

## **The complaint**

Mr K and Mrs K have complained that Shawbrook Bank Limited ("Shawbrook") rejected their claim against it under section 75 of the Consumer Credit Act 1974 in relation to their purchase of some solar panels.

## **Background**

Mr K and Mrs K bought solar panels for their home in or around June 2015. The purchase was funded by a loan from Shawbrook, and that business is therefore liable for the acts and omissions of the installer under the relevant legislation. In this case, that relates to the installer misleading Mr K and Mrs K into believing that the panels would be self-funding, which they weren't. They have since settled the loan by taking out another loan with a third party.

Shortly after Mr K and Mrs K's complaint began to be considered by one of our adjudicators, Shawbrook made an offer of compensation. At first the adjudicator thought this offer was fair, but then he wrote back to Shawbrook to clarify how the offer had been calculated, since he did not think the figures looked right. Unfortunately Shawbrook didn't respond, so the case was referred for an ombudsman's decision.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Shawbrook is familiar with all the rules, regulations and good industry practice we consider when looking at complaints of this type, and indeed our well-established approach. So I don't consider it necessary to set all of that out in this decision.

Since Shawbrook has already made an offer based on the premise that the solar panels were misrepresented, I don't think it is necessary for me to further investigate that issue, as it is not in dispute. So I uphold this complaint. It only remains for me to decide what would be fair compensation in this case. Rather than calculate this figure myself, I will direct Shawbrook to carry out its own calculation in line with our usual approach in these cases, as set out below.

## **Putting things right**

I think that it would be fair and reasonable in all the circumstances of Mr K and Mrs K's complaint for Shawbrook to put things right by recalculating the original loan based on the known and assumed savings and income to Mr K and Mrs K from the solar panels over the 15 year term of the original loan so they pay no more than that, and that Mr K and Mrs K keep the solar panel system and any future benefits once the original loan period has ended.

If, as expected, the calculation shows that Mr K and Mrs K have paid more than they should have, then Shawbrook must reimburse them accordingly. That is, Shawbrook should recalculate the loan to put Mr K and Mrs K in a position where the solar panel system is cost-

neutral over the 15 year term of the original loan. (Should the calculation show that the misrepresentation has actually not caused a financial loss, then the calculation should be shared with them by way of explanation.)

Since Mr K and Mrs K have settled the loan, Shawbrook should pay them the difference between what they paid in total and what the loan should have been under the restructure above, together with simple interest at 8% a year.

As Mr K and Mrs K have settled the loan by refinancing, they should supply evidence of the refinance to Shawbrook, and then on receipt of that evidence Shawbrook must:

1. Refund the extra Mr K and Mrs K paid each month with the Shawbrook loan.
2. Add simple interest from the date of each payment until Mr K and Mrs K receive their refund.
3. Refund the extra Mr K and Mrs K paid with the refinanced loan.
4. Add simple interest from the date of each payment until Mr K and Mrs K receive their refund.
5. Pay Mr K and Mrs K the difference between the amount now owed and the amount they would have owed if the system had been self-funding.

I'm satisfied that there was sufficient information available at the time that Mr K and Mrs K first contacted Shawbrook that means the claim should have been upheld. I direct that Shawbrook must pay £200 compensation for the inconvenience caused.

### **My final decision**

For the reasons I've explained, I'm upholding this complaint. Shawbrook Bank Limited must put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 9 May 2022. So that they can make an informed decision, Shawbrook should provide a preliminary calculation in good time before that date (and for this purpose, it may use 9 May as the settlement date for illustrative purposes).

Richard Wood  
**Ombudsman**