

## **The complaint**

Mr and Mrs B has complained that Shawbrook Bank Limited rejected their claim against it under Section 75 of the Consumer Credit Act 1974.

## **What happened**

Mr and Mrs B bought solar panels for their home. 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 and Mrs B into believing that the panels would be self-funding, which they weren't.

Shawbrook made an offer of settlement that would have the effect of making the solar panels self-funding within the term of the loan, as Mr and Mrs B say they were promised. Plus, an additional £100 compensation for the inconvenience caused by some aspects of its complaint handling. Mr and Mrs B didn't think this was sufficient and contacted the Financial Ombudsman Service.

Mr and Mrs B's complaint was considered by one of our adjudicators, who thought that Shawbrook's offer of settlement was fair and reasonable.

Mr and Mrs B remained unhappy. They still felt the offer was insufficient. And were worried about the cost of removing the solar panels once they have "run their course". As agreement couldn't be reached, I've been asked to make a decision to confirm what Shawbrook must do to put things right.

## **What I've decided – and why**

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.

Shawbrook has agreed that the complaint should be upheld. So, I don't need to decide whether there was a misrepresentation – only what must happen to put things right. I set this out below – it appears that Shawbrook has followed this approach in its offer of settlement. So, I'm not telling it to do anything more than it has already offered.

I've thought about Mr and Mrs B's comments about what happens when the solar panels have "run their course". But this doesn't change my decision or what I think should happen to put things right.

The solar panels have an expected lifespan of 25 years. Over that time, once the original loan term has ended, they will receive significant financial benefits – including from Feed-In Tariff payments which continue for 20 years from the system being registered for that

scheme. So, I think they can use the profits from this towards any removal costs that may arise.

When agreeing to have the solar panels installed, Mr and Mrs B were effectively agreeing to bear such costs. And Shawbrook's offer of settlement has the effect of making the deal they signed up to match their expectations – that the solar panels would pay for themselves within the original loan term, after which they would make a profit from the system. So, I don't think Shawbrook needs to make any contribution towards removal of the system at the end of its useful life.

### **Putting things right**

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

Because the calculation shows that Mr and Mrs B are paying (or have paid) more than they should have, then Shawbrook needs to reimburse them accordingly.

Where the loan is ongoing, I require Shawbrook to restructure Mr and Mrs B's loan. It should recalculate the loan to put Mr and Mrs B in a position where the solar panel system is cost neutral over the original term of the loan.

Normally, by recalculating the loan this way, a consumer's monthly repayments would reduce, meaning that they would've paid more each month than they should've done resulting in an overpayment balance. And as a consumer would have been deprived of the monthly overpayment, I would expect a business to add 8% simple interest from the date of the overpayment to the date of settlement.

So, I think the fairest resolution would be to let Mr and Mrs B have the following options as to how they would like their overpayments to be used:

- A. the overpayments are used to reduce the outstanding balance of the loan and they continue to make their current monthly payment resulting in the loan finishing early,
- B. the overpayments are used to reduce the outstanding balance of the loan and they pay a new monthly payment until the end of the loan term,
- C. the overpayments are returned to Mr and Mrs B and they continue to make their current monthly payment resulting in their loan finishing early, or
- D. the overpayments are returned to Mr and Mrs B and they pay a new monthly payment until the end of the loan term.

If Mr and Mrs B accept my decision, they should indicate on the acceptance form which option they wish to accept.

If Mr and Mrs B 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, with 8% interest.

If Mr and Mrs B have settled the loan by refinancing, they should supply evidence of the refinance, to Shawbrook and Shawbrook should:

1. Refund the extra Mr and Mrs B paid each month with the Shawbrook loan.

2. Add simple interest from the date of each payment until Mr and Mrs B receives their refund.
3. Refund the extra Mr and Mrs B paid with the refinanced loan.
4. Add simple interest from the date of each payment until Mr and Mrs B receive their refund.
5. Pay Mr and Mrs B the difference between the amount now owed and the amount they would've owed if the system had been self-funding over the original loan term.

I'm satisfied Shawbrook's offer to pay £100 compensation for the trouble and upset caused is fair and reasonable. So, it should make this payment as part of its settlement.

### **My final decision**

For the reasons I've explained, I'm upholding Mr and Mrs B's complaint. Shawbrook Bank Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 28 April 2022.

Phillip Lai-Fang  
**Ombudsman**