

## **The complaint**

Mr M has complained that Project Solar UK Ltd misled him about the financial benefits he could expect from a solar panel system it sold to him.

Mr M has been represented in bringing his complaint but, to keep things simple, I'll refer to Mr M throughout.

## **What happened**

In November 2018 Mr M bought a solar panel system ("the system") from Project Solar using a 15-year fixed sum loan agreement it arranged through a finance provider I'll call "S". The system cost £9,765. He paid a £100 deposit and was due to repay the agreement over 180 months with monthly repayments of around £100. The total amount payable under the agreement, with interest applied, was around £18,500 if it ran to term. I understand Mr M settled the agreement early in January 2021.

Mr M sent a letter of complaint in February 2023 alleging Project Solar misled him with regards to the financial benefits he could expect to receive from the system. He said Project Solar told him it would be self-funding within the 15-year loan term. Mr M said the system had underperformed; the benefits from the system were grossly overstated and the system has been nowhere near 'self-funding'.

Project Solar responded to say it didn't agree the benefits of the system were misrepresented. It said documentation was clear in setting out the estimated benefits. It said Mr M had enough time to go through the documents, and that he signed a satisfaction note. It said it wasn't conceivable that the salesperson would have misled Mr M verbally while going through a presentation that showed something different. It said Mr M hadn't shown enough evidence for it to assess the savings he had or hadn't received.

Project Solar did, however, say it could see Mr M received less through feed in tariff (FIT) payments within the 1<sup>st</sup> year of installation than was estimated. It said Mr M made a complaint about this in 2019 and it offered him £511.58 so that he didn't lose out financially. But it said it didn't receive the acceptance form back. It said having taken the reading from March 2023 the amount of generation was within the 10% tolerance level as per MCS guidelines, so it was performing as expected. It said if Mr M had further issues, he should contact its maintenance team. It said the system hadn't degraded by more than estimated. The initial performance issue was due to a fixed maintenance issue. It said it was willing to honour the offer made previously.

One of our investigators looked into things and thought Project Solar's response was broadly fair.

Mr M didn't agree, he said the system was underperforming significantly based on FIT statements. He said it was underperforming closer to 50%, and that based on the current evidence, the estimated performance tables were incorrect. He reiterated the financial benefits were misrepresented.

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'm considering whether Project Solar, a credit broker, misled Mr M with regards to the financial benefits of the system. On the one hand Mr M said he was told the system would pay for itself within the loan term. On the other hand, in another document, he's also said Project Solar told him the system would pay for itself within 11 years. The evidence is slightly conflicting, so 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'. I've considered these alongside Mr M's testimony when deciding on balance what's most likely to have happened.

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 Mr M 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. Project Solar said this formed a central part of the sales process and that the salesperson would've discussed it in detail with Mr M prior to him 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 Mr M during the meeting.

The quote sets out the estimated income Mr M could expect to receive by way of FIT payments that would be paid for 20 years. This sets out the total income Mr M could expect to receive in the first year was £277.60, and that the average over 20 years would be £402.70. The quote also sets out Mr M could expect electricity bill savings of around £345.58 in the first year, and that with an assumed rate of energy increases the average annual electricity savings over 25 years would be £818.08 – depending on the amounts used.

There's a section titled 'Putting it all together' that summarises the income and savings. When taking into account the optional extras chosen by Mr M the combined income and savings for year one is shown as £709.58 (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 say there's an estimated 11-year payback time. But this section applies if the system is bought outright. It doesn't include details of the interest Mr M 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 Mr M is set out in the table for 180 payments of around £100 with interest at around 10% (which broadly matches the loan agreement). This table shows:

**180 payments of £103.27 p/m at 9.9%**

Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£709.58	£59.13	£-44.14
2	£747.72	£62.31	£-40.96
3	£788.17	£65.68	£-37.59
4	£828.18	£69.02	£-34.25
6	£915.31	£76.28	£-26.99
7	£962.72	£80.23	£-23.04
8	£1,012.91	£84.41	£-18.86
9	£1,066.05	£88.84	£-14.43
10	£1,122.32	£93.53	£-9.74
11	£1,181.93	£98.49	£-4.78
12	£1,245.08	£103.76	£0.49
13	£1,311.99	£109.33	£6.06
14	£1,382.90	£115.24	£11.97
15	£1,458.06	£121.50	£18.23

I think the table sets out 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 12 that the system shows there was a positive repayment difference. Mr M was required to sign under this section to show he understood.

There's another table titled 'Estimated performance over 25 years' included in the quote:

