

## **The complaint**

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

Mr M is represented in the complaint by a claims management company ("the CMC").

## **What happened**

In May 2017, Mr M bought a solar panel system ("the system") from Project Solar using a 15-year fixed sum loan agreement they arranged through a finance provider I'll call "S". The cash price of the system was £9,200. He paid a £100 deposit and was required to repay the agreement over 180 months with monthly repayments of £96.53. The total amount payable under the agreement, with interest applied, was £17,475.40.

The CMC sent a letter of complaint in March 2023 alleging Project Solar misled Mr M about the financial benefits he could expect to receive from the system. They said that Project Solar told Mr M it would be self-funding within the loan term, the system had underperformed, the benefits were heavily overstated, the panels were degrading, and that Project Solar had used an inappropriate self-consumption rate.

Project Solar responded saying they didn't agree that the benefits of the system had been misrepresented. They said the documentation clearly set out the estimated benefits and that it wasn't conceivable that the salesperson misled Mr M verbally while going through a presentation which showed something different. They also said Mr M had never flagged up any issues with the system despite it generating less than was estimated. And they said there could be several reasons why the panels had degraded, and that degradation wasn't necessarily the reason why the panels hadn't generated the estimated figures in the quote.

One of our investigators looked into what happened but didn't think that Project Solar needed to take any action.

The CMC didn't agree. They said the system was underperforming significantly and this was shown on Mr M's FIT statements. They also said the system wouldn't pay for itself or produce the estimated savings and benefits by year 18 as had been stated by our investigator. They said Project Solar had over-inflated the estimated savings and benefits and they reiterated their point that the system had been misrepresented to Mr M taking all these factors into account.

Mr M's 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 been supplied with several documents by the parties including a copy of the finance

agreement and solar quote titled 'Your Personal Solar Quotation'. I've considered these alongside the submissions made by the CMC 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 have discussed it in detail with Mr M prior to him agreeing to enter into the contract. Given the form is signed, 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 £118.47, and that the average over 20 years would be £174.45. The quote also sets out Mr M could expect electricity savings of £207.87 in the first year, and that with assumed rate of energy increases the average annual electricity savings over 25 years would be £547.38 – depending on the amounts used.

There's a section in the quote titled 'Putting it all together' that summarises the income and savings and when taking into account the optional extras chosen by Mr M the combined income and savings for year one is shown as £559.62 (which results in a monthly benefit of £46.64). 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 the quote says there's an estimated 12-year payback time. But this section applies if the system is bought outright, which in my view is set out clearly and reasonably prominently.

There is another section titled 'Repayments' which I have set out on the following page, 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 £97.23 with interest at 9.9%, which broadly matches what is set out in the loan agreement.

### 180 payments of £97.23 p/m

Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£559.62	£46.63	£-50.60
2	£595.34	£49.61	£-47.62
3	£633.50	£52.79	£-44.44
4	£674.29	£56.19	£-41.04
5	£717.88	£59.82	£-37.41
6	£764.48	£63.71	£-33.52
7	£814.30	£67.86	£-29.37
8	£867.57	£72.30	£-24.93
9	£924.53	£77.04	£-20.19
10	£985.46	£82.12	£-15.11
11	£1,050.62	£87.55	£-9.68

Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
12	£1,120.33	£93.36	£-3.87
13	£1,194.91	£99.58	£2.35
14	£1,274.70	£106.23	£9.00
15	£1,360.08	£113.34	£16.11

I think the table sets out the annual costs; 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 13 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, as shown on the next page of my decision.

