

## **The complaint**

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

## **What happened**

In March 2017, Mrs B bought a solar panel system from Project Solar using a fixed sum loan agreement they arranged with a finance provider (who I’ll call “S”).

Mrs B appointed a claims management company (“the CMC”) who sent Project Solar a letter of claim in February 2023 alleging that they had misrepresented the financial benefits Mrs B could expect to receive from the solar panel system. The CMC also alleged that Project Solar told Mrs B that the system would be self-funding and would pay for itself within 15 years. The CMC also said that Project Solar used an exaggerated consumption rate to increase the quoted savings and the system was underperforming.

Project Solar didn’t uphold the claim. Our investigator considered the matter and didn’t recommend that the complaint should be upheld. She felt that Project Solar hadn’t misrepresented the system to Mrs B or unfairly exaggerated the benefits or savings in relation to the sale of the system. And she said the system was performing as expected.

Mrs B didn’t agree. She said, via the CMC, that the system was clearly underperforming and that it won’t pay for itself within its life cycle.

The CMC asked for the complaint to be passed to an ombudsman.

## **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 both the CMC and Project Solar. These include the credit agreement and solar quote, titled ‘Your Personal Solar Quotation’. I’ve considered these, along with the evidence provided by the CMC, 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, financial benefits and technical information. Project Solar has said that this formed a central part of the sales process, and their representative would have discussed this in detail with Mrs B, explaining any benefits of the system, prior to her agreeing to enter into the contract.

Having thought carefully about the available evidence, I’m satisfied that on balance the quote did form a central part of the sales process and therefore accept that the salesperson went through it during the meeting. So, I’ve taken this into account, along with Mrs B’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, total amount payable, the term of the loan and the contractual monthly repayments. The loan agreement clearly sets out the cash price of the goods. I'm satisfied that Mrs B was told that the cost of the system was £8,850. The quote sets this out clearly. This is also supported by the credit agreement which sets out that the cash price of the system was £8,850. The total amount of credit shown in the agreement is £8,750 (after Mrs B had paid a £100 deposit) and it goes on to show that the total amount payable would be £16,807.60. The credit agreement also sets out that the monthly payment due was £92.62.

Having considered all the evidence, I'm satisfied that Mrs B was told there would be a monthly loan repayment due. The quote makes this clear, as set out in one of the tables I've referred to further on in my decision.

Overall, I'm satisfied that the two documents, the quote, and the credit agreement, made it clear that although the cost of the system was £8,850, it would cost Mrs B more than this as she had decided to pay for it with an interest-bearing loan.

Mrs B has said Project Solar told her the system would be self-funding and would pay for itself within the term of the loan. I've considered the quote that was provided by them as well as Mrs B's recollections of her meeting with their representative to decide what is most likely to have been said.

The system analysis page of the quote sets out the estimated income Mrs B 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 a 20-year period.

#### Feed in tariff - year 1

Current electricity spend per month	£	60
Generation tariff in year 1	£	67.43
Export tariff in year 1	£	40.28
Total income in year 1	£	107.71

#### Feed in tariff over 20 years

Assumed rate of RPI	3.04	%
Average generation tariff	£	0.060
Average export tariff	£	0.072
Average annual income	£	157.51

I think the first of these tables is clear that Mrs B could expect to receive a total FIT income in year one of £107.71, which results in an average monthly income of £8.98.

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

### Your electricity bill savings

Electricity generated by system	1640.71	kWh
Allowance for personal usage	1230.51	kWh
Current rate of unit	£ 0.1557	
Estimated saving in year 1	£ 191.60	
Average rate of electricity over 25 years	£ 0.41	
Assumed rate of energy increases	7.28	%
Average electricity saving per year over 25 years	£ 504.53	

The expected year one electricity savings is £191.60 and, when taking into account the optional extras chosen by Mrs B the combined income and savings in year one is shown as £564.27 (which results in a monthly benefit of £47.02). This is shown in a table titled 'Putting it all together'.

As outlined above, the loan agreement set out that there would be a monthly repayment due of £92.62 (which is £1,111.44 over a year). As a result, I'm not able to conclude that Project Solar told Mrs B that the monthly loan repayments would be covered by the FIT payments and savings on energy bills.

There's a section in the quote headed 'Repayments' with three table showing repayments over 60 months, 120 months and 180 months. I've focused on the table for 180 months as this is the length of the loan that Mrs B entered into with S. This table shows the loan as repayable in 180 monthly payments of £93.49 (which is only slightly more than the actual loan repayment Mrs B was paying as she had chosen to defer her first payment for three months). 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 £93.49, to give an average difference between the monthly return from the system and the monthly loan repayment in each year.

### 180 payments of £93.49 p/m

Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£564.27	£47.02	£-46.47
2	£601.65	£50.14	£-43.35
3	£641.69	£53.47	£-40.02
4	£684.57	£57.05	£-36.44
5	£730.51	£60.88	£-32.61

6	£779.73	£64.98	£-28.51
7	£832.46	£69.37	£-24.12
8	£888.98	£74.08	£-19.41
9	£949.56	£79.13	£-14.36
10	£1,014.50	£84.54	£-8.95
11	£1,084.12	£90.34	£-3.15
12	£1,158.76	£96.56	£3.07
13	£1,238.80	£103.23	£9.74
14	£1,324.63	£110.39	£16.90
15	£1,416.70	£118.06	£24.57

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

I'll now consider whether Project Solar told Mrs B that the system would be self-funding from the outset. In doing so I'll again weigh all the available evidence to decide what is most likely to have happened. Bearing in mind my finding on the central role 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 salesperson referred to the table at the meeting.

As a result, I consider the salesperson did not make a representation that the system would be self-funding from the outset. Rather, I find that the salesperson went through the quote at the meeting which sets out that there would be a difference between the expected income and the monthly loan repayments.

