

The complaint

Mr and Mrs C have complained that Shawbrook Bank Limited (“Shawbrook”) rejected their claim against it under the Consumer Credit Act 1974.

What happened

Mr and Mrs C bought a solar panel system (“the system”) for their home in 2013. The purchase was funded by a loan from Shawbrook, and that business is therefore liable for the misrepresentation of the installer under the relevant legislation. In this case, that relates to the installer misleading Mr and Mrs C into believing that the panels would be self-funding, which they weren’t.

Shawbrook responded to Mr and Mrs C’s complaint explaining that it felt they were out of time to raise a complaint and also felt that it was outside of this service’s jurisdiction to consider the complaint.

Mr and Mrs C’s complaint was considered by one of our investigators. He explained that the complaint had been brought in time, and that this service did have jurisdiction to consider the merits of it.

Shawbrook accepted our investigator’s view and said it would now assess the merits of Mr and Mrs C’s complaint. It then accepted their claim and asked for electricity bills and Feed in Tariff (FIT) statements to work out their loss. After carrying out a redress calculation in line with our services established approach to compensation in these types of cases, it explained that Mr and Mrs C had suffered no loss. But it did offer compensation of £200 for the way it had dealt with their complaint.

Mr and Mrs C weren’t happy with Shawbrook’s offer and instead wanted £300 compensation for the way Shawbrook had handled their complaint. They explained the following:

- The supplier used pressure tactics to get them to buy the system and also made misleading statements regarding the system being self-funding.
- The complicated nature of the redress means they are not able to check Shawbrook’s calculations and feel Shawbrook could have manipulated the figures to avoid paying compensation.
- They feel their current electricity rate doesn’t make the solar panels cost effective and they have invested further in batteries to make the system more financial worthwhile.
- They have lost faith in self-generated electricity due to Shawbrook’s poor response to their initial complaint.

Our investigator explained that, while he accepted the service they received was poor, the offer made by Shawbrook of £200 was fair and he didn’t recommend Shawbrook increase its offer.

As an agreement couldn’t be reached, 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.

Shawbrook and Mr and Mrs C's representative are 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.

Our adjudicator explained why we have jurisdiction to consider this complaint and as both parties have accepted this, I don't need to consider this any further.

Bearing in mind that both parties have also accepted that the system was mis-represented to Mr and Mrs C, I don't need to consider that as part of this decision. It seems clear, the only matter left in dispute is whether Shawbrook has offered a fair amount of compensation in response to Mr and Mrs C's complaint which I'll consider as part of this decision.

Firstly, it may be helpful to clarify that Mr and Mrs C have reiterated that they're unhappy with how the system was represented to them, that the sales representative made misleading statements and used pressure tactics to encourage them to buy the system. But these claims have already been accepted by Shawbrook, which is why it agreed to uphold their complaint and carried out a redress calculation to assess whether they'd suffer any loss.

It may also be helpful to explain that where we are satisfied that a system has been misrepresented to consumers, our aim is to ensure that customers suffer no loss, and we have an established approach to redress in these types of cases. We ask financial businesses to work out what benefit (usually including savings and Feed in tariff (FIT) payments) consumers are likely to achieve over the term of the loan and ask financial businesses to charge consumers no more than that for the system. So, consumers pay no more for the system than the likely benefit they will receive over the term of the loan, and any benefit they receive after that is theirs to keep.

Financial businesses use any data of performance and benefits received to date, and use a number of agreed reasonable assumptions about future performance to formulate the likely benefit a consumer will achieve over the term of the loan (i.e. the self-funding amount). Financial businesses can then charge the consumers no more than that.

Shawbrook has said that Mr and Mrs C's self-funding amount (i.e. the likely amount of benefit they will receive over 15-years) is £15,583.20. And they've paid in total £10,404.59 for the system. As they will receive more benefit than they've paid out, they have suffered no loss. While I understand Mr and Mrs C's concerns regarding the calculation, I'd like to reassure them that Shawbrook is expected to carry out such calculations in a formulated and agreed way – and I've seen nothing to suggest this hasn't been followed.

I understand their disappointment at how the system has performed and that the benefits received to date haven't met their expectations. I also appreciate why they've lost faith in Shawbrook as it initially refused to consider their claim. But having looked at the figures submitted by Shawbrook, I think it's likely they have, and will continue to, receive significant benefit from the system, and the amount they will receive far exceeds the amount of money they've spent purchasing the system.

Having checked their FIT statements, I can see their system is on average generating more energy than estimated in their MCS certificate. This means the system is performing very well. Its likely that they will use some of the energy produced (especially given they now have batteries to store some energy too), and this will lead to them purchasing less energy from their providers. I appreciate it can seem difficult to see the usefulness of the system, given the significant rise in electricity costs, and the payments most consumers are actually making now to their providers compared to a few years ago. But, as some of their electricity needs will be met by their system, this will mean they will be paying less than they would have without the system. I would also stress, the rise in costs, has not been caused by Shawbrook or the installers.

Like our investigator says, I accept the way Shawbrook has handled the complaint has not met the standards we would expect. Shawbrook also accepts this which is why it offered compensation to recognise this. But given Shawbrook accepted Mr and Mrs C's claim on review of their case (without the need for this service to make that order) and that Mr and Mrs C have suffered no loss due to the misrepresentation, I think the offer made is fair, and in line with what we expect so I don't order it to pay anymore.

Putting things right

I direct Shawbrook to pay Mr and Mrs C £200 compensation for the trouble and upset caused.

My final decision

For the reasons I've explained, I uphold this complaint and ask Shawbrook Bank Limited to 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 and Mrs C to accept or reject my decision before 27 October 2023.

Asma Begum
Ombudsman