

## **The complaint**

Mrs P has complained about the way Shawbrook Bank Limited responded to claims she'd made under section 75 ("s.75") of the Consumer Credit Act 1974 (the "CCA") and in relation to an alleged unfair relationship taking into account section 140A ("s.140A") of the CCA.

Mrs P has been represented in bringing her complaint but, to keep things simple, I'll refer to Mrs P throughout.

## **What happened**

In May 2017 Mrs P entered into a fixed sum loan agreement with Shawbrook to pay for a £8,846.45 solar panel system ("the system") from a supplier I'll call "S". The agreement was for 15 years, and Mrs P was due to pay 180 instalments of around £90. The total amount payable under the agreement was £16,628.40, which included £7,781.95 of interest.

I understand Mrs P put in a claim and complaint with Shawbrook in February 2022 saying S told her the income she'd receive through the Feed in Tariff (FIT) payments and savings through her electricity bills would be equal to or greater than her monthly repayments, so the system would be self-funding. Mrs P said the estimated benefits had been over-exaggerated to induce her to enter into the contract. Mrs P said S was subject of a disciplinary investigation by the Renewable Energy Consumer Code (RECC). Mrs P said S didn't go through the sales paperwork properly or supply relevant information until after the sale. She referenced a 12 year payback time and said the system hasn't performed as promised. Mrs P said the system was misrepresented and the statements and several other actions of S created an unfair relationship between herself and Shawbrook.

Shawbrook spoke to S and responded to the claim. It said S would not have said the FIT payments would cover the loan cost, nor that the system would be self-funding from the outset. It referred to a quote which it said formed part of the sales presentation. And it said this document clearly set out the estimated financial benefits of the system. It said Mrs P received the estimated FIT payments and that the system had been overperforming. It said Mrs P hadn't achieved the savings on her electricity bills that were estimated but that she should speak to S about how she could increase those savings. It said the quote was clear, but it wanted to offer £200 for the delay in responding to the claim.

Mrs P didn't agree and referred her complaint to the Financial Ombudsman. Shawbrook issued a final response in June 2023 reiterating what it had said previously. Mrs P remained unhappy.

One of our investigators looked into things and thought Shawbrook's answer was broadly fair, so he didn't make any recommendations.

Mrs P didn't agree, so the complaint has been passed to me to decide.

## **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.

I want to acknowledge that whilst I've summarised the events of the complaint, I've reviewed everything on file. If I don't comment on something, it's not because I haven't thought about it. I'm focussing on what I consider are the key issues.

Mrs P paid for the system using a fixed sum loan agreement. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to these sorts of agreements.

S.75 of the CCA makes Shawbrook responsible for a breach of contract or misrepresentation by S under certain conditions. I think the necessary relationships between the parties exists and the claim is within the relevant financial limits. Section 56 ("s.56") of the CCA also makes Shawbrook responsible for the antecedent negotiations carried out by S.

Mrs P has said the estimated financial benefits of the system were misrepresented. I've taken account of what Mrs P has said and I've looked at the documentation to help me decide what I think is most likely to have happened. I've been supplied several documents by the parties including the fixed sum loan agreement and solar quote titled 'Your Personal Solar Quotation'.

The fixed sum loan agreement sets out the amount being borrowed; the interest charged; the total amount payable; the term; and the contractual monthly loan repayments. I think this was set out clearly enough for Mrs P to be able to understand what was required to be repaid towards the agreement.

The quote is a detailed document that sets out key information about the system, the expected performance of it, as well as the financial benefits and certain technical information. S told Shawbrook this formed a central part of the sales process and that the salesperson would've discussed it in detail with Mrs P prior to her agreeing to enter into the contract. Given the form is signed in various places, on balance I think the salesperson did go through it with Mrs P during the meeting.

The quote sets out the estimated income Mrs P could expect to receive by way of FIT payments that would be paid for 20 years. This sets out the total income Mrs P could expect to receive in the first year was £165.21, and that the average over 20 years would be £243.37. The quote also sets out Mrs P could expect to save around £292.98 in the first year, and that with assumed rate of energy increases the average annual electricity savings over 25 years would be £771.50 – depending on the amounts used.