## 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	Heating control	H/W controller	Battery storage	Boiler doctor				
100.0%	1	£73.70	£44.77	£207.87	£172.80	£0.00	£80.48	£0.00	£0.00	£559.62	£559.62	£46.63	6.08%
100.0%	2	£75.94	£46.13	£223.00	£185.38	£0.00	£84.88	£0.00	£0.00	£595.33	£1,154.95	£49.61	6.47%
100.0%	3	£78.25	£47.53	£239.24	£198.88	£0.00	£89.61	£0.00	£0.00	£633.51	£1,788.46	£52.79	6.89%
99.6%	4	£80.31	£48.78	£255.62	£213.35	£0.00	£74.67	£0.00	£0.00	£672.73	£2,461.19	£56.06	7.31%
99.2%	5	£82.42	£50.07	£273.14	£228.89	£0.00	£80.11	£0.00	£0.00	£714.62	£3,175.81	£59.55	7.77%
98.8%	6	£84.57	£51.38	£291.84	£245.55	£0.00	£85.94	£0.00	£0.00	£759.27	£3,935.09	£63.27	8.25%
98.4%	7	£86.80	£52.72	£311.82	£263.42	£0.00	£92.20	£0.00	£0.00	£806.96	£4,742.05	£67.25	8.77%
98.0%	8	£89.07	£54.11	£333.16	£282.60	£0.00	£98.91	£0.00	£0.00	£857.85	£5,599.90	£71.49	9.32%
97.6%	9	£91.40	£55.52	£355.96	£303.18	£0.00	£106.11	£0.00	£0.00	£912.17	£6,512.07	£76.01	9.91%
97.2%	10	£93.80	£56.98	£380.30	£325.25	£0.00	£113.84	£0.00	£0.00	£970.17	£7,482.24	£80.85	10.55%
96.8%	11	£96.25	£58.47	£406.31	£348.92	£0.00	£122.12	£0.00	£0.00	£1,032.06	£8,514.31	£86.01	11.22%
96.4%	12	£98.76	£60.00	£434.09	£374.33	£0.00	£131.01	£0.00	£0.00	£1,098.19	£9,612.50	£91.52	11.94%
96.0%	13	£101.35	£61.56	£463.76	£401.58	£0.00	£140.55	£0.00	£0.00	£1,168.80	£10,781.30	£97.40	12.70%
95.6%	14	£103.99	£63.17	£495.45	£430.81	£0.00	£150.78	£0.00	£0.00	£1,244.20	£12,025.50	£103.68	13.52%
95.2%	15	£106.71	£64.82	£529.28	£462.17	£0.00	£161.76	£0.00	£0.00	£1,324.74	£13,350.24	£110.40	14.40%
94.8%	16	£109.48	£66.51	£565.43	£495.82	£0.00	£173.54	£0.00	£0.00	£1,410.79	£14,761.04	£117.57	15.33%
94.4%	17	£112.34	£68.24	£604.04	£531.92	£0.00	£186.17	£0.00	£0.00	£1,502.71	£16,263.74	£125.23	16.33%
94.0%	18	£115.26	£70.02	£645.26	£570.64	£0.00	£199.72	£0.00	£0.00	£1,600.91	£17,864.65	£133.41	17.40%
93.6%	19	£118.26	£71.84	£689.30	£612.18	£0.00	£214.26	£0.00	£0.00	£1,705.84	£19,570.49	£142.15	18.54%
93.2%	20	£121.34	£73.71	£736.32	£656.75	£0.00	£229.86	£0.00	£0.00	£1,817.98	£21,388.46	£151.50	19.76%
91.2%	21-25	£0.00	£0.00	£4,506.51	£4,074.44	£0.00	£1,426.06	£0.00	£0.00	£10,007.01	£31,395.46	£166.78	21.75%
Repair/Replace							£-1,250.00						
Totals		£1,920.00	£1,166.34	£12,947.69	£11,378.86	£0.00	£2,732.58	£0.00	£0.00	£30,145.46	£30,145.46	Ave. ROI:	13.11%

As I've mentioned above, 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. I think Mr M would have been able to see from the table above 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 be required to pay £17,475.40, and that by comparing to the table above, it wouldn't have been until around year 18 that the system would have likely produced enough benefit to have covered the cost of it.

Given the quote was signed, 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 15 years.

On balance, I'm satisfied that with the two documents (the quote and the credit agreement), Project Solar made it clear enough that although the cost of the system was £9,200, it would cost more than this because Mr M had decided to pay for it with a loan. And I think they 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. So, I've not seen enough to conclude Project Solar misled Mr M about the self-funding nature of the system.

I've 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.

The MCS certificate and quote sets out that the system is expected to produce 1,780.11 kWh a year. I've looked at a breakdown of FIT generation for the system and can see that, as of January 2023, it generated a total of 7,910 kWh. If I average that out each year from the time the system was installed, this shows that the system hasn't produced 1,780.11 kWh each year. However, I'm not satisfied that this, in and of itself, shows that the system and benefits of the system were misrepresented. There could be several reasons why the system hasn't generated as much as predicted and, as far as I know, Mr M hasn't asked for the system to be checked to determine the cause or whether there was a fault that could be remedied fairly easily. I take a similar view here on the reasons why the panels may have degraded as the CMC claims. This is something that should be investigated first; it doesn't in my view show evidence of a misrepresentation about the level of anticipated degradation as set out in the quote.

Mr M may wish to take up Project Solar's offer to have the system inspected. But any fault with the system would be something that Mr M would need to take up with S, if he wanted our service to then consider this. We wouldn't be able to consider that against Project Solar. I've only considered Project Solar's actions as a credit broker and whether they made any misrepresentations when it estimated the financial returns Mr M was likely to receive from the system.

I've also looked at the assumptions used by Project Solar, including the self-consumption rate, expected annual increases in utility prices and expected annual RPI inflation increases. I'm satisfied their method for using these were fair and reasonable. So, I don't think the figures quoted on the contract were misrepresentations, but reasonable estimates.

Project Solar says they used a self-consumption rate of 75% to calculate the savings from the solar panels. Self-consumption rate is the proportion of electricity generated by the panels that Project Solar assumed that Mr M could use, rather than exporting it to the grid. My understanding is that Project Solar tailored the self-consumption rate based on what it knew about the customer and how they used electricity. The CMC argues that Project Solar should have used the "industry standard" self-consumption rate of 37% when calculating the savings, especially in view of Mr M's circumstances. But I don't think it was unreasonable for Project Solar to tailor the self-consumption rate based on the information available to them. And I've not seen sufficient evidence to persuade me that that rate used by them was unreasonable in this instance.

Overall, 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. On balance, I don't find they misrepresented the financial benefits of the system. I think they presented the information to Mr M in a way that was clear, fair, and not misleading. So, for those reasons and for the reasons I've set out above in my decision, I won't be upholding Mr M's complaint.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 December 2024.

Daniel Picken  
**Ombudsman**