

The complaint

Mr D has complained about the way Ikano Bank AB (publ) ("Ikano") responded to claims he'd made under section 75 ("s.75") of the Consumer Credit Act 1974 ("the CCA"), and an alleged unfair relationship taking into account section 140A ("s.140A") of the CCA.

Mr D has been represented in this matter. For simplicity I will refer throughout to Mr D.

What happened

On 12 May 2018 Mr D entered into a fixed sum loan agreement with Ikano to pay for a solar panel system ("the system") from a supplier I'll call "P". The cost of the system was £9,491.71. Mr D paid a deposit of £100. The loan was for £9,391.71 and the total amount payable under the agreement was £12,397.18. Mr D was due to pay back the agreement with 119 monthly repayments of £103.31 followed by a single payment of £103.29.

Mr D put in a claim with Ikano explaining he thought the system was mis-sold. In summary, he said that P:

- Told him that the system would be self-funding.
- Had deliberately misled him at the point of sale as the system has not been self-funding.
- Ikano was responsible for the misleading statements made by P.

Ultimately, Mr D said the system was misrepresented and believed the statements and several other actions at the time of the sale created an unfair relationship between himself and Ikano.

After the complaint was referred to this service, Ikano sent a final response letter and said the documentation provided didn't show that the system had been misrepresented.

Mr D's complaint was considered by an Investigator. In summary they thought that documentation from the time of the sale showed the estimated first year benefit was likely to be much less than what would be required to cover the credit agreement repayments. Consequently, they saw insufficient evidence to think that the system had been misrepresented to Mr D. Our investigator didn't recommend that complaint be upheld.

Mr D was disappointed with that assessment and as things weren't resolved, 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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right

outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Merits

What happened?

Mr D says he was verbally misled the system would effectively pay for itself. I've taken account of what Mr D says he was told. I've also reviewed the documentation that I've been supplied.

The fixed sum loan agreement signed by Mr D and dated 12 May 2018 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 Mr D to be able to understand what was required to be repaid towards the agreement.

I'm also mindful that the order form signed by Mr D and dated 12 May 2018, contained a section which described the estimated annual output and likely benefits. This suggested the estimated year one benefits could be between £385.40 and £529. This information is prominently displayed and is on the same page that was signed by Mr D.

I think the above mentioned information ought to have shown Mr D the savings wouldn't have covered the annual loan repayments cost which was around £1,239.72. I would have expected Mr D to have queried the shortfall if she'd been told the system would be self-funding.

I'm not pretending this is straightforward, but it seems more likely that it would have been straight-forward enough for Mr D to have seen the system wouldn't be self-funding, based on the evidence he had at the time and which he signed.

Overall, while I've carefully considered what Mr D says he was told, given what I've set out above, I'm not persuaded there's sufficient evidence Mr D was misled the system would be self-funding. Therefore, I don't have the grounds to say that Ikano misrepresented the system to Mr D or are liable for an unfair relationship in this matter. And I've seen insufficient evidence to say that Ikano's decision to decline the claim was unfair.

Unfair relationship

I am not persuaded that a court would conclude Mr D's relationship with Ikano was unfair on him because:

- No commission was paid to the supplier by Ikano.
- Mr D was provided with pre-contract information, including his cancellation rights.
- The loan agreement clearly set out the costs, including the monthly loan repayments and total amount repayable, so I think Mr D would've understood this.

Additional points

The installation happened in 2018. Mr D told us he had an issue with the quality of the installation in 2022. The contract agreement explained that P provided a warranty of two years on the quality of its installation. That means the issue happened after that warranty had expired.

It's possible that Mr D may yet be able to get the manufacturer to assess the issue if the products are found to be within the manufacturer's warranty. But that is not something I can consider against the lender.

Mr D has told us that the savings have been less than the estimated savings in the contract. I have seen no evidence that those figures were anything other than estimated benefits. And Mr D told us that the system was installed not long after he bought the house. As such there is little or no pre system cost information for me to assess. As a result, I do not think that the supplier's alleged failures have been sufficiently evidenced for me to think this amounted to a breach of contract.

Summary

Overall, I do not think the alleged misrepresentation took place or that the relationship between Mr D and Ikano was unfair on him. So, I don't think that Ikano acted unfairly when it rejected Mr D's claim and complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 February 2025.

Douglas Sayers
Ombudsman