There's a section titled 'Putting it all together' that summarises the income and savings and when taking into account any optional extras chosen by Mrs P the combined income and savings for year one is shown as £755.19 (which results in a monthly benefit of around £60). It also summarises the 20-year tariff income; 25-year electricity savings; savings from optional extras; cost of the system; and estimated profit. And I can see it says there's an estimated 10-year payback time. But this section applies if the system is bought outright. It doesn't include details of the interest Mrs P was required to pay under the loan agreement.

There is another section titled 'Repayments' with tables showing repayments (towards credit agreements) over different terms. The relevant loan term for Mrs P is set out in the table for 180 payments of around £90 (which broadly matches the loan agreement). I think this table shows the annual benefit; estimated monthly return; and monthly repayment difference clearly enough to show the system wouldn't initially provide enough benefits to make it self-funding. It wasn't until year 8 that the system shows there was a positive repayment difference. Mrs P was required to sign under this section to show she understood.

There's another table titled 'Estimated performance over 25 years' included in the quote. Given I've found the credit agreement was clear enough for Mrs P to have seen how much was required to be paid, and over how long if the loan ran to term, I think Mrs P would have been able to see from the quote when the system was estimated to have produced enough benefit to have covered the cost of the system and the associated finance agreement. Mrs P would have seen that if the loan ran to term, she would have been required to pay around £16,600, and that by comparing to the table I've mentioned above, it wouldn't have been until around year 15 that the system would have likely produced enough benefit to have covered the cost of it.

Mrs P is arguing, from what I can see, that in reality she's not receiving as much benefit from the system as she was promised. I've looked at the performance of it using her FIT generation readings. It looks like the system is yielding around 2,800kWh annually whereas the estimate was 2,500kWh so I think it is overperforming and the FIT payments Mrs P will receive should reflect that and continue to do so.

Mrs P highlighted her electricity savings aren't as high as they should be. My understanding is that S tailored the estimated self-consumption rate based on what it knew about Mrs P and how she used electricity. It didn't just use a flat rate for everyone. It asked Mrs P how much she spent on electric bills per month and included that on the quote – which I note is a higher figure than what is later highlighted as part of the complaint. I don't think it was unreasonable for S to rely on what Mrs P told it was her electricity spend when calculating the electricity saving the system would generate. And given the type of commercial property this is, it's not unusual that the self-consumption percentage is higher than average because more electricity would be expected to be self-consumed.

The quote also explained it used Office for National Statistics (ONS) data for 10 years (2006 – 2015) to predict what would happen going forwards. It said in reality the return could be higher or lower depending on the growth and it gave different graphs for estimated savings for different scenarios. I've not seen enough evidence to persuade me the rate it used was unreasonable.

Mrs P has referred to historical RECC action against S in 2013. I've taken this on board, but I'm mindful this was historical and I'm aware S made several changes off the back of that action. I understand it worked with Trading Standards to improve the sales process, including enhancing the paperwork and documentation to ensure compliance with relevant legislation. I'm mindful of that while considering the individual circumstances of Mrs P's complaint.

Given I think the fixed sum loan was clear enough and the quote setting out the estimated financial benefits was signed in various places, on balance, I think it likely S went through it with Mrs P as part of the sales process. I'd have expected her to have queried straight away if something on the quote didn't match what she was told.

Overall, for the reasons given above, I haven't seen enough to determine there was a breach of contract with regards to the installation. And I've not seen enough to determine the system was misrepresented.

I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here. Therefore, while I'm sorry to hear Mrs P is unhappy, I don't find I have the grounds to direct Shawbrook to take any other action. I think it's £200 offer in relation to the delay in dealing with the claim is fair, and reflects the impact of that on Mrs P.

### **My final decision**

Shawbrook Bank Limited offered Mrs P £200 compensation. I think this offer is fair in all the circumstances. So my decision is that, to the extent not done so already, Shawbrook Bank Limited should pay Mrs P £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 11 December 2024.

Simon Wingfield  
**Ombudsman**