

## **The complaint**

Mr C has complained that Shawbrook Bank Limited (“Shawbrook”) rejected his claim against it under the Consumer Credit Act 1974.

## **What happened**

Mr C bought a solar panel system (“the system”) for his home in 2014. The purchase was funded by a loan from Shawbrook, and that business is therefore liable for the misrepresentations of the installer under the relevant legislation. In this case, that relates to the installer misleading Mr C into believing that the panels would be self-funding, which they weren’t.

Mr C’s complaint was considered by one of our investigators. They thought that the benefits of the panels were mis-represented to Mr C, 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 the 15-year loan term. This restructure should be based on evidence of the actual performance of the panels, and a number of assumptions on future performance.

Mr C agreed with our investigators view of the complaint, but Shawbrook didn’t respond. As the case couldn’t be resolved, the case was passed to an ombudsman.

## **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.

Our investigator has explained why we have jurisdiction to consider this complaint and as neither party has disagreed with this, I don’t need to consider it any further.

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 investigator, I uphold this case.

Mr C says he was led to believe the system would be self-funding and that the benefit received from the system would cover the cost of the finance. The quote provided by the supplier formed the basis of the sale, including the meeting where this was discussed.

180 months			repayment pm
			£1.45
Yr	Accumulated Grand Total	est. return MONTHLY	
1	£864.23	£72.02	£70.57
2	£903.40	£75.28	£73.83
3	£944.96	£78.75	£77.29
4	£989.10	£82.43	£80.97
5	£1,036.00	£86.33	£84.88
6	£1,085.88	£90.49	£89.04
7	£1,138.96	£94.91	£93.46
8	£1,195.49	£99.62	£98.17
9	£1,255.72	£104.64	£103.19
10	£1,319.96	£110.00	£108.54
11	£1,388.49	£115.71	£114.26
12	£1,461.65	£121.80	£120.35
13	£1,539.82	£128.32	£126.87
14	£1,623.38	£135.28	£133.83
15	£1,712.75	£142.73	£141.28

There's a section headed 'Repayment options' with three table showing repayments over 60 months, 120 months and 180 months. I've focused on the table for 180 months as this is the length of the loan that Mr C entered into with Shawbrook. This table has an error in it and has a monthly repayment amount of £1.45 per month rather than Mr C's actual monthly payment of £98.41. For each year of the 15-year loan it shows the expected grand total return from the system. It then averages that figure over 12 months, and subtracts the monthly loan repayment, to give an average difference between the monthly return from the system and the monthly loan repayment in each year.

While I can see the table had an error in it, it does appear to suggest that the system will provide a profit of £70.57 from the first year – with the profit increasing year on year. This corroborates Mr C's testimony. He says he was told the system benefits would outweigh the cost, which is also reflected in the paperwork.

The credit agreement shows the total loan repayments over 15-years would amount to £17,713.80. The quote included a table showing the annual cumulative benefits of the system. By the end of year 15, (i.e. the loan term) the table shows the benefits would have exceeded the total amount payable under the loan agreement.

