

All Together Money Response to the Warm Homes Fund: Call for Evidence

Section 2: Low and no-interest consumer loans

All Together Money (formerly the Association of British Credit Unions Limited) is the principal trade body representing credit unions across Great Britain. Credit unions are not-for-profit, member-owned financial cooperatives serving millions of members, many on low to moderate incomes and disproportionately affected by high energy costs, fuel poverty, and poorly performing housing stock.

We welcome the government's commitment, through the Warm Homes Plan, to combine grant funding with affordable lending and its confirmation that credit unions will be eligible to access the low and no-interest consumer loans scheme. That decision can widen access to home energy improvements, but its success will depend on whether scheme design, accreditation, and delivery requirements are proportionate and workable across different regulated lending models.

Credit unions are FCA-authorized and PRA-regulated lenders with the regulatory standing, delivery infrastructure, and member trust to contribute at scale alongside mainstream providers. If participation works in practice as well as in principle, they can help extend low and no-interest lending into communities that may otherwise struggle to access affordable finance and improve the overall reach and value of the scheme.

Evidence of credit unions' ability to contribute meaningfully to delivery can be seen in existing green lending activity, including that highlighted through engagement with the Green Finance Institute. For example, several credit unions within the Greater Manchester region currently offer unsecured green loan products supporting energy efficiency and low-carbon technologies. Additionally, in Greater Manchester, a group of credit unions have become the first in the UK to align fully with the Green Home Finance Principles through region-wide provision supported by local partners.

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It is welcome that £1.7 billion has already been allocated to support consumer loans as part of the Warm Homes Plan. To maximise take-up, value for money, and impact among households most affected by fuel poverty, the delivery framework should prioritise proportionate accreditation, risk-sharing arrangements that enable participation by a broad range of regulated lenders, and standards that work for collaborative as well as individual delivery models.

Question 15: How could the loans scheme be designed to encourage new products or entrants into the market?

The loans scheme can encourage new products and entrants if its design supports a genuinely mixed delivery ecosystem rather than defaulting to large, centralised commercial models. In practice, that means embedding proportionality, allowing participation through collaborative or cooperative arrangements, and creating delivery routes that work in communities less well served by point-of-sale or mainstream finance.

Formal eligibility alone will not secure meaningful participation. Accreditation processes, delivery expectations, and funding arrangements must be workable for credit unions, taking account of common bond structures, community-based operating models, and prudential capital requirements; otherwise access may exist in theory but not consistently in practice, limiting take-up in the communities the scheme is intended to reach.

Entry requirements should recognise that credit unions are already FCA- authorised lenders subject to ongoing regulatory supervision, and the scheme should support participation both individually and through shared or regional models. It should also enable referral pathways and partnership-led delivery with local authorities, housing associations, voluntary organisations, and specialist retrofit intermediaries to improve take-up and align finance with local retrofit programmes. In particular, working in partnership with organisations such as People Powered Retrofit would be beneficial: credit unions specialise in affordable lending and member relationships, but do not typically hold in-house technical expertise on retrofit assessment, specification, or customer support. A partnership model would therefore allow credit unions to contribute their

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strengths within a more holistic delivery approach, and there is already precedent for this, as credit unions have previously worked with People Powered Retrofit.

The scheme should also include bad debt guarantees or comparable risk-sharing mechanisms. This is a model that has worked in other contexts to support credit unions and other mission-driven lenders to extend access into new markets and products that would otherwise be difficult to serve at scale.

Relevant examples include the No Interest Loan Scheme (NILS), where appropriate support helps lenders reach households on lower incomes, and the Enterprising Communities Fund in social enterprise lending. Fair4All Finance's NILS pilot demonstrated that providing small, interest-free loans to people unable to access affordable credit can help meet essential costs while also reducing risk for mission-driven lenders. PwC's interim evaluation report showed that 78% of NILS loans were performing despite being outside the lenders' risk appetite without the provision of guarantees. There are real opportunities to expand this approach and support credit unions and other lenders to test and refine their risk appetite and credit decisioning approaches.

Similar arrangements in this scheme would reduce exposure for credit unions, support prudent participation, and make it more realistic for them to offer new retrofit lending products with confidence.

There is also a wider market-making challenge that needs to be addressed. Credit unions and other lenders are being asked to invest in developing and distributing a new product, but without stronger consumer understanding, trusted advice, and visible demand for retrofit finance, those products may struggle to become viable. Scheme design should therefore not focus only on lender participation; it should also consider how to stimulate demand through clear public communication, trusted intermediaries, and links to wider retrofit advice and delivery programmes. This is an important issue to explore further with the Green Finance Institute and DESNZ, because product supply alone will not create a functioning market.

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Question 16: What loan attributes (e.g. lower interest rates, stronger consumer protection, an easier customer journey, more innovative finance products) would be most valuable to expand in the market?

The most valuable loan attributes are those that make the scheme affordable, trusted, simple to use, and flexible enough to reflect real household finances. Affordability is the most important driver of uptake. Loans that are genuinely low or zero interest, supported by public subsidy and delivered through affordable lending models such as credit unions, will be essential if the scheme is to reach low- and moderate-income households at scale.

The proposed model provides a strong foundation, but its value will depend on whether detailed design enables a broad range of regulated lenders, including credit unions, to participate fully in practice. Product expansion will therefore depend not only on pricing but on delivery rules that support access, sustainability, and operational feasibility across different lending models.

Strong and visible consumer protection will also be essential. Credit unions' trusted local presence, transparent governance, and relationship-based lending align well with ambitions to strengthen installation standards, redress mechanisms, and protections against mis-selling, while supporting fair outcomes through a focus on financial inclusion and member resilience.

The customer journey should be simple and integrated, working seamlessly alongside grant assessments, technical advice, and installation processes. Clear referral pathways from trusted intermediaries, including local authorities and advice services, will be important to reaching households that may not engage through mainstream channels alone.

Loan products should also reflect real-world household finances, including variable, seasonal, or non-standard incomes. Credit unions are experienced in assessing affordability holistically and can structure repayments with flexibility, including adjusted payment schedules, forbearance where needed, penalty-free early repayment, and staged borrowing as retrofit works are carried out over time.

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Additionally, renters face distinct and often greater barriers to accessing retrofit measures than owner-occupiers. Scheme design should therefore ensure that improvements are accessible irrespective of tenure, supporting a fairer and more inclusive approach to retrofit delivery and decarbonisation. It will be important for the scheme to operate effectively across tenures, ensuring that both owner-occupiers and renters are able to benefit.

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