protect the quality of installations.

However, some respondents argued that the FCA and MCS already provide sufficient consumer protections. These respondents highlighted that FCA regulation includes robust safeguards through existing legislation such as the Consumer Credit Act, the Consumer Rights Act, and the FCA Consumer Duty. They expressed concern that introducing further requirements could increase costs, limit the number of third-party ownership providers in the market, and stifle innovation.

Lessons learned from previous government environmental schemes

In the consultation we set out lessons we have learned from previous government green home improvement schemes which have interacted with third-party ownership agreements and led to consumer detriment. We also set out the consumer protections which already exist for third-party ownership agreements and the minimum requirements for agreements delivered alongside BUS.

Question 23: Do you agree that the minimum requirements outlined above should apply where third-party ownership agreement is delivered alongside the BUS?

Summary of responses

We received 133 responses to this question. Of these, 98 respondents selected ‘Yes’ and 35 selected ‘No’.

Most respondents were in favour of the proposed minimum requirements for third-party ownership providers. Those in favour commonly stated that they represent the essential baseline needed to establish consistent and transparent standards for all consumers engaging with third-party ownership models under the scheme. Respondents highlighted the importance of setting clear expectations to ensure consumer protection, quality, and informed consent. Some respondents, while supportive, argued that additional safeguards, particularly in the form of enhanced contractual protection, should also be considered. Others emphasised that the proposed requirements should reflect lessons learned from previous third-party-ownership models under earlier schemes, helping to prevent the recurrence of previous issues.

Respondents who opposed the minimum requirements said they were vaguely defined and risked introducing unnecessary complexity to the scheme. A few respondents argued that the proposed conditions could duplicate existing safeguards, increase costs, and create administrative burdens that may be counterproductive to the development of third-party ownership models. These respondents pointed to existing regulatory frameworks, such as the Consumer Credit Act and the FCA Consumer Duty, as already providing sufficient consumer protection.

Question 24: Do you agree that third-party ownership providers operating under the BUS should not be able to repossess or remotely decommission a heating system?

Summary of responses

We received 159 responses to this question. Of these, 118 respondents selected ‘Yes’, 38 selected ‘No’ and 3 respondents did not clearly indicate Yes or No but provided comments.

Most respondents agreed that third-party ownership providers operating under the BUS should not be able to repossess or remotely decommission a heating system. Those in favour emphasised that heating and hot water are essential services, and that the proposal represents an important safeguard to protect consumers’ health, safety, and wellbeing – particularly for vulnerable groups. Respondents noted that repossession or remote decommissioning of systems could undermine consumer trust and damage the reputation of the low carbon heating sector. A few respondents highlighted the need for a clear resolution process to be in place, including financial redress for both third-party ownership providers and consumers.

Respondents who disagreed argued that third-party ownership providers must have the ability to take measures to recover costs or assets in the event of customer default. They expressed concern that restricting asset recovery rights could undermine the viability of third-party ownership models, increase costs (i.e. through an increased risk premium), and create inconsistencies with existing frameworks such as the Consumer Credit Act, which allows for asset recovery in some circumstances.

Question 25: Should there be a maximum term for eligible third-party ownership agreements delivered alongside the BUS? For example, restricting contract length to the average life span of a heat pump.

Summary of responses

We received 155 responses to this question. Of these, 114 respondents selected ‘Yes’, 38 selected ‘No’ and 3 respondents did not clearly indicate Yes or No but provided comments.

Most respondents supported a maximum term for third-party ownership contracts, with some arguing that contract durations should not exceed the expected lifespan of a heat pump, typically 15 to 20 years. This was seen as a necessary safeguard to prevent consumers from continuing to pay for systems that are no longer functional, particularly where maintenance or replacement is not guaranteed. A few respondents proposed shorter caps, such as 10 to 15 years, or suggested aligning contract terms with warranty periods of around 5 to 6 years. Common concerns included the risk of consumers being locked into long-term ‘zombie’ contracts for defunct or inefficient systems, barriers to selling homes, and the potential for mis-selling – particularly to vulnerable groups.

