

## **The complaint**

Mr S complains that Ikano Bank AB (publ) rejected his claim under Sections 75 and 140 of the Consumer Credit Act 1974.

## **What happened**

In 2019, Mr S agreed to purchase a solar panel system (“the system”) from a supplier. Before installation he agreed to add a battery to the system. He paid for the system using a fixed sum loan agreement from Ikano.

In 2022, a claims management company (“CMC”) made a claim to Ikano on behalf of Mr S. It alleged that Mr S had been told by the supplier that the system would pay for itself, in that the savings would be sufficient to cover the monthly loan repayments. And that this misrepresentation made Mr S’s relationship with Ikano unfair on him.

Ikano responded to reject the claim. It said the documents from the time of sale made it clear that the system was not self-funding, and that its relationship with Mr S was not unfair on him.

The CMC then made a complaint on Mr S’s behalf and asked the Financial Ombudsman Service to look at this. Our investigator recommended the complaint be upheld, but Ikano disagreed. As such, I’ve been asked to make a decision.

I issued a provisional decision explaining why I was not planning to uphold the complaint. Ikano acknowledged this but neither Ikano nor Mr S provided anything else for me to consider. As such, this final decision is in line with my provisional decision – I have not upheld this complaint.

## **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 means that Ikano can be held liable for a misrepresentation or breach of contract on the part of the supplier. And Section 140 means that a court can consider whether the relationship between a creditor and debtor is unfair on the debtor. In this case that could include the court taking into account what the supplier told Mr S during the sale of the system.

Ikano should’ve taken Sections 75 and 140 into account when responding to Mr S’s claim and complaint. So, I’ve thought about this when reaching my decision.

The allegation here is that the supplier misrepresented the system by telling Mr S that the savings from it would cover the monthly loan repayments. And that hasn’t happened. But I can’t simply accept that allegation as fact. I must take into account all of the available evidence, including the documents that were completed at the time of sale and signed by Mr S. Given that he signed them, it is clear that he saw them at the time.

There are two sets of documents. The first are from 15 July 2019. This includes a contract and loan agreement. The loan agreement makes clear what Mr S had agreed to pay for the system. The contract indicates the system included solar panels and boiler management and that in total the savings he could expect from these were up to £439.09 in the first year. This equates to £36.59 per month.

The monthly loan repayments shown on the loan agreement are £90.09 per month. Given the monthly benefit is much lower than the monthly loan repayment, I think it is unlikely that the supplier would've said the system would pay for itself in the way that has been alleged.

The second set of documents are dated 29 July 2019, which was also the day of installation. Mr S has said that the supplier contacted him a few days before this to suggest adding a battery to the installation. It seems likely that the impact of that would've been discussed at that time and that he would've verbally agreed to the changes, including the increased cost at that time. The updated contract makes clear the effect of this, including the increase in price and expected savings, which were up to £727.52 in the first year. This equates to £60.62 per month.

I appreciate that Mr S has said the updated documents were received and signed on the day of installation. So, Mr S may have had limited time to consider their contents. But I think that if the information on the benefits significantly differed to what he had previously been told, he would've raised this issue at the time. And if he'd been unhappy with this he could've pulled out of the purchase at that point or taken other action (such as making a claim or complaint to the supplier) much sooner than he did. That he didn't do so suggests that what is shown on the documents did not differ from what he had been told.

The updated loan agreement signed on the same day shows the monthly loan repayments would be £140.76 per month. So, again the repayments were much more than the estimated benefits of the system. And I think it is unlikely that the system would've been represented as being self-funding in the way alleged.

I understand that some of the benefits are no longer available due to the energy company going out of business. But I don't think that was reasonably foreseeable at the time of sale. And it was beyond the control of the supplier.

In light of the above, I am not persuaded there was a misrepresentation on the part of the supplier such that Ikano should've acted differently. Nor have I seen anything that makes me think Ikano's relationship with Mr S was unfair on him. So, I don't uphold this 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 S to accept or reject my decision before 22 February 2024.

Phillip Lai-Fang  
**Ombudsman**