

## **The complaint**

Mr and Mrs Z has complained that they are unhappy with Shawbrook Bank Limited's offer of settlement for their claim against it under Section 75 of the Consumer Credit Act 1974.

## **What happened**

Mr and Mrs Z bought solar panels for their home in 2015. The purchase was funded by a 15-year 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 Z into believing that the panels would be self-funding, which they weren't.

The loan was interest free for the first 12 months, during which time Mr and Mrs Z paid off the loan. They say it was always their intention to do that. And that they bought the solar panels on the basis that it would pay for itself within 9 years, as that was what they were told at the time of sale.

Shawbrook made an offer of settlement, which was to pay Mr and Mrs Z £2,000. Shawbrook said that it had calculated the benefit of the solar panels over the 15-year loan term. That it's offer aimed to ensure that Mr and Mrs Z wouldn't pay more than that for the solar panels. And, having calculated what refund they would be due, including interest on any overpayments they'd made relative to what they would've paid if the loan matched the benefit, it said the refund would be less than £2,000. So, Shawbrook thought that offering £2,000 was fair.

Mr and Mrs Z's representative said the calculations Shawbrook had used were not reasonable. It had used the estimated annual generation figure of 2,832 kWh from the MCS certificate to calculate the benefit of the solar panels. But the actual generation was much lower than this. FIT statements and the actual meter readings show the solar panels have actually generated:

- Year one (04/11/2015 to 07/11/2016) 1,999 kWh
- Year two (07/11/2016 to 04/11/2017) 1,967 kWh
- Year three (04/11/2017 to 04/11/2018) 2,067 kWh

Mr and Mrs Z say that Shawbrook has inspected the solar panels and found there is no fault with them – they are just generating less than estimated. This suggests that the original estimate was wrong. So, Mr and Mrs Z said that Shawbrook should use the actual generation figures to calculate the benefit of the solar panels, as they don't generate as much as shown on the MCS certificate.

Mr and Mrs Z also said that the period over which the benefit should be calculated ought to be on 9 years – given what they were told at the point of sale and that they never intended to let the loan run beyond the 12-month interest-free period.

Despite the input of one of our adjudicators, an agreement couldn't be reached. So, I've been asked to make a decision. I issued a provisional decision saying that I planned to uphold the complaint and setting out what Shawbrook should do to put things right.

Mr and Mrs Z said they were happy to accept my provisional decision. Shawbrook did not respond within the given deadline. So, with nothing further for me to consider, this decision is in line with my provisional decision.

### **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 made an offer of settlement – in effect accepting that there was a misrepresentation on the part of the supplier which induced Mr and Mrs Z to buy the solar panels. So, I only need to decide what should be done to put things right.

I've decided that the offer made by Shawbrook is not fair and reasonable, so I uphold this complaint. This is because:

- Mr and Mrs Z never intended to let the loan run its full 15-year term.
- Their expectation was that the solar panels would pay for themselves within 9 years, since this is what they were told at the point of sale (as shown on the contract).
- I expect Shawbrook to use actual electricity generation figures in its calculations where these are available and to extrapolate from there for future dates – especially where the solar panels have underperformed against the original estimate. Otherwise the calculations would knowingly overstate the benefits to the detriment of the customer.

So, I think that Shawbrook didn't treat Mr and Mrs Z fairly and they lost out because of what Shawbrook did wrong. And this means that it should put things right.

### **Putting things right**

I think that it would be fair and reasonable in all the circumstances of Mr and Mrs Z'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 Z from the solar panels over a nine-year period so they pay no more than that, and they keep the solar panel system, and any future benefits once the loan has ended.

Shawbrook should use the following actual generation figures to calculate the benefit:

- 1,999 kWh for year one.
- 1,967 kWh for year two.
- 2,067 kWh for year three.

Shawbrook should extrapolate from there for the later years, not use the figure from the MCS certificate.

Because the calculation will show that Mr and Mrs Z have paid more than they should have, then Shawbrook needs to reimburse them accordingly.

I require Shawbrook to restructure Mr and Mrs Z's loan. It should recalculate the loan to put Mr and Mrs Z in a position where the solar panel system is cost neutral over a nine-year period.

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.

Because Mr and Mrs Z 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 for the time they've been without that money.

I'm satisfied that there was sufficient information available to Shawbrook and that it ought to be aware of our approach to calculating redress, so it should have done this in the first instance. So, I direct that Shawbrook should pay £100 compensation for the trouble and upset caused by it not doing so.

### **My final decision**

For the reasons I've explained, I'm upholding Mr and Mrs Z'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 Z and Mr Z to accept or reject my decision before 10 June 2022.

Phillip Lai-Fang  
**Ombudsman**