Those opposed raised concerns that it could limit affordability, reduce consumer choice, and stifle innovation. They argued that longer contract terms help lower monthly payments, making heat pumps more accessible, especially for low and middle income households. A few respondents also noted that other financial products, such as mortgages or boiler servicing agreements, do not have term limits, or that existing consumer protection regulations already provide sufficient safeguards.

Question 26: Should third-party ownership agreements delivered alongside the BUS adhere to standard clauses or a model contract setting out the minimum requirements to ensure that consumers are not subject to unfair clauses?

Summary of responses

We received 151 responses to this question. Of these, 122 respondents selected ‘Yes’, 27 selected ‘No’ and 2 respondents did not clearly indicate Yes or No but provided comments.

Most respondents agreed that third-party ownership agreements delivered alongside the BUS should adhere to standard clauses or a model contract. Several respondents highlighted the importance of minimum consumer protection requirements, specifically raising concerns about risks such as unfair exit fees, unclear ownership terms, and repossession clauses. Some respondents argued that a government-endorsed model contract would help ensure consistency, improve clarity, and support consumers in comparing offers across different providers. Others suggested that such a model should include key elements such as transparent pricing, clearly defined maintenance obligations, redress mechanisms, and performance guarantees.

Among those who opposed the introduction of standardised clauses or a model contract, a large proportion of respondents argued that existing consumer protection regulations, such as the Consumer Credit Act, Consumer Rights Act and FCA rules, already provide adequate safeguards. Others expressed concern that mandating standard contracts could stifle innovation and reduce the flexibility needed to support a range of financing models, potentially limiting the ability to tailor solutions to different customer needs. A smaller group of respondents warned that over-regulation could disrupt the market, reduce investment, and restrict third-party ownership providers' ability to scale their offerings.

Question 27: Would the utilisation of standard clauses or a model contract delivered alongside the BUS cause any difficulties for integrated contracts that include packages of technologies e.g. heat pump and solar panels?

Summary of responses

We received 96 responses to this question. Of these, 39 respondents selected 'Yes', 53 selected 'No' and 4 respondents did not clearly indicate Yes or No but provided comments.

The majority of respondents said that the utilisation of standard clauses or a model contract delivered alongside the BUS would not cause any difficulty for integrated contracts that include packages of technologies. Of these respondents, most noted that well-designed standard clauses or model contracts could enhance consumer protection, improve transparency, and ensure consistency. These respondents emphasised that flexibility should be built into the contracts to accommodate multi-technology installations and bespoke configurations.

Those who felt integrated contracts may present difficulties highlighted the complexity involved in combining multiple technologies under a single agreement. These respondents raised concerns that rigid or overly prescriptive model contracts could stifle innovation, reduce market uptake, and create confusion for consumers. Several respondents suggested that a modular or customisable contract approach could help balance standardised consumer protections with the unique requirements of multi-technology installations.

Government response

We support the growth of new heat pump purchase options to make the BUS accessible to more consumers. Since the scheme launched, we have seen the growth of innovative financial products, such as new low-cost loans, subscriptions (i.e. monthly payment plans), and green mortgages that can be accessed alongside BUS funding. We recognise the importance of offering as much flexibility as possible to consumers in how they pay for their heating systems so they can select payment options that best suit their circumstances.

We are aware that new and innovative financial products, such as third-party ownership, bring challenges under the current regulatory landscape. Resolving complex interactions between third-party ownership products for heating systems and Consumer Credit Act and FCA requirements is necessary to ensure homeowners are protected and industry can offer viable products. Consultation responses also highlighted potential complexities with mortgages and property sales, which need careful consideration to give clarity and security to homeowners and industry.

