

## **The complaint**

Miss A has complained that Omni Capital Retail Finance Limited (“OCRF”) rejected her claim against it under section 75 of the Consumer Credit Act 1974 (“the Act”) in relation to her purchase of some solar panels.

Miss A is represented by a claims management company (“the CMC”).

## **Background**

Miss A bought solar panels for her home in January 2019. The purchase was funded by a loan from OCRF, and so that business is liable under the Act for the acts and omissions of the installer, Saint Solar Ltd. Miss A says Saint Solar misled her into believing that the panels would be self-funding, which they weren’t.

OCRF did not agree that any misrepresentations had been made, and so Miss A brought this complaint to our service. After that, OCRF re-investigated the claim and this time it accepted that the panels were not generating as much energy as had been estimated at the point of sale. It calculated that this would result in a shortfall of £524.50 over the term of the loan, and it offered to reduce the loan balance by that amount. But it maintained that there had been no misrepresentation.

One of our adjudicators looked into what had happened. Having considered all the information and evidence provided, our adjudicator accepted that the installer had misrepresented the system to Miss A and upheld the complaint. OCRF did not agree, and so the case was referred for an ombudsman’s decision.

I wrote a provisional decision which read as follows.

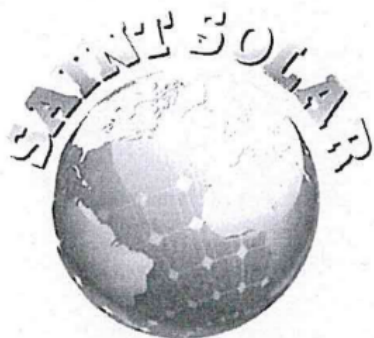
## **My provisional findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

### Misrepresentation

Having carefully considered everything provided, I do not think that the panels were misrepresented. That is because the sales documents set out the cost and the estimated benefit of the panels very clearly, and the benefits did not begin to approach the cost.

There is a one-page document titled “Saint Solar Estimated Year One Returns.” It gives a breakdown of the feed-in tariff generation and export income and the savings on Miss A’s electricity bills, and then gives the total, described as “Total Estimated Year One Benefit.” The total given is £368.49. I think this figure is conspicuous; it is not buried in some fine print. This document was signed by Miss A, and so I am satisfied that the installer’s salesman did bring this information to her attention.



## SAINT SOLAR ESTIMATED YEAR ONE RETURNS

This sheet illustrates potential year one returns from your solar PV system

### Solar PV:

Your 3.25 kWp solar PV installation was estimated to yield 2652.975 kWh.

#### Potential Year One Benefit

Generation Tariff:	SAP Yield kWh	x 100%	x <u>3.79</u>	p/kWh	= £ <u>100.55</u>
Export Tariff:	SAP Yield kWh	x 50%	x <u>5.24</u>	p/kWh	= £ <u>69.51</u>
Energy Savings:	SAP Yield kWh	x 50%	x <u>14.959</u>	p/kWh	= £ <u>198.43</u>
Total Estimated Year One Benefit					= £ <u>368.49</u>

The contract is two pages long and has also been signed by Miss A. It says that the cash price is £6,545; this figure is immediately above her signature. The interest on the loan does not appear on this document, and so I think that Miss A could be forgiven for overlooking it. However, one tenth of the amount borrowed would clearly come to £654.50 each year. That is nearly £300 more than the stated benefit figure for the first year. Again, I think this is clear.

Section 5: Payment Information (Please note, final amount is due on completion of Solar PV installation)						
Total Inc. VAT	£ <u>6545</u>	How is the deposit being paid?				
Total Exc. VAT	£ <u>6233.33</u>	Card	Cheque	BACS	Cash	Finance
VAT	£ <u>311.66</u>	How is the final amount being paid?				
Deposit Amount	£ <u>0</u>	Card	Cheque	BACS	Cash	Finance
Final Amount	£ <u>6545</u>	(Please note, card payments may be subject to a handling fee.)				

The adjudicator thought that this document was inadequate because it did not set out the interest on the loan. I think that would have been important if including or omitting the interest had made the difference between the panels paying or not paying for themselves. But since I have found that the sales documentation made it clear that the panels could not possibly pay for their cash price during the loan term, it necessarily follows that they could not pay for their cash price plus the loan interest. So I think these documents did do enough to compare the cost and benefits of the solar panels.

For these reasons, I am not persuaded that the installer misled Miss A about the benefits and cost of the panels. It was clear that the panels would not be self-funding during the term of the loan, so it does not seem likely to me that the salesman told her otherwise.

## Underperformance

The panels have only generated about 89% of what was estimated at the point of sale. OCRF has calculated that the shortfall came to £52.45 in the first year, which it says comes to £524.50 over the ten year loan. It has offered to reduce the loan balance by that amount. However, this calculation fails to take inflation into account. I think that OCRF should recalculate the shortfall over the ten year term of the loan allowing for inflation to date.

## **Responses to my provisional findings**

OCRF accepted my provisional decision. It added that another document, the validation sheet, had shown the full price including interest. The CMC did not reply. So there is no reason for me to depart from my provisional findings, and I confirm them here.

## **Putting things right**

I think it would be fair for OCRF to reduce the loan balance by the shortfall over the ten year loan term. The shortfall in the first year was £52.45, but the shortfall in later years will be greater than that due to inflation. So rather than just multiplying £52.45 by ten to get the shortfall over ten years, OCRF must calculate the shortfall for years two to ten taking inflation into account. It must then deduct the recalculated total shortfall from the outstanding loan balance.

OCRF must also pay Miss A £100 for her inconvenience.<sup>1</sup>

## **My final decision**

My decision is that I uphold this complaint in part. I order Omni Capital Retail Finance Limited to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 March 2023.

Richard Wood  
**Ombudsman**

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<sup>1</sup> I mentioned this in the introduction to my provisional decision, which is not included here.