

The Green Deal - Client Guide

What is it? | How does it work? | Buying a Green Deal property

EPCs reveal if a Green Deal affects a home

It will be shown at the bottom of the front page of the EPC for the property whether a Green Deal affects the property. Further details of the Green Deal Plan will be shown on the last page of the EPC.

An EPC should be provided to you as part of the Estate Agent's sales particulars for the property.

The EPC will show the current repayment charge amount per day, the interest rate, when the loan will be repaid, what the improvements were, and how much they should save in energy costs each year.

It will also reveal the Green Deal Plan number, and the contact details for the Green Deal Provider.

You must satisfy yourself that you are happy to take over the Green Deal with the purchase of the property.

Is early repayment possible?

Not all Green Deal plans can be repaid early. Where they can be, early repayment charges may apply. The EPC will state whether the loan can be repaid early or not.

If you do not want to buy the property with the Green Deal attached, you must give the seller plenty of notice to allow them to negotiate the repayment of the loan, if possible. You must also tell your conveyancer.



What is the Green Deal?

The Green Deal is a Government scheme to allow energy improvements to be made to houses without any upfront costs.

Under the scheme, first of all a Green Deal Assessor will assess what energy savings are possible - ranging from installing energy efficient lightbulbs, or loft insulation, to installing solar panels.

A Green Deal plan will then be put together, whereby the energy saving works will then be installed by a Green Deal Provider, and will be financed by loan from a Green Deal Finance Company.

Once the works have been completed, the repayments of the loan for the works are repaid through the electricity bill for the property. The electricity provider adds an amount to each electricity bill, as set out in the 'Green Deal Plan' for the property.

Residential, rental and business properties can all have Green Deals attached to them. In some cases the tenants may be the 'bill payers' under the Green Deal for the property, and if so you will have to consider carefully how this will be dealt with. New tenants may need to know that there is a Green Deal attached to the property.

'The Golden Rule'

In the first year, the repayments cannot exceed the energy savings, so that in effect the energy saving measures should pay for themselves. It is also a principle of the Green Deal that the loan repayment period cannot exceed the energy savings period.

In theory, the savings in energy costs should pay for the cost of repaying the loan. However, after the first year there is no guarantee that the cost of the repaying the loan for the energy savings measures will not exceed the annual energy costs savings.





Further advice and information

If you have any queries about the Green Deal, or need advice, you should contact the Energy Savings Trust Advice Line on 0300 123 1234, or visit their website at:

www.energysavingstrust.org.uk

See also the GOV.UK site for the Green Deal at:

www.gov.uk/green-deal-energy-saving-measures

Your conveyancer cannot advise on the Green Deal, and this guide is only a general outline. You must obtain specific advice to satisfy yourself that you are happy to purchase a Green Deal property from the above links, or from an accredited Green Deal adviser.

Is the loan a mortgage or charge on the property?

The loan is not secured on the property, but mortgage lenders will want to know if the property has a Green Deal. Before you bind yourself to buy the property on exchange of contracts you must check that the lender is prepared to accept that the property is subject to the Green Deal. It may affect their decision to offer a mortgage on the property, or the terms of their mortgage offer.

You should discuss this with your mortgage broker, who should be able to advise you on the matter.

What happens if I buy a 'Green Deal' property?

Firstly, you should check that the energy savings measures carried out under the Green Deal are still at the property, and will be there after completion of the purchase. You need to check that the seller has ownership of them, and can pass ownership to you on completion of the purchase.

You have to satisfy yourself with the terms of the Green Deal, the condition of the items involved, and check whether there are any guarantees for the work or the installations. We cannot advise you on the Green Deal. You would need to contact the Energy Savings Trust, mentioned in the adjoining panel, or an appropriate expert, or surveyor.

When you buy the property, you will have to sign an acknowledgement that you accept that you will be liable to repay the Green Deal loan since normally you will become the 'bill payer' for the property. This will usually be contained in the contract for the purchase of the property.

By signing this acknowledgement, you will be agreeing that you will comply with the terms of the Green Deal agreement, and also that even after you cease to be the 'bill payer', you will continue to be bound by the terms of the Green Deal Plan. This includes provisions that enable the Green Deal Provider to require early repayment of the amount outstanding under the Green Deal Plan, in certain circumstances.

If you are selling a Green Deal property, you need to tell us that there is a Green Deal, and whether the loan can be repaid early. We will then ensure that there is an appropriate acknowledgement in the sale contract, so as to pass the liability for future payments under the Green Deal on to the buyer of the property, so far as possible under the scheme. However, in some circumstances you may still have liability after the sale. Refer to the Green Deal Plan and the sources of guidance in the adjoining panel for more information.

Who will maintain the improvements?

You need to obtain a copy of the Green Deal plan and must satisfy yourself with any maintenance contracts and guarantees that were given by the original Green Deal Installer.

We cannot advise you on such matters, and for further advice you should contact an appropriate surveyor, or an accredited expert.