Further work to resolve these complex interactions is therefore needed before allowing models that do not provide the property owner with ownership of the heating system. We will continue to work closely with industry, the FCA, HM Treasury, and other key stakeholders to address these issues and ensure that third-party ownership models are viable within the regulatory framework before determining eligibility under BUS. Our goal is to ensure that any eligible models provide robust protection for consumers, are viable for industry, and offer practical solutions for home heating.

Simplifying the heat pump installation journey under the BUS

We sought views on how to simplify the installation process for consumers, including whether a valid Energy Performance Certificate (EPC) should remain a requirement to access the BUS.

Question 28: Are there additional ways in which we can simplify the heat pump installation process to further improve access to the scheme?

Summary of responses

We received 155 responses to this question.

Of these, 146 respondents offered ideas for simplifying the installation journey with most making multiple suggestions, while 9 respondents indicated that further simplification was either unnecessary or not beneficial.

Some of the concerns related specifically to the BUS design. For example, some respondents said they view MCS certification as a barrier, particularly for smaller organisations. These respondents highlighted that administrative demands associated with achieving and maintaining certification can be challenging for sole traders, potentially limiting the number of qualified installers willing to participate in the BUS.

Some respondents recommended removing or relaxing the requirement for a valid EPC to access the BUS. These respondents argued that having an EPC provides limited additional assurance and that needing to acquire the EPC can delay installations. They also highlighted that EPCs are no longer as relevant for BUS heat pump installations, given the previous amendment to the scheme that removed the requirement for the EPC to have no outstanding recommendations related to loft or cavity wall insulation. However, a few respondents supported retaining the EPC requirement to help guide consumer decision-making and maintain alignment with the Government's broader commitment to EPC reform.

Several respondents raised other barriers such as the need for greater standardisation of products and processes to accelerate design and installation. There were also calls for further changes to planning regulations, particularly to ease barriers for historic properties, alongside requests to review standardised noise assessment calculations and to evaluate existing limits. In addition, grid connection issues and delays with Distribution Network Operators (DNOs) were flagged as continued barriers in the installation journey. A few respondents saw consumer awareness as a major concern and there were calls for increased advertising and better public information, for example through a national retrofit advice service, a government-backed platform that would serve as a central hub for tailored retrofit advice.

Government response

We intend to amend BUS eligibility criteria to relax the requirement for a valid Energy Performance Certificate (EPC) from 2026/27 onwards, to broaden scheme access. We continue to view EPCs as a clear and accessible tool that supports property owners to understand their energy performance, and identify opportunities to enhance energy efficiency to achieve reductions in bills and carbon emissions. Additionally, EPCs have played an integral role in the administration of the scheme and serve as a means of validating other scheme eligibility criteria. For this reason, we will adopt a hybrid model.

Under this approach, valid EPCs will continue to be required at the point of application for properties where they already exist. This will help reduce administrative burdens for installers and Ofgem, avoid duplication of effort in meeting alternative evidence requirements, and maintain continuity for properties that already hold a valid EPC. At the same time, it will support a more flexible and accessible BUS application process, particularly for households that may face barriers to obtaining or updating an EPC.

Where a valid EPC does not exist at the point of application, applicants will be permitted to provide alternative forms of evidence to Ofgem. Alternative evidence requirements will be proportionate and clearly defined, helping to ensure a fair and accessible process for those wishing to access the scheme. Ofgem’s guidance will be updated to clarify acceptable forms of alternative evidence. This will be issued ahead of the change coming into force and will be clearly communicated by Ofgem ahead of implementation.

The Government recognises that streamlining processes in the wider installation journey is essential to accelerating scheme uptake. Improvements have been made already such as amendments to permitted development rights in England, which include the removal of the rule that a heat pump must be installed at least 1 meter from the property boundary. However, we recognise that more needs to be done and will consider the feedback given in response to this consultation regarding where barriers remain and more improvements are needed.

