

The complaint

Mr T has complained that he was not happy with Shawbrook Bank Limited's offer of settlement for his claim against it under Section 75 of the Consumer Credit Act 1974.

What happened

Mr T bought solar panels for his 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 Mr T into believing that the panels would be self-funding, which they weren't.

The loan had a term of 15 years. No payment was due for the first 12 months, but the loan was interest free if repaid within that time. Mr T says he always intended to repay the loan within that time and pay no interest, which is what he did. He understood that in doing so the solar panels would pay for themselves after 8 years.

Shawbrook offered Mr T £2,000 in settlement of the claim. It said that its usual method of calculating settlement in a case like this would be to, in effect, make the solar panels self-funding within the term of the loan – 15 years in this case. And that its calculations showed that Mr T would not be due a payment.

Mr T referred the complaint to us. He argued that the solar panels should be made self-funding over one year, as he always intended to repay the loan within that time. Or at worst made self-funding over 8 years.

Mr T's complaint was considered by one of our adjudicators. They thought that the benefits of the panels were mis-represented to Mr T, and that fair redress would be for the loan to be restructured to make the panels cost no more than the benefit they would provide over a "reasonable period" of ten years.

Shawbrook disagreed, so I was asked to make a decision to confirm what Shawbrook must do to put things right. I issued a provisional decision saying that I thought that, in the specific circumstances in this case, the redress should be based on the benefits of the solar panels over 8 years.

Mr T said he would accept my provisional decision.

We had some discussion with Shawbrook and it said it might accept my provisional decision, so I allowed it more time to respond to my provisional decision. However, that time has now passed and Shawbrook has not accepted my provisional decision or provided any further comments or information for me to consider. As such, this final decision is in line with what I said in 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 accepted that the complaint should be upheld and made an offer of settlement. So, I don't need to decide whether there was a misrepresentation – as that has been accepted – only what must happen to put things right.

Looking at the documents from the time of sale it is clear that Mr T was told the solar panels would pay for themselves within 8 years. Given that he bought the solar panels intending to pay off the loan within the 12 month interest free period, I think his expectation was that if he did so, then after 8 years the cumulative benefits of the solar panels (through feed-in tariff payments, and savings on his energy bills) would be equal to or more than the amount he paid for them.

In light of this, I think it would be fair and reasonable in the specific circumstances of this case for Shawbrook to calculate redress based on the benefits of the solar panels over 8 years. By Shawbrook's own calculations, it appears this would result in a settlement in excess of the £2,000 it has offered. As such, I uphold this complaint.

Putting things right

I think that it would be fair and reasonable in all the circumstances of Mr T's complaint for Shawbrook to put things right by restructuring the original loan based on the known and assumed savings and income to Mr T from the solar panels over an 8-year period so he pays no more than that, and he keeps the solar panel system, and any future benefits.

Because Mr T has settled the loan, Shawbrook should pay him the difference between what he paid in total and what the loan should have been under the restructure above, with 8% interest.

If Mr T has settled the loan by refinancing, he should supply evidence of the refinance to Shawbrook and Shawbrook should:

1. Refund the extra Mr T paid each month with the Shawbrook loan.
2. Add simple interest from the date of each payment until Mr T receives his refund.
3. Refund the extra Mr T paid with the refinanced loan.
4. Add simple interest from the date of each payment until Mr T receives his refund.
5. Pay Mr T the difference between the amount he paid and the amount he would've owed if the system had been self-funding over an 8-year period.

I'm satisfied that there was sufficient information available at the time that Mr T first contacted Shawbrook that means the claim should have been upheld and settled in this way. So, 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 Mr T'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 Mr T to accept or reject my decision before 14 July 2022.

Phillip Lai-Fang
Ombudsman