

The complaint

Mrs D has complained that Omni Capital Retail Finance Limited (“Omni Capital”) rejected her claim against it under section 75 of the Consumer Credit Act 1974 in relation to her purchase of some solar panels.

Background

Mrs D bought solar panels for her home in March 2014. The purchase was funded by a two year loan from Omni Capital, 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 Mrs D into believing that the panels would be self-funding, which they weren't.

Mrs D's complaint was considered by one of our investigators. She thought that the benefits of the panels were mis-represented to Mrs D, and that fair redress would be for her to be paid compensation so as to effectively make the panels self-funding over a period of six and a half years (and to pay interest on the compensation payment at the rate of 8% a year). The calculation of how much compensation should be paid should be based on evidence of the actual performance of the panels, and a number of assumptions on future performance – including that Mrs D would consume 37% of the electricity she would save, this being our standard approach in these cases.

Omni Capital accepted the investigator's decision in principle, but calculated the redress based on the assumption that Mrs D would consume 100% of the electricity she saved. The investigator thought that wasn't realistic. As no agreement could be reached, 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.

Omni Capital 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.

Having carefully considered everything provided, for the same reasons as those explained by the adjudicator, I uphold this case. In brief, that is because the evidence supports the conclusion that a misrepresentation took place and Mrs D was not given clear information to demonstrate that the solar panels would *not* be self-funding and would equate to an additional cost for her.

So I think that Omni Capital didn't treat Mrs D fairly and she lost out because of what Omni Capital did wrong. And this means that it should put things right.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mrs D's complaint for Omni Capital to put things right by recalculating the original loan based on the known and assumed savings and income to Mrs D from the solar panels over a period of six and a half years so she pays no more than that, and she keeps the solar panel system, and any future benefits once the loan has ended.

I am satisfied that in carrying out this calculation, it would be fair to require Omni Capital to assume that Mrs D will consume 37% of the electricity generated by the panels (and export the rest back to the power grid). This figure has been arrived at by the Financial Ombudsman Service after reviewing an expert's report on the subject. This report used information from the Energy Saving Trust to look at what a range of consumers would themselves consume depending on the length of time their household is occupied for during the day. The average across this research worked out at 37%, so it's a fair reflection of what an average consumer will consume. So I think it would be fair and reasonable to apply this figure in Mrs D's case.

As this calculation will show that Mrs D has paid more than she should have, then Omni Capital needs to reimburse her accordingly. Since Mrs D has settled the loan, Omni Capital must pay her the difference between what she paid in total and what the loan should have been under the restructure above, with simple interest at 8% a year.

I'm satisfied that there was sufficient information available at the time that Mrs D first contacted Omni Capital that means the claim should have been upheld. I direct that Omni Capital must pay £100 compensation for the inconvenience caused.

My final decision

For the reasons I've explained, I'm upholding this complaint. Omni Capital Retail Finance 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 D to accept or reject my decision before 27 April 2022.

Richard Wood
Ombudsman