We recognise that a key part of improving the consumer journey is building awareness, understanding and confidence in low carbon heat technologies. In September, we recommenced the Warm and Fuzzy Campaign to publicise the benefits of heat pumps and build further demand for the BUS. We are also taking steps to improve advice available to consumers through a single access point on GOV.UK and a national advice service as will be set out in the Warm Homes Plan.

Enhancing consumer protections under the BUS

Implications of Microgeneration Certification Scheme (MCS) reforms on the BUS

As part of wider reforms, MCS have replaced the requirement for contractors to be members of a Chartered Trading Standards Institute (CTSI) approved consumer code with their own 'Customer Commitment'[2], and will assume responsibility for consumer protection under their scheme. MCS reforms will take place throughout the rest of 2025 and into 2026.

The Secretary of State must approve one or more codes of practice for the purpose of consumer protection on the BUS. Two CTSI-approved consumer codes are currently approved. We sought views on adding the MCS Customer Commitment as an approved code of practice for the purpose of consumer protection on the BUS and whether there are additional measures the Department or Ofgem could implement to enhance consumer protection.

Question 29: Do you agree with the approval of the MCS Customer Commitment as a code of practice for the purpose of consumer protection on the BUS?

Summary of responses

We received 236 responses to this question. Of these, 104 respondents selected 'Yes', 123 selected 'No' and 9 respondents did not clearly indicate Yes or No but provided comments.

Of the respondents who selected 'Yes' and provided comments, several recommended that the MCS Customer Commitment should exist alongside the current consumer codes and be CTSI approved. There were also some respondents who believed that having MCS as the only consumer code would simplify the complaint process for consumers, ensure consistency and make governance more straightforward.

Of the respondents who selected 'No', the most common theme was that the MCS Customer Commitment is not CTSI approved and is not held to the same standards as the current consumer codes, therefore it might lack the necessary governance. Several respondents suggested that the MCS Customer Commitment alone was not sufficient and had not been tested over an appropriate period. Another common theme was that MCS do not mandate deposit protection or have an independent Alternative Dispute Resolution service, both of which were viewed as a risk and could have a detrimental impact on the protections in place for consumers. Of those who did not agree with the MCS Customer Commitment being an

[2] Customer Commitment, MCS Standards Library, MCS (2025)

approved code of practice, some cited having experience of poor performance from MCS in resolving customer complaints.

Question 30: Are there additional measures the Department or Ofgem could implement to enhance consumer protection under the BUS?

Summary of responses

We received 151 responses to this question. Of these, 99 respondents selected ‘Yes’, 46 selected ‘No’. 6 respondents did not clearly indicate Yes or No but provided comments.

One of the most common responses was that information for consumers regarding heat pumps, including costs of installation, running costs and BUS eligibility, must be clearer and more user friendly, avoiding jargon. Many respondents felt strongly that there should be tough sanctions imposed on installers who do not provide a good standard of service. This could be either by giving MCS greater powers of enforcement or by Ofgem taking responsibility. Some responses suggested that a list of installers and their quality rating could be published.

Some felt that the current insurance-backed guarantees were not adequate and that the consumer should have more effective financial guarantees. There was a suggestion that a third-party should be required to conduct surveys during an installation to provide assurance on system design and installation, Another respondent felt that subcontractors further subcontracting work could reduce the ability of the lead MCS-certified installer to provide sufficient oversight and assurance. Therefore, they proposed restricting subcontractors from further subcontracting their work.

There were a range of views on the scope of MCS’ role in consumer protection. Some felt that MCS being the only certifying body and the only consumer protection code would provide the consistency required to improve customer outcomes. However, a larger number argued that MCS should not be the only option available to consumers and installers, and that competition should be permitted and encouraged.

