

The complaint

Mr D has complained that Shawbrook Bank Limited (“Shawbrook”) rejected his claim against it under section 75 of the Consumer Credit Act 1974 in relation to his purchase of some solar panels.

Mr D is represented by a claims management company (“the CMC”).

Background

Mr D bought solar panels for his home in 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 D into believing that the panels would be self-funding, which they weren’t.

Mr D’s complaint was considered by one of our adjudicators. She thought that the benefits of the panels were mis-represented to Mr D, and that fair redress would be for the loan to be restructured to effectively make the panels self-funding. This restructure should be based on evidence of the actual performance of the panels, and a number of assumptions on future performance.

Shawbrook made an offer, but this did not take into account the fact that Mr D had already settled his Shawbrook loan by taking out another loan with a third party. Shawbrook therefore made a second offer which did take the new loan into account, but the CMC and the adjudicator questioned its figures, and asked for a detailed breakdown of how it had calculated them. 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.

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 Mr 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 him.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr D’s complaint for Shawbrook to put things right by recalculating the original loan based on the known and assumed savings and income to Mr D from the solar

panels over the ten year term of the loan so he pays no more than that, and he keeps the solar panel system, and any future benefits once the loan has ended.

If, as expected, the calculation shows that Mr D has paid more than he should have, then Shawbrook needs to reimburse him accordingly. (Should the calculation show that the misrepresentation has not caused a financial loss, then the calculation must be shared with him by way of explanation.)

Since Mr D has already settled the loan, Shawbrook must pay him the difference between what he paid in total and what the loan should have been under the restructure above, with interest at 8% a year. The refinance information has already been supplied to Shawbrook.

Shawbrook must:

1. Refund the extra Mr D paid each month with the Shawbrook loan.
2. Add simple interest from the date of each payment until Mr D receives his refund.
3. Refund the extra Mr D paid with the refinanced loan.
4. Add simple interest from the date of each payment until Mr D receives his refund.
5. Pay Mr D the difference between the amount now owed and the amount he would have owed if the system had been self-funding.
6. Provide the CMC directly with a detailed breakdown of how it arrived at the total redress reached under steps 1 to 5, so that the CMC can verify that it is correct.

I'm satisfied that there was sufficient information available at the time that Mr D first contacted Shawbrook that means the claim should have been upheld in the first place. So I direct that Shawbrook must also pay Mr M:

- £200 compensation for the inconvenience caused; and
- £50 for the further delay occasioned by Shawbrook failing to respond to the request for a more detailed breakdown of its calculations (despite having been chased for this by me).

Shawbrook and the CMC reached different calculations about the total amount Mr D had paid towards his Shawbrook loan before he settled it on 6 September 2019. Shawbrook thought it came to £4,724.49, and the CMC said it was really £4,848.38. I have checked Mr D's Shawbrook loan statement myself, and I find that it actually comes to £4,724.49, which is the same as Shawbrook's figure. The difference between that sum and the CMC's figure appears to mostly be made up of an unpaid direct debit on 6 September 2018 (which was debited from the account the next day), a reversed late payment fee which was re-credited to Mr D's account on 10 May 2019, and another £15 which I cannot explain. I am satisfied that Shawbrook's calculation of this figure is correct. (I have not investigated Shawbrook's offer further.)

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 Mr D to accept or reject my decision before 13 July 2022.

Richard Wood
Ombudsman