

The complaint

Mrs P complains that Project Solar UK Ltd (“Project Solar”) misled her about the financial benefits she could expect from a solar panel system that they sold to her.

What happened

In July 2018, Mrs P bought a solar panel system (“the system”) from Project Solar using a fixed sum loan agreement they arranged with a finance provider (who I’ll call “S”).

Mrs P appointed a claims management company (“the CMC”) who sent Project Solar a letter of complaint in March 2023 alleging that they had misrepresented the financial benefits that Mrs P could expect to receive from the system. The CMC alleged that Project Solar told her the system would be self-funding and would pay for itself within 15 years. The CMC also said that the system was significantly underperforming in comparison to what was estimated.

Project Solar didn’t uphold the complaint. Our investigator looked at what had happened but didn’t recommend that Project Solar should do anything. She felt they hadn’t misrepresented the system to Mrs P or unfairly exaggerated the benefits and savings in relation to it. And she said the system was performing as expected.

The CMC didn’t agree. They said the system was clearly underperforming and Project Solar had over-inflated the estimated benefits and savings. They also said the system wouldn’t be self-funding by year 17 as our investigator had claimed. And they said that Project Solar had misrepresented the system taking these factors into account

As the matter remains unresolved, Mrs P’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.

There are several documents that have been provided by the CMC. These include the credit agreement and solar quote. I’ve considered these, along with Mrs P’s testimony and recollection of the sales meeting, to decide on balance what is most likely to have happened.

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 says this would have formed a central part of the sales process, and that their representative would have discussed this in detail with Mrs P, explaining any benefits of the system, prior to her agreeing to enter into the contract.

I’ve thought carefully about the available evidence. Having done so, I’m satisfied that on balance the quote did form a central part of the sales process and therefore accept that the representative went through it during the meeting with Mrs P. So, I’ve taken this into account along with Mrs P’s version of events when considering if there have been any untrue statements of fact.

The credit agreement sets out the amount being borrowed, the interest to be charged, the total amount payable, the term of the loan and the contractual monthly repayments. And it clearly sets out the cash price of the goods. I'm satisfied that Mrs P was told that the cost of the system was £10,290. The quote sets that out clearly. This is also supported by the credit agreement which sets out that the cash price of the system was the same figure. The total amount of credit shown on the credit agreement was £10,190 (after Mrs P had paid a £100 deposit) and goes on to show that the total amount payable was £19,558.

The quote also sets out that the expected monthly loan repayment was £108.88, and the credit agreement sets out that the monthly payment due was £108.10. Having considered all the evidence, I'm satisfied that Mrs P was told there would be a monthly loan repayment due.

I'm satisfied overall that the quote and the credit agreement made it clear that although the cash price of the system was £10,290, it would cost Mrs P more than this as she had decided to pay for it with an interest-bearing loan. I note that Mrs P has said that her intention was to take out an interest-free loan, however the credit agreement that she agreed to enter into clearly sets out that this wasn't the case.

Mrs P has said that Project Solar told her the system would pay for itself within the term of the loan. I've considered the quote that was provided by Project Solar as well as Mrs P's recollections of her meeting with the salesperson to decide what is most likely to have been said.

The system analysis page of the signed quote sets out the estimated income Mrs P could expect to receive by way of FIT payments from the system. This is split out into the expected FIT payments in the first year and the expected average income over 20 years. The FIT scheme only provides payments for 20 years.

Feed in tariff - year 1

Current electricity spend per month	£	100.00
Generation tariff in year 1	£	126.71
Export tariff in year 1	£	84.47
Total income in year 1	£	211.18

Feed in tariff over 20 years

Assumed rate of RPI	3.04	%
Average generation tariff	£	0.058
Average export tariff	£	0.077
Average annual income	£	311.12

I think the first table clearly shows that Mrs P could expect to receive a total FIT income in year one of £211.18, which equates to an average monthly income of £17.60.

The quote goes on to look at the electricity savings Mrs P could expect from the system – as shown below.

