

## **The complaint**

Mrs Z complains that Shawbrook Bank Limited ("Shawbrook"), has rejected the claim she made under section 75 of the Consumer Credit Act 1974 ("the Act") in relation to a solar panel system she says was misrepresented to her by the supplier.

## **What happened**

In or around March 2017, Mrs Z was contacted by a representative of a company I'll call "P" to talk about purchasing a solar panel system ("the system") to be installed at her home. After being visited by a representative of P, Mrs Z decided to purchase the system and finance it through a 15-year fixed sum loan agreement with Shawbrook. The system was subsequently installed.

In May 2019 Mrs Z made a claim under section 75 of the Act to Shawbrook. She said that P had made a number of representations about the system that had turned out not to be true, and it was these misrepresentations that had induced Mrs Z to enter into the contract with P.

Shawbrook has accepted that there was a misrepresentation in this case and made an offer. In summary they've said they will make Mrs Z's system self-funding. So, the amount she'll pay for the panels is the same as the benefits she will have received. Shawbrook has made a calculation, based on the recommendations of an industry expert, which looked at the actual performance of her panels and made some estimations about the future performance of the solar panel system.

This calculation has worked out the financial benefits she would most likely receive over the 15-year term of the loan. Shawbrook has calculated this figure is £8,512.23.

Mrs Z settled her loan early and paid £8,823.67 in total to Shawbrook. Usually Shawbrook will pay the difference between what was paid and the likely benefits of the system. But in this case Shawbrook decided to offer £2,000 to acknowledge that Mrs Z settled her loan early and may have incurred costs by doing so. They also offered £200 for the distress and inconvenience caused by their delay in considering her complaint.

Mrs Z rejected this offer as she said she'd repaid the Shawbrook loan with various credit cards and doesn't believe the offer takes this into account.

One of our investigators looked into what had happened. They asked Mrs Z to provide her credit card statements to show any additional costs she may have incurred. Mrs Z provided statements from one of her credit card providers, but these didn't show any payments towards the Shawbrook loan. The investigator asked for more statements, but Mrs Z has not provided these, so they concluded that Shawbrook's offer is fair based on the information that's been provided.

Mrs Z didn't agree with our investigator's view. She couldn't remember which credit card was used to repay the Shawbrook loan and, therefore, couldn't provide any further information.

As an agreement couldn't be reached, the case has been passed to me for review.

## **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.

Neither Shawbrook nor Mrs Z dispute that the benefits of the solar panel system were misrepresented. As a result, this decision will deal with what I consider to be fair compensation.

The role of this service is to help settle disputes between consumers and businesses providing financial services, fairly and reasonably with minimum formality. In cases like this one, determining fair compensation isn't an exact science. My role is to arrive at a fair and reasonable outcome taking account of the particular circumstances.

I've considered whether Mrs Z should be able to rescind the contract with P and be refunded all payments she made to Shawbrook; less any financial benefits she may have received from the solar panel system. But here, I don't think it would be fair or proportionate to require the removal of the solar panels from her home. Rather, I think the fair outcome here is to put Mrs Z into a position where the panels are self-funding over the original term of the loan. By allowing her to keep the panels, I am satisfied that she is likely to benefit from lower electricity bills and FIT payments.

I've carefully considered the methodology Shawbrook has submitted to this service to calculate the total benefits of the solar system. This is based upon the actual performance and estimated future performance of Mrs Z's solar panel system.

Shawbrook has outlined that when calculating the estimated future performance of Mrs Z's solar panels, it will use a number of assumptions. These include the proportion of energy generated by Mrs Z's solar panels that she's expected to use rather than buying electricity from her energy provider, electricity price inflation, the degradation rate of the panels and the estimated retail price index ('RPI'). Based on the available evidence, I'm of the view that these appear reasonable.

Shawbrook have calculated that over the original 15-year loan term, the system would've provided benefits equalling £8,512.23. Mrs Z paid £8,823.67 in total to settle the Shawbrook loan. So, she paid £311.44 more than she would have done if the system was self-funding.

Shawbrook have recognised that Mrs Z may have incurred costs or inconvenience by settling her loan early and therefore increased the overpayments offer to £2,000.

Mrs Z has told us that she paid off the Shawbrook loan by using a credit card. So, I think it's likely she may have incurred additional interest and costs as a result. Unfortunately, neither I nor Shawbrook can quantify how much those costs are without Mrs Z providing further information to support this.

Therefore, I think that the offer made by Shawbrook is fair based on the information provided by Mrs Z so far. But I do think it would be fair for Shawbrook to recalculate the offer if Mrs Z is able to provide further credit card statements that show any ongoing costs she incurred as a result of repaying the Shawbrook loan with her credit card.

Shawbrook have also offered £200 for the distress and inconvenience caused to Mrs Z by their delays in investigating her original section 75 complaint. And I think this feels fair and reasonable here.

## **My final decision**

My final decision is that Mrs Z's complaint should be upheld. In full and final settlement of it, Shawbrook Bank Limited should:

- pay Mrs Z the £2,000 offered plus £200 for the distress and inconvenience caused:  
or
- recalculate the offer if Mrs Z provides further credit card statements showing any additional loss suffered by settling the loan early. I would expect 8% simple interest to be paid on this amount in addition to £200 for the distress and inconvenience caused. This information should be provided to Shawbrook within one month after the decision is accepted.

If Shawbrook Bank Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs Z how much it's deducted. It should also provide her with a certificate showing this, if she asks for one, so she's able to reclaim any tax from HM Revenue & Customs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z to accept or reject my decision before 19 April 2022.

Dave Morgan  
**Ombudsman**