System Performance and Returns							16	Evolution +10	4.16	kw
							Customer	0		
Yr	FEED-IN-TARIFF		Electricity savings	Energy saving Optional Extras			TOTAL income savings	Accumulated Grand Total	est. return MONTHLY	
	Generation	Export		VO Savings	VO 6% Increased	Heating Control				H/W Controller
1	£508.91	£84.41	£270.91	£0.00	£0.00	£0.00	£0.00	£864.23	£864.23	£72.02
2	£522.75	£86.71	£293.94	£0.00	£0.00	£0.00	£0.00	£903.40	£1,767.63	£75.28
3	£536.97	£89.07	£318.92	£0.00	£0.00	£0.00	£0.00	£944.96	£2,712.59	£78.75
4	£551.58	£91.49	£346.03	£0.00	£0.00	£0.00	£0.00	£989.10	£3,701.69	£82.43
5	£566.58	£93.98	£375.44	£0.00	£0.00	£0.00	£0.00	£1,036.00	£4,737.69	£86.33
6	£581.99	£96.54	£407.35	£0.00	£0.00	£0.00	£0.00	£1,085.88	£5,823.57	£90.49
7	£597.82	£99.17	£441.97	£0.00	£0.00	£0.00	£0.00	£1,138.96	£6,962.53	£94.91
8	£614.08	£101.87	£479.54	£0.00	£0.00	£0.00	£0.00	£1,195.49	£8,158.02	£99.62
9	£630.78	£104.64	£520.30	£0.00	£0.00	£0.00	£0.00	£1,255.72	£9,413.74	£104.64
10	£647.94	£107.49	£564.53	£0.00	£0.00	£0.00	£0.00	£1,319.96	£10,733.70	£110.00
11	£665.56	£110.41	£612.52	£0.00	£0.00	£0.00	£0.00	£1,388.49	£12,122.19	£115.71
12	£683.66	£113.41	£664.58	£0.00	£0.00	£0.00	£0.00	£1,461.65	£13,583.84	£121.80
13	£702.26	£116.49	£721.07	£0.00	£0.00	£0.00	£0.00	£1,539.82	£15,123.66	£128.32
14	£721.36	£119.66	£782.36	£0.00	£0.00	£0.00	£0.00	£1,623.38	£16,747.04	£135.28
15	£740.98	£122.91	£848.86	£0.00	£0.00	£0.00	£0.00	£1,712.75	£18,459.79	£142.73
16	£761.13	£126.25	£921.01	£0.00	£0.00	£0.00	£0.00	£1,808.39	£20,268.18	£150.70
17	£781.83	£129.68	£999.30	£0.00	£0.00	£0.00	£0.00	£1,910.81	£22,178.99	£159.23
18	£803.10	£133.21	£1,084.24	£0.00	£0.00	£0.00	£0.00	£2,020.55	£24,199.54	£168.38
19	£824.94	£136.83	£1,176.40	£0.00	£0.00	£0.00	£0.00	£2,138.17	£26,337.71	£178.18
20	£847.38	£140.55	£1,276.39	£0.00	£0.00	£0.00	£0.00	£2,264.32	£28,602.03	£188.69
Total	£13,291.60	£2,204.77	£13,105.66	£0.00	£0.00	£0.00	£0.00	£28,602.03	£28,602.03	

In light of this, it seems Mr C was told the system would be self-funding from the start and would pay for itself within the loan term. I think Mr C, who isn't an expert in understanding solar panels generation and benefit, would be dependent on the sales advisor taking him through the sales documents – and he was entitled to rely on what he was being told and what he saw on the paperwork. And both his testimony and the paperwork suggest the system was represented as being self-funding.

So overall, I think the evidence supports the conclusion that a misrepresentation took place and Mr C 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.

The system is generating electricity in line with the quote, but Mr C says the system is not self-funding and that was a misrepresentation. Shawbrook has provided nothing to dispute this (such as a calculation showing its benefits so far and its projected future benefits). So, I think it is reasonable to uphold this complaint on the basis there was a misrepresentation and it likely caused Mr C a loss. However, when calculating the redress set out below, it is possible that no payment will be due to Mr C if the calculation shows that the system will be self-funding as set out in the quote.

Given that I think the system was mis-represented to Mr C, and he wasn't given clear information, I think a court would likely find the relationship in question unfair. Overall, I think that Shawbrook didn't treat Mr C fairly and he 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 C's complaint for Shawbrook to put things right by recalculating the original loan based on the known and assumed savings and income to Mr C from the solar panels over a 15-year period, so he pays no more than that, and he keeps the solar panel system, and any future benefits once the loan has ended.

In the event the calculation shows that Mr C is paying (or has paid) more than he should have, then Shawbrook needs to reimburse him accordingly. As explained above, should the calculation show that the misrepresentation has not caused a financial loss, then the calculation should be shared with Mr C by way of explanation.

If the calculation shows there is a loss, as the loan is ongoing, I require Shawbrook to restructure Mr C's loan. It should recalculate the loan to put Mr C in a position where the solar panel system is cost neutral over a 15-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.

So, I think the fairest resolution would be to let Mr C have the following options as to how he would like his overpayments to be used:

- A. the overpayments are used to reduce the outstanding balance of the loan and he continues to make his current monthly payment resulting in the loan finishing early,
- B. the overpayments are used to reduce the outstanding balance of the loan and he pays a new monthly payment until the end of the loan term,
- C. the overpayments are returned to Mr C, and he continues to make his current monthly payment resulting in his loan finishing early, or
- D. the overpayments are returned to Mr C, and he pays a new monthly payment until the end of the loan term.

If Mr C accepts my decision, he should indicate on the acceptance form which option he wishes to accept.

I'm satisfied that there was sufficient information available at the time that Mr C 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 uphold Mr C'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 C to accept or reject my decision before 27 October 2023.

Asma Begum  
**Ombudsman**