Your electricity bill savings

Electricity generated by system	3224.0	kWh
Allowance for personal usage	2418.0	kWh
Current rate of unit	£ 0.1557	
Estimated saving in year 1	£ 376.49	
Average rate of electricity over 25 years	£ 0.38	
Assumed rate of energy increases	6.8	%
Average electricity saving per year over 25 years	£ 876.26	

The expected year one electricity savings is £376.49 and, when taking into account the optional extras chosen by Mrs P, the combined income and savings in year one is shown as £731.67 (which results in a monthly benefit of £60.97). This is shown in a table titled 'Putting it all together'.

As I've said above, I'm satisfied that the quote set out that there would be an expected monthly loan repayment due of £108.88 (which is £1,306.56 over a year). As a result, I'm not able to conclude that Project Solar told Mrs P that the monthly loan repayments would be covered by the FIT payments and savings on energy bills.

There's a section of the quote headed 'Repayments' with three tables showing repayments over 60 months, 120 months, and 180 months. I've focused on the table for 180 months as this quotes to the number of monthly repayments Mrs P was required to pay to S under the credit agreement. This table shows the loan as repayable in 180 monthly payments of £108.88 (which is only slightly more than the actual loan repayment Mrs P paid). For each year of the 15-year loan it shows the expected grand total return from the system. It then averages that figure over 12 months, and subtracts the monthly loan repayment of £108.88, to give an average difference between the monthly return from the system and the monthly loan repayment in each year.

180 payments of £108.88 p/m at 9.9%

Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£731.67	£60.97	£-47.91
2	£773.48	£64.46	£-44.42
3	£817.90	£68.16	£-40.72
4	£862.33	£71.86	£-37.02
5	£909.40	£75.78	£-33.10
6	£959.29	£79.94	£-28.94
7	£1,012.16	£84.35	£-24.53
8	£1,068.21	£89.02	£-19.86
9	£1,127.63	£93.97	£-14.91
10	£1,190.63	£99.22	£-9.66
11	£1,257.44	£104.79	£-4.09
12	£1,328.30	£110.69	£1.81
13	£1,403.45	£116.95	£8.07
14	£1,483.18	£123.60	£14.72
15	£1,567.76	£130.65	£21.77

I thin the quote clearly sets out the income Mrs P could expect to receive from the system, by way of FIT payments, as well as her expected contractual monthly loan repayments. And the table in my view clearly sets out that the overall income she could expect to receive by way of FIT income and any additional savings, wouldn't be immediately enough to cover the monthly loan repayments. This supports my finding above that Mrs P wasn't told the FIT payments would cover the loan repayments. And, as I've found that the quote formed a central part of the sales process which the representative went though at the meeting, I can't reasonably find that Project Solar told Mrs P that the monthly loan repayments would be covered by the FIT income and additional savings.

I've considered whether Project Solar told Mrs P that the system would be self-funding from the outset. In doing so I've weighed up the available evidence to decide what's most likely to have happened. Bearing in mind my finding on the central part the quote played in the sales meeting, I've considered the table above which sets out the estimated average monthly income from the system, and the effect on that income of subtracting the monthly loan repayment. I'm satisfied that the table is clear and easy to understand and on balance I'm also satisfied that the representative referred to the table at the meeting.

Having thought about this, I consider that the salesman didn't represent that the system would be self-funding from the outset. Rather, I find that they went through the quote at the meeting which set out that there would be a difference between the expected income and the monthly loan repayments.

That said, I accept that Project Solar told Mrs P that the system would be self-funding over a certain duration of time. The 'system performance and returns' page of the quote has a table detailing the performance over 20 years. This shows that by year 17, the overall benefits that Mrs P could expect to receive would have exceeded the total amount payable under the loan agreement.