### Estimated performance over 25 years

Panel degradation	Yr	Income		Elec. savings	Energy saving optional extras *	Total income savings	Acc. grand total	Est. monthly return	Ann. ROI
		Generation Tariff	Export Tariff		VO savings				
100.00%	1	£165.36	£112.24	£345.58	£86.40	£709.58	£709.58	£59.13	7.27%
100.00%	2	£170.27	£115.57	£369.49	£92.38	£747.72	£1,457.30	£62.31	7.66%
100.00%	3	£175.33	£119.01	£395.06	£98.77	£788.17	£2,245.47	£65.68	8.07%
99.60%	4	£179.81	£122.05	£420.71	£105.61	£828.18	£3,073.65	£69.02	8.48%
99.20%	5	£184.41	£125.17	£448.02	£112.91	£870.51	£3,944.16	£72.54	8.91%
98.80%	6	£189.12	£128.37	£477.09	£120.73	£915.31	£4,859.47	£76.28	9.37%
98.40%	7	£193.95	£131.65	£508.04	£129.08	£962.72	£5,822.19	£80.23	9.86%
98.00%	8	£198.90	£135.00	£540.99	£138.02	£1,012.91	£6,835.09	£84.41	10.37%
97.60%	9	£203.97	£138.45	£576.06	£147.57	£1,066.05	£7,901.14	£88.84	10.92%
97.20%	10	£209.17	£141.97	£613.40	£157.78	£1,122.32	£9,023.46	£93.53	11.49%
96.80%	11	£214.49	£145.59	£653.15	£168.70	£1,181.93	£10,205.39	£98.49	12.10%
96.40%	12	£219.95	£149.29	£695.46	£180.37	£1,245.08	£11,450.47	£103.76	12.75%
96.00%	13	£225.54	£153.09	£740.50	£192.85	£1,311.99	£12,762.45	£109.33	13.44%
95.60%	14	£231.27	£156.98	£788.45	£206.20	£1,382.90	£14,145.35	£115.24	14.16%
95.20%	15	£237.15	£160.97	£839.48	£220.46	£1,458.06	£15,603.41	£121.50	14.93%
94.80%	16	£243.16	£165.05	£893.80	£235.72	£1,537.74	£17,141.15	£128.14	15.75%
94.40%	17	£249.33	£169.24	£951.62	£252.03	£1,622.22	£18,763.37	£135.18	16.61%
94.00%	18	£255.65	£173.52	£1,013.16	£269.47	£1,711.80	£20,475.17	£142.65	17.53%
93.60%	19	£262.12	£177.92	£1,078.66	£288.12	£1,806.82	£22,281.99	£150.57	18.50%
93.20%	20	£268.75	£182.42	£1,148.38	£308.06	£1,907.60	£24,189.60	£158.97	19.54%
91.20%	21-25	£0.00	£0.00	£6,954.94	£1,891.14	£8,846.08	£33,035.68	£147.43	18.12%
Totals		£4,277.71	£2,903.54	£20,452.06	£5,402.36	£33,035.68	£33,035.68	Ave. ROI:	13.53%

Given I've found the credit agreement was clear enough for Mr M to have seen how much was required to be paid, and over how long if the loan ran to term, I think Mr M would have been able to see from the quote when the system would have produced enough benefit to have covered the cost of the system and the associated finance agreement. Mr M would have seen that if the loan ran to term, he would have been required to pay around £18,500, and that by comparing to the table above, it wouldn't have been until around year 17 that the system would have likely produced enough benefit to have covered the cost of it. As I understand, Mr M settled the agreement early, so the actual time would be significantly less because he wouldn't have paid as much interest.

Given the quote was signed in various places, on balance, I think it likely Project Solar went through it with Mr M as part of the sales process. I've not seen enough to determine Project Solar told Mr M the system would be self-funding within 11 years, or within the loan term (seeing as though it was bought using credit). And if it had made that representation, I'd have expected Mr M to have queried it straight away.

On balance, I'm satisfied that with the two documents (the quote and the fixed sum loan agreement), Project Solar made it clear enough that although the cost of the system was £9,765, it would cost more than this because Mr M had decided to pay for it with a loan. And I think it gave him enough information about the financial benefits of the system to help him make an informed choice when deciding whether to enter into the agreement.

Mr M also mentioned Project Solar used incorrect assumptions with regards to the self-consumption rate, which is the proportion of electricity generated by the system that he'd use himself. Mr M said Project Solar used a rate of around 50% but it should have used an industry standard rate of 37%. My understanding is that Project Solar tailored the self-consumption rate based on what it knew about Mr M and how he used electricity. I don't think this was unreasonable, and I've not seen enough evidence to persuade me the rate it used was unreasonable.

Overall, I've not seen enough to safely conclude Project Solar misled Mr M about the self-funding nature of the system.

However, I've also gone on to consider the performance of the system in the context of the representations Project Solar made. Mr M has said the performance of the system shows it was misrepresented.

It doesn't seem to be in dispute there was an issue with the system in the first year. Project Solar has acknowledged this and offered Mr M £511.58 to cover the lost benefit. I've looked at Mr M's FIT statement and there does look like there was an issue. The system was commissioned in November 2018, and was expected to yield around 4,284kWh. This was meant to lead to Mr M receiving a total 1<sup>st</sup> year benefit of around £700. I can only see he received around £150 through FIT by December 2019. And the meter reading was only around 2,300kWh by that time. Which is far less than was estimated. But Project Solar has made the offer of around £511.58, which broadly seems fair, and puts Mr M in the position he should have been in. It's also said the maintenance issue was resolved when Mr M complained at the time.

From December 2019 onwards, it seems as though the system is performing broadly at what was estimated – around 4,000kWh annually. I've calculated this by looking at the generation readings from December 2019 to September 2022 by using Mr M's FIT statement.

Taking all this into account, I think there was an issue with the system within the first year. But I think that was a separate issue to the allegations that Mr M raised about how the financial benefits were presented. In any event, I think Project Solar's offer seems broadly fair in all the circumstances because it puts Mr M back in the position he should have been in. Moreover, if Mr M wanted to complain about a fault with the system, he'd need to take it up with S first if he wanted our service to consider this. I can't consider that sort of complaint against Project Solar.

I'd like to have been more certain Project Solar misled Mr M about the financial benefits of the system, or that it sold the system as being self-funding. Overall, on balance, I don't find it misrepresented the financial benefits of the system. I think it presented the information to Mr M in a way that was clear, fair and not misleading. And, while I think the first year's 'loss' was down to a separate issue, I think Project Solar's offer for that seems fair and reasonable. I'm not going to direct it to take any other action.

### **My final decision**

Project Solar UK Ltd has offered £511.58 to resolve this complaint. I think this offer is fair and reasonable. So my decision is that Project Solar UK Ltd should, to the extent not done so already, pay Mr M £511.58.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 December 2024.

Simon Wingfield  
**Ombudsman**

