

The complaint

Mr H has complained that Ikano Bank AB (publ) "Ikano" has rejected his claim against it under Section 75 of the Consumer Credit Act 1974 "the Act".

What happened

Mr H bought solar panels for his home in May/June 2018. The purchase was funded by a loan from Ikano. Mr H alleges that he was mis-led by the supplier that the panels would be self-funding.

Mr H later contacted Ikano bank. He said he had been mis-led about the benefits of the solar panel system and was told benefits would effectively cover the cost of the loan. He also said he had not made the savings he had expected, he had been pressured into the sale, and appropriate checks were not carried out around the affordability of the loan at the time of sale.

Ikano responded to Mr H saying the documentation made it clear the panels would not be self-funding, there was no evidence he had been pressured into the sale and that appropriate checks around affordability had been carried out at the times. Mr H then made a complaint about the alleged mis-representation of the panels, and Ikano issued their final response reiterating that they felt the documentation was clear.

As Mr H wasn't happy, he brought his complaint to this service. His case was considered by one of our investigators who concluded that the documents from the time of sale made it clear that the benefits of the panels would not cover the cost of the loan and that he did not believe the benefits had been mis-represented to Mr H. He did not find any other reason to uphold the complaint.

Mr H did not agree and reiterated that he'd been told the panels would be self-funding. As the matter could not be resolved, the case was passed for ombudsman 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.

In this case the relevant law includes section 56, section 75 and section 140 of the Act. Section 75 provides protection for consumers for goods or services bought using credit. As Mr H paid for the system with a fixed sum loan agreement, Ikano agrees that section 75 applies to this transaction. This means that Mr H 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 section 75 into account when deciding what is fair in the circumstances of this case.

Section 56 is also relevant. This is because it says that any negotiations between Mr H and the supplier, are deemed to have been conducted by supplier as an agent of Ikano.

Section 140 provides protection if the relationship between the two parties is deemed unfair.

For the purpose of this decision, I've used the definition of a misrepresentation as 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, for the same reasons as those explained by the investigator, I do not uphold this complaint.

I've looked at the credit agreement provided to Mr H which sets out the cash price of the system £6,495, the total amount payable £10,999.84, the cost of the credit and the duration of the loan. It also sets out that Mr H would need to pay 119 monthly repayments of £91.68. Mr H has signed this. I'm satisfied this is clear and not mis-leading.

I've also considered the other documents given to Mr H at the time.

Mr H has signed a two-page document setting out technical information about the system, and the terms of the contract. This includes information about the cash price of the system and indicates that Mr H would be paying by finance. There is also a section titled Feed-In Tariff and Payback.

This section is directly above Mr H's signature and sets out the likely generation payment, likely export payment and likely electricity savings. The final box labelled Estimated Total 1st Year Benefit gives two amounts - £269.87, based on 25% electricity savings and £390.50, based on 50% electricity savings.

Bearing this in mind, I think it's apparent that in order to repay £6,495 in 10 years he would need £649 annually to meet the loan payments (and this is without any interest or charges). But his estimated total first year benefit was a maximum of £390.50.

The sales contract I've described above, in my view, clearly displays the expected first year benefit Mr H would receive against the cash price – which shows the solar panels would not immediately cover the cost of his system. Mr H 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. To my mind, if Mr H had been told something significantly different to what his paperwork said, I would have expected this to have been questioned at the time.

While I've carefully considered Mr H's testimony, 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.

For completeness, I've also considered the points around whether Mr H was pressured into the sale and about the affordability checks carried out at the time.

I'm mindful that the credit agreement included a cooling off period of 14 days, and the actual installation did not take place until nearly three weeks later. I think therefore, had Mr H felt

pressured by the salesman, there was scope for this to be raised at that time or for him to withdraw from the contract fully prior to the installation. In the absence of any evidence to show these concerns raised at the time, I can't conclude that this was the case.

Ikano have said that appropriate checks for affordability were carried out at the time, and I've seen no evidence that Mr H was struggling to make his payments, or that he contacted Ikano about this prior to his complaint, so I'm unable to conclude that there was any issue with the checks carried out.

My final decision

For the reasons I've explained, 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 4 October 2024.

Sarah Holmes
Ombudsman