Government response

We are monitoring the development and implementation of the MCS reforms, which were designed to address the complexity that exists within the current low carbon heat consumer protection landscape. We are confident that the reformed approach will deliver good customer outcomes and provide confidence for consumers to invest in low carbon heating. We also assess that this will reduce some of the administrative complexity and costs for installers wishing to participate in the BUS and improve installer participation. We will therefore proceed with approving the MCS Customer Commitment as a code of practice for BUS once the MCS reforms have been implemented later this year, with installers certified to the new scheme.

The Government acknowledges that the MCS Customer Commitment has not been approved by an independent body. Therefore, to ensure consumer protection is not at risk, we will only recognise the Customer Commitment once a comprehensive assessment has been completed. We expect to undertake this assessment in early 2026, subject to the status of reform implementation. The Government will continue to monitor the implementation of the

MCS reforms, and the wider suite of procedures and controls which will be required to adopt the role of a consumer protection body, to ensure continuous improvement and suitability for the BUS.

Installers will continue to be required to have valid membership to one of the two existing approved consumer codes to participate in the BUS, ahead of the MCS Customer Commitment being approved. Approved consumer codes are published in the BUS approved standards on GOV.UK. Further details on the implementation of longer-term system reforms to the consumer protection landscape for energy efficiency and microgeneration installations will be set out as part of the Warm Homes Plan.

Grant Payments under the BUS

We sought views on whether to introduce a requirement for installers to deduct the grant amount from the upfront cost of the installation, as opposed to being paid by the consumer initially before being refunded by the installer once the grant is paid out.

Question 31: Do you agree with the proposal to require installers to deduct the grant amount from the upfront costs of the eligible plant?

Summary of responses

We received 180 responses to this question. Of these, 136 respondents selected ‘Yes’, 41 selected ‘No’ and 3 respondents did not select Yes or No but provided comments.

Many respondents supported the proposal for reasons of enhancing consumer protections for property owners on the scheme. A few respondents noted that by not discounting the grant ahead of payment, there is an increased risk to consumers, particularly in cases where the installer goes into liquidation and cannot reimburse the grant. Several respondents also suggested that the proposal would help consumers overcome financial barriers to BUS entry, as they might otherwise be unable to pay the initial upfront cost.

Of those who disagreed with the proposal, several respondents mentioned it could cause cashflow issues for installers due to the time taken to receive the grant from the BUS. A few respondents said that this could disproportionately impact smaller and medium-sized installers. A few respondents highlighted cash flow issues in self-build and multi-measure retrofit projects, specifically with the potential for significant time between system installation and subsequent completion of building work including emitters and system commissioning (and hence grant voucher redemption). Even among those who agreed with the proposal, several said that steps should be put in place to protect smaller and medium-sized installers.

Government response

We intend to implement the requirement in regulations for installers to deduct the grant amount from the upfront costs of the eligible plant. The Government recognises that it is important that consumers are protected from risk as much as possible when making the decision to install low carbon heating. By requiring installers to deduct the grant upfront, the risk to consumers of not receiving the grant discount is reduced, particularly in cases where the installer goes into liquidation. It should also simplify the installation process for property owners and widen access to the scheme.

However, we recognise that some installers may experience cash flow challenges due to this change. Smaller and medium-sized installers may require additional support. Therefore, we will be engaging closely with installer bodies, Ofgem and MCS to consider what mitigations can be introduced to protect installers. During the implementation, it will also be important to ensure that these changes are communicated clearly to installers. We will work with Ofgem and the consumer codes to ensure guidance is updated and provides clarity for both installers and property owners on the application of the grant discount.

Next steps

We again wish to thank those who took the time to respond to this consultation.

The Government, and Ofgem as the scheme administrators, will continue to engage with key stakeholders as we prepare to introduce changes to the Boiler Upgrade Scheme via scheme regulations when parliamentary time allows.

This publication is available from: https://www.gov.uk/government/consultations/boiler-upgrade-scheme-and-certification-requirements-for-clean-heat-schemes