

The complaint

Mr S complains about Ikano Bank AB (publ)'s "Ikano" rejection of his claim against it under Section 75 of the Consumer Credit Act 1974 "S.75".

What happened

In December 2017 Mr S bought a solar panel system for his home. The purchase price of the system was £8,500 and Mr S paid for the system using a fixed sum loan agreement with Ikano. The loan was to be repaid by monthly instalments of £91.16, over the 10 year loan term and the total amount payable to the loan, including interest, was £10,938.72.

Mr S complained about the overall cost of the system being misrepresented to him as he says he was told the system would generate enough savings and income to cover its cost. Mr S says the system has not generated the savings he was told he would receive and complained to Ikano about this.

Ikano did not uphold Mr S's complaint and as he remained unhappy, he referred his complaint to our service. It was considered by one of our investigators, who ultimately decided that Mr S was not misled about the benefits and cost of the solar panel system.

Mr S did not accept the investigator's findings and as he was entitled to do, asked for his complaint to be reviewed. It has therefore been referred to me for consideration as the last stage in our process.

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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr S paid for the solar panel system using a fixed sum loan agreement with Ikano and sections 56, 75 and 140A of the Consumer Credit Act are in my view relevant considerations when considering Mr S's complaint about being misled.

Section 75 provides protection for consumers for goods or services bought using credit and the result of this is that Mr S could claim against Ikano, the creditor, for any

misrepresentation or breach of contract by the supplier in the same way he could have claimed against the supplier. So, I've taken s.75 into account when deciding what is fair in the circumstances of this case.

Section 56 is also relevant as this says that any negotiations between Mr S and the supplier are deemed to have been conducted by the supplier as an agent of Ikano. Section 140A provides protection if the relationship between the two parties is deemed unfair.

Mr S has complained about being misled and ultimately that there was a misrepresentation by the supplier of the solar panel system about the benefits of the system. Misrepresentation is an untrue statement of fact or law made by one party (or his agent) to a second party which induces that second party to enter the contract, thereby causing them loss. Having carefully considered everything provided by the parties in this complaint, I am not persuaded there is sufficient evidence to conclude there was a misrepresentation in this case.

The Ikano credit agreement provided to Mr S sets out the cash price of the system £8,500, the total amount payable £10,938.72, the cost of the credit and the duration of the loan. The monthly repayments are also set out and Mr S would need to pay 119 monthly repayments of £91.16 and one repayment of £90.68. The credit agreement is signed by Mr S and it should have been clear to Mr S what the cost of the solar panel system was to cost him, on a monthly basis or over the full term of the loan. The document is in my view clear and not misleading and I note Mr S has signed this document.

Mr S was also given a two page document by the supplier. This document refers to the estimated performance of the solar panel system in KWH and on the second page, the *Estimated Year 1 Solar Returns*. This sets out two amounts, £347.56, based on 25% electricity savings and £466.57, based on 50% electricity savings.

In my view, it should have been apparent to Mr S that in order to repay the £8,500 cost of the system in 10 years he would need £850 annually to meet the loan payments, even without accounting for the interest that was applied to the loan and set out on the finance agreement. But Mr S's estimated total first year benefit was a maximum of £466.57. The document clearly displays the expected estimated first year benefit Mr S could expect to receive against the cash price – which shows the solar panels would not immediately cover the cost of his system.

Mr S then went on to take out finance to fund the purchase of the solar panel system, which increased his costs – as he agreed to pay not only the cash price of the solar panels, but also interest on top of the amount borrowed. As it was clear the benefit provided by the system would not be sufficient to cover the cash price of the solar panels, I think he ought reasonably to have known that the benefit provided by the system, would also not be sufficient to fund the monthly finance payments which included interest on top of the cost of the solar panels. Overall, I think it would have been clear to him that the solar panels would not be self funding in the way he says he was told they would be. Like the credit agreement, this document was also signed by Mr S.

Had Mr S been told something significantly different to what his paperwork said, I would have expected this to have been questioned at the time. I have considered the handwritten pieces of paper that Mr S has provided to us, but I do not find these to be persuasive evidence that Mr S was told something that conflicts with the documents I have referred to here. I fully appreciate Mr S will be disappointed by what I have set out here, but having very carefully considered what both parties have provided, I find the documents from the time of sale to be more persuasive in terms of what information he was likely given at the time of sale. So, on balance, I think the evidence suggests that it is unlikely there was a misrepresentation or any other reason that would enable me to uphold this complaint.

Finally, I note that there has been some engagement between Mr S and Ikano about the possibility of the solar panel system being incorrectly or poorly installed. The complaint that Mr S made to Ikano and to our service is about the benefits of the system being misrepresented and not about the quality of the installation.

It is possible that the performance of the system has been impacted by the installation and this is what has impacted the benefits Mr S has received. But that that is not a complaint that has been presented here and I have not therefore considered or made a finding on anything other than the complaint about the system being misrepresented.

Should Mr S wish to pursue those issues he would need to contact Ikano directly. If Mr S remains unhappy with Ikano's response, he may be able to refer his complaint to our service after that.

My final decision

For the reasons set out above, I do not uphold Mr S's complaint against Ikano Bank AB (publ).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 November 2024.

Mark Hollands
Ombudsman