

## **The complaint**

Mr H complains that Shawbrook Bank Limited (“Shawbrook”) has rejected the claim he made under sections 75 and 140 of the Consumer Credit Act 1974 in relation to a solar panel system (“the system”).

## **What happened**

In April 2016, Mr H bought the system from a supplier (which I’ll call “P”) using a fixed sum loan agreement with Shawbrook Bank Limited, which was repayable over 15 years.

In November 2021, Mr H appointed a claims management company (“the CMC”) who sent Shawbrook a letter of claim in April 2022 alleging that P had misrepresented the system, breached its contract with Mr H, and that Mr H’s relationship with Shawbrook was unfair because:

- There were misleading figures in the quote – specifically the “putting it all together” table, which had the following issues:
  - The voltage optimiser savings were too high, which was not supported by industry reports that were available at the time.
  - The cost of credit was missing from the table, distorting the return on investment to make the system more attractive.
- They’ve seen cases where P deliberately or fraudulently manipulated inflation data and the estimates they used weren’t accurate.

Mr H also mentioned in his witness statement that he was told the savings and income from the system would reduce his electricity bills and that it would pay for itself allowing him to benefit from free electricity. Mr H says he saw this as a risk-free investment where he would make a large profit. And he says he realised the system wouldn’t perform as sold the summer after it was fitted as the FIT payments weren’t as expected and his electricity bills didn’t drop significantly as promised.

Shawbrook ultimately didn’t uphold the claim. Our investigator considered the matter and didn’t recommend that the complaint should be upheld. The CMC didn’t provide reasons for disagreeing with our investigator but asked for an ombudsman’s 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.

The CMC has made the claim under sections 75 and 140 of the Consumer Credit Act 1974 (“the Act”). I have therefore considered these sections in particular, and other relevant law and regulations, regulatory rules, guidance and standards and codes of practice. I’ve also considered, where appropriate, what I consider to have been good industry practice at the

relevant times.

I'll deal with each complaint point in turn.

*The voltage optimizer saving contradicts reports available at the time of sale and was beyond the range of reasonableness*

The CMC has suggested the estimated voltage optimiser savings were too high, given various reports that were available at the time. However, I understand that P's method of calculating the savings was approved by an industry body, who is more qualified than I am to know if it was reasonable at that time.

How P calculated the savings was also explained in the quote, with reference to a specific report that informed its method of calculation. The quote also included the following statement alongside the figures for electricity savings from the voltage optimiser:

"Savings are dependent on individual circumstances and may be higher or lower than those stated above and are based on the manufacturers own figures."

I think there were a number of reports which found that voltage optimisers could provide various levels of benefit. Considering those reports, I think that P's estimated voltage optimiser savings in this case are not outside of a reasonable range.

It appears to me that P estimated the benefit of the voltage optimiser based on what it knew about the product it was selling, Mr H's home and how he used electricity. I am not persuaded that P's estimate of the benefit of the voltage optimiser was unreasonable.

*The cost of credit was missing from the "putting it all together" table, distorting the return on investment to make the system appear more attractive*

The "putting it all together" table in the quote would have been clearer if the table had included the cost of credit. However, I must consider the sale as a whole, not just one table in one of the documents that was provided at the time of sale. Having done so, I'm satisfied that Mr H knew what he was paying for the system, including the cost of credit. This was shown on the credit agreement. So, he could compare this to the estimated benefits before deciding to buy the system.

In addition to this, the "repayments" table that's been provided to us by Shawbrook (which they say formed part of the quote) incorporated the cost of credit into its illustration of the benefits of the system. It showed the annual benefit would not exceed the annual loan repayments until year three.

The "estimated performance" table in the quote also showed it would be about 14 years before the overall benefits of the system exceeded the total amount payable under the loan agreement.

*There are cases where P has deliberately or fraudulently manipulated inflation data and the estimates they used weren't accurate.*

The CMC said in their letter of claim that they had seen cases against P where the inflation data they used was manipulated by them. I've not seen sufficient evidence that this was a systemic issue which would lead me to think that P misled customers in every case.

It appears likely that any inaccuracy with the data was a result of human error rather than a fraudulent or deliberate attempt to mislead. We've seen cases for example where those errors resulted in a lower inflation rate being used – thereby making the potential benefits of

the system appear less than would have been the case if no error had occurred. This would make the system less attractive to customers, not more.

I've looked at the assumptions used by P, including the self-consumption rate, expected annual increase in utility prices (EPR) and expected annual RPI inflation increase. I am satisfied that P's method for calculating these are fair and reasonable.

P used Office of National Statistics (ONS) data to calculate the utility price and RPI inflation. I've looked at the actual yearly increases between 2016 and 2020 and the increases have been lower than predicted by P at the point of sale and that could explain why Mr H hasn't been receiving the financial returns he may have been expecting from the solar panels. Since actual energy prices have been lower than the modelling predicted, the savings achieved through the energy generated by the system has been correspondingly lower.

I can though see that the actual rates used by P in this particular sale weren't accurate. P said it used ONS data from 2006 to 2015 to estimate Mr H's benefits over the expected lifetime of the system. I've looked at the rates that ought to have been used and it seems P understated the EPR. So, if anything the error meant that the estimated benefits shown on the quote were less than they should've been. This is the opposite to what the CMC has suggested.

As I have explained, the assumptions used by P were based on the information available from the ONS. And based on this, I don't consider it unreasonable for P to have used them as the basis for calculating the potential financial benefit Mr H could've expected to receive from the system. So, whilst I can appreciate that the benefit may not have been as high as estimated at the point of sale, I'm not persuaded this was due to unreasonable assumptions being used by P at the time Mr H entered into the contract.

*Mr H was told the savings and income from the system would mean it paid for itself*

It's quite possible that Mr H was told the system was self-funding overall bearing in mind P's quote showed that the benefits of the system would exceed the loan repayments from year three. However, it's not possible for me to say why the system didn't perform as Mr H expected it to, or indeed was promised.

I say this bearing in mind that I haven't been given much in the way of FIT data for the system since it was fitted or any copies of Mr H's electricity bills to see the extent of any underperformance and possible reasons for this.

So, whilst I can appreciate that the benefit may not have been as high as estimated at the point of sale, I'm not persuaded this was due to unreasonable assumptions being used by P at the time Mr H entered into the contract (as I have explained above), nor can I be satisfied that this was down to underperformance of the system.

In summary, my decision is that:

- There was no misrepresentation or breach of contract on the part of P. As such, I don't think Shawbrook would have any liability under section 75 of the Act.
- I don't think a court would find that there was an unfair relationship between Shawbrook and Mr H due to the way P sold the system to him.

If Mr H wishes to accept Shawbrook's offer of £200 compensation for delays in complaint handling (if he hasn't done so already), he should contact Shawbrook directly.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 February 2024.

Daniel Picken  
**Ombudsman**