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	£126.71	£84.47	£376.49	£144.00	£731.67	£731.67	£60.97	7.11%
100.00%	2	£130.56	£87.04	£402.09	£153.79	£773.48	£1,505.15	£64.46	7.52%
100.00%	3	£134.53	£89.68	£429.43	£164.25	£817.90	£2,323.05	£68.16	7.95%
99.60%	4	£138.07	£92.04	£456.80	£175.42	£862.33	£3,185.38	£71.86	8.38%
99.20%	5	£141.69	£94.46	£485.90	£187.35	£909.40	£4,094.78	£75.78	8.84%
98.80%	6	£145.41	£96.94	£516.85	£200.09	£959.29	£5,054.07	£79.94	9.32%
98.40%	7	£149.22	£99.48	£549.76	£213.69	£1,012.16	£6,066.23	£84.35	9.84%
98.00%	8	£153.14	£102.09	£584.76	£228.22	£1,068.21	£7,134.43	£89.02	10.38%
97.60%	9	£157.15	£104.76	£621.98	£243.74	£1,127.63	£8,262.06	£93.97	10.96%
97.20%	10	£161.26	£107.50	£661.55	£260.32	£1,190.63	£9,452.69	£99.22	11.57%
96.80%	11	£165.48	£110.32	£703.63	£278.02	£1,257.44	£10,710.13	£104.79	12.22%
96.40%	12	£169.81	£113.20	£748.37	£296.92	£1,328.30	£12,038.43	£110.69	12.91%
96.00%	13	£174.24	£116.16	£795.94	£317.12	£1,403.45	£13,441.88	£116.95	13.64%
95.60%	14	£178.79	£119.19	£846.52	£338.68	£1,483.18	£14,925.06	£123.60	14.41%
95.20%	15	£183.46	£122.30	£900.30	£361.71	£1,567.76	£16,492.82	£130.65	15.24%
94.80%	16	£188.24	£125.49	£957.48	£386.31	£1,657.51	£18,150.34	£138.13	16.11%
94.40%	17	£193.14	£128.76	£1,018.28	£412.57	£1,752.75	£19,903.09	£146.06	17.03%
94.00%	18	£198.17	£132.11	£1,082.91	£440.63	£1,853.82	£21,756.90	£154.48	18.02%
93.60%	19	£203.33	£135.55	£1,151.63	£470.59	£1,961.09	£23,717.99	£163.42	19.06%
93.20%	20	£208.61	£139.07	£1,224.68	£502.59	£2,074.95	£25,792.95	£172.91	20.16%
91.20%	21 - 25	£0.00	£0.00	£7,391.09	£3,074.52	£10,465.62	£36,258.57	£174.43	20.34%
Totals		£3,301.00	£2,200.58	£21,906.44	£8,850.54	£36,258.57	£36,258.57	Ave. ROI:	14.09%

As I've said above, I'm satisfied that Project Solar told Mrs P that the system would pay for itself by year 17 and would then provide him with a profit. If that were an untrue statement of fact, and I find that this was what induced Mrs P into the contract, and she then suffered a loss, that would amount to a misrepresentation. So, I've considered the performance of the system in the context of the representations Project Solar made.

The MCS certificate and quote sets out that the system is expected to produce 3,224.08 kWh a year. I've looked at a breakdown of FIT generation for the system that's been provided by Mrs P's energy provider, from September 2018 to June 2021 and the generation meter reading that was taken in March 2023. Based on this, it seems the system generated less than Project Solar predicted at the time of sale. However, I'm not satisfied that this difference can be attributed to a misrepresentation made by Project Solar when the system hasn't been checked. It could be for example that the system has a fault that can be fixed or that there is something relatively straightforward that can be altered to improve generation.

Mrs P may wish to take up Project Solar's offer to have the system inspected to investigate this. But any fault with the system would be something that she would need to take up with S, if she 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 Mrs P was likely to receive from the system.

Finally, I've looked at the assumptions used by Project Solar, including 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 find that the figures quoted to Mrs P were reasonable estimates.

Overall, and for the reasons I've set out above, I don't find that Project Solar misrepresented the financial benefits as Mrs P has claimed and I find that they presented information to her in a way that was clear, fair and not misleading.

My final decision

I don't uphold this complaint.

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

Daniel Picken
Ombudsman