

The complaint

Mr H complains about Ikano Bank AB (publ)'s response to a claim he made under sections 75 and 140 of the Consumer Credit Act 1974.

What happened

In 2017, Mr H purchased a solar panel system ("the system") using a loan from Ikano, which was repayable over 120 months.

In 2021, a claims management company ("CMC") made a claim to Ikano on Mr H's behalf. This alleged that the supplier of the system had misrepresented it as being self-funding, in that the savings and income from the system would cover the loan repayments, so Mr H would not be worse off each month.

The CMC also said that Mr H's relationship with Ikano was unfair on him because of the misrepresentation and because:

- No suitable creditworthiness assessment was carried out.
- The required pre-contract information was not provided, including notice of the cancellation period.
- Mr H was pressured into the purchase because of the misrepresentations and because the credit agreement was not explained, so Mr H did not fully understand the costs.
- Ikano received a commission from the supplier.

Ikano rejected the claim. It did not accept there was any misrepresentation nor that its relationship with Mr H was unfair on him. Ikano said that no commission was paid in relation to the loan.

Unhappy with this, the CMC made a complaint on Mr H's behalf about Ikano's response. Since Ikano did not change its position, Mr H asked the Financial Ombudsman Service to look at the complaint.

Our investigator did not recommend the complaint be upheld. Mr H did not agree. He reiterated that the only reason he bought the solar panels was because he was told they were self-funding and that he shouldn't worry about the figures in the paperwork.

Because the complaint has not been resolved, I've been asked to make a 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.

Section 75 allows a debtor to claim against a creditor for any misrepresentation or breach of contract by the supplier of goods or services paid for using credit – in this case a point-of-

sale loan. Section 140 of the Consumer Credit Act allows the courts to consider whether the relationship between a creditor and debtor is unfair on the debtor.

Having taken everything relevant into account, I've decided not to uphold this complaint.

The sales documents clearly show the expected benefits of the system. This includes a table that shows the total first-year benefit from savings and income was estimated to be £214.49. This is clearly much less than the annual loan repayments of £764.88, which is shown as £63.74 per month on the credit agreement.

Another contract was signed on the same day, which had lower estimated benefits. But I have quoted figures from the contract I think is most relevant to the sale. This showed more solar panels (and said it included an upgrade) and more closely matches the system that was installed, which had a slightly higher output according to the MCS certificate.

Mr H signed the contract, and the figures were hand-written on it. So, I think it is likely that this formed part of the discussion of the benefit of the system.

Bearing in mind the information on the sales documents – I think it is unlikely that the supplier would've told Mr H that the system was self-funding in the way that has been alleged.

I'm also mindful that Mr H would've known within a few months of the installation that the benefits were not covering the monthly loan repayments. So, I'd have expected him to take action on this – such as complaining about it – much sooner than four years later if this did not match what he had been told.

I've thought about whether the relationship between Ikano and Mr H was unfair on him. But I'm not persuaded a court would conclude that it was.

I don't think there was a misrepresentation. And I think that Mr H was provided with the required information about the credit agreement, including the pre-contract information and cancellation notice. Ikano has confirmed that no commission was paid in relation to the credit agreement and provided information about the credit checks it carried out. These appear to be appropriate, and there's no suggestion that the lending was irresponsible or unaffordable for Mr H.

In summary, I don't think there was a misrepresentation by the supplier. And I don't think a court would conclude that the relationship between Ikano and Mr H was unfair on him. So, I do not think that Ikano did anything wrong when it rejected Mr H's complaint.

My final decision

For the reasons I've explained, I do not 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 20 February 2024.

Phillip Lai-Fang
Ombudsman