

Complaint

Mrs E and X have complained that Shawbrook Bank Limited ("Shawbrook") rejected their claim against it under Section 75 of the Consumer Credit Act 1974.

Background

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

Mrs E and X's complaint was considered by one of our adjudicators. She thought that the benefits of the panels were mis-represented to Mrs E and X, 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. Mrs E and X settled their loan early by taking a refinance loan with an alternative provider. Our adjudicator said Shawbrook should also take into account the refinance loan in order to fully compensate Mrs E and X for their losses.

Shawbrook agreed to our adjudicators findings and said it would make an offer to settle the case in accordance with our established approach to redress where loans were settled early using refinance. However, it has not done so – and despite multiple chasers, Shawbrook has not made an offer.

As the case hasn't been settled, the case was passed to an ombudsman.

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.

As Shawbrook has already agreed with our adjudicator's findings that the solar panels were misrepresented to Mrs E and X, I do not need to consider that here. I will only decide how the case should now be settled.

Fair compensation – what Shawbrook needs to do to put things right for Mrs E and X

Shawbrook agreed to compensate Mrs E and X for both the Shawbrook loan as well as the refinance loan they took with an alternative provider to settle their Shawbrook loan early. I can see Shawbrook said it had all the information it needed to work out redress but only asked Mrs E and X to confirm the settlement figure for their refinance loan to enable it to complete the redress calculation. Mrs E and X have confirmed the settlement figure of their refinance loan, but no offer has been forthcoming from Shawbrook. Shawbrook has not

provided us with an explanation as to why it hasn't settled the case in accordance with our established approach to these types of cases.

I can see no reason why Shawbrook hasn't settled this case as it agreed to do. So having thought about everything, and as previously explained by our adjudicator, I think that it would be fair and reasonable in all the circumstances of Mrs E and X's complaint for Shawbrook to put things right by recalculating the original loan based on the known and assumed savings and income to Mrs E and X from the solar panels over the 15 year 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.

In the event the calculation shows that Mrs E and X have paid more than they should have, Shawbrook needs to reimburse Mrs E and X accordingly. Should the calculation show that the misrepresentation has not caused a financial loss, then the calculation should be shared with Mrs E and X by way of explanation.

As previously explained, Mrs E and X have settled their loan by refinancing and have supplied evidence of the refinance to Shawbrook, so Shawbrook should:

1. Refund the extra Mrs E and X paid each month with the Shawbrook loan.
2. Add 8% simple interest from the date of each payment until Mrs E and X receive their refund.
3. Refund the extra Mrs E and X paid with the refinanced loan.
4. Add 8% simple interest from the date of each payment until Mrs E and X receive their refund.
5. Pay Mrs E and X the difference between the amount now owed and the amount they would've owed if the system had been self-funding

I'm satisfied that there was sufficient information available at the time that Mrs E and X first contacted Shawbrook that means the claim should have been upheld. I direct that Shawbrook should pay £100 compensation for the trouble and upset caused.

My final decision

For the reasons I've explained, I'm upholding Mrs E and X'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 Mrs E and X to accept or reject my decision before 14 July 2022.

Asma Begum
Ombudsman