That said, I do accept that Project Solar told Mrs B 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 25 years. This shows that by year 18 the overall benefits that Mrs B 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	Heating control	H/W controller	Battery storage	Boiler doctor				
100.0%	1	£67.43	£40.28	£191.60	£144.00	£120.96	£0.00	£0.00	£0.00	£564.27	£564.27	£47.02	6.38%
100.0%	2	£69.48	£41.50	£205.55	£154.48	£130.64	£0.00	£0.00	£0.00	£601.65	£1,165.92	£50.14	6.80%
100.0%	3	£71.59	£42.77	£220.51	£165.73	£141.09	£0.00	£0.00	£0.00	£641.69	£1,807.61	£53.47	7.25%
99.6%	4	£73.47	£43.89	£235.62	£177.79	£152.37	£0.00	£0.00	£0.00	£683.15	£2,490.76	£56.93	7.72%
99.2%	5	£75.40	£45.05	£251.76	£190.74	£164.56	£0.00	£0.00	£0.00	£727.51	£3,218.27	£60.63	8.22%
98.8%	6	£77.38	£46.23	£268.99	£204.62	£177.73	£0.00	£0.00	£0.00	£774.95	£3,993.22	£64.58	8.78%
98.4%	7	£79.41	£47.44	£287.41	£219.52	£191.95	£0.00	£0.00	£0.00	£825.72	£4,818.95	£68.81	9.33%
98.0%	8	£81.50	£48.68	£307.08	£235.50	£207.30	£0.00	£0.00	£0.00	£880.06	£5,699.00	£73.34	9.94%
97.6%	9	£83.62	£49.95	£328.09	£252.65	£223.89	£0.00	£0.00	£0.00	£938.21	£6,637.21	£78.18	10.60%
97.2%	10	£85.82	£51.26	£350.53	£271.04	£241.80	£0.00	£0.00	£0.00	£1,000.45	£7,637.66	£83.37	11.30%
96.8%	11	£88.06	£52.60	£374.51	£290.77	£261.14	£0.00	£0.00	£0.00	£1,067.08	£8,704.74	£88.92	12.06%
96.4%	12	£90.37	£53.98	£400.11	£311.94	£282.04	£0.00	£0.00	£0.00	£1,138.44	£9,843.18	£94.87	12.86%
96.0%	13	£92.73	£55.39	£427.46	£334.65	£304.60	£0.00	£0.00	£0.00	£1,214.83	£11,058.01	£101.24	13.73%
95.6%	14	£95.14	£56.83	£456.66	£359.01	£328.97	£0.00	£0.00	£0.00	£1,296.62	£12,354.63	£108.05	14.65%
95.2%	15	£97.63	£58.32	£487.86	£385.15	£355.28	£0.00	£0.00	£0.00	£1,384.24	£13,738.87	£115.35	15.64%
94.8%	16	£100.18	£59.84	£521.17	£413.18	£383.71	£0.00	£0.00	£0.00	£1,478.08	£15,216.94	£123.17	16.70%
94.4%	17	£102.78	£61.40	£556.76	£443.26	£414.40	£0.00	£0.00	£0.00	£1,578.60	£16,795.54	£131.55	17.84%
94.0%	18	£105.46	£63.00	£594.76	£475.53	£447.55	£0.00	£0.00	£0.00	£1,686.29	£18,481.84	£140.52	19.05%
93.6%	19	£108.20	£64.63	£635.35	£510.15	£483.36	£0.00	£0.00	£0.00	£1,801.69	£20,283.53	£150.14	20.36%
93.2%	20	£111.01	£66.31	£678.68	£547.29	£522.03	£0.00	£0.00	£0.00	£1,925.32	£22,208.85	£160.44	21.76%
91.2%	21-25	£0.00	£0.00	£4,153.79	£3,395.37	£3,307.52	£0.00	£0.00	£0.00	£10,856.68	£33,065.53	£180.94	24.54%
Repair/Replace						£-1,250.00							
Totals		£1,756.65	£1,049.36	£11,934.26	£9,482.37	£7,592.89	£0.00	£0.00	£0.00	£31,815.53	£31,815.53	Ave. ROI:	14.38%

As I've set out above, I'm satisfied that Project Solar told Mrs B that the system would pay for itself by year 18, and then would provide her with a profit. If that were an untrue statement of fact, and I'm satisfied that this was what induced Mrs B to enter into the contract, and she subsequently suffered a loss, that would amount to a misrepresentation. So, I've gone on to consider 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 1640.75 kWh a year. I have looked at Mrs B's FIT statements and can see what the solar panels are generating on average annually. Based on the FIT data provided, it seems the system is generating slightly less than Project Solar predicted at the time of sale, but only on average by 58.13kWh each year between March 2017 and June 2022 (which spans the time for which Mrs B's energy provider provided a FIT statement). I'm not satisfied though that this difference can be attributed to a misrepresentation made by Project Solar; it could be for example that the system has a fault that can be fixed.

Mrs B may wish to take up Project Solar's offer to have the system inspected to investigate this matter. But any fault with the system would be something that Mrs B 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 whether Project Solar made any misrepresentations when it estimated the financial returns Mrs B was likely to receive from the system.

I have also looked at the assumptions used by Project Solar, including the self-consumption rate, expected annual increase in utility prices (EPR) and expected annual RPI inflation increase. I am satisfied that their method for calculating these are fair and reasonable. So, I do not think the figures quoted on the contract were misrepresentations, but reasonable estimates.

To calculate the savings from the solar panels, Project Solar used a self-consumption rate of 75%. Self-consumption rate is the proportion of electricity generated by the solar panels that Project Solar assumed that Mrs B could use herself, 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 has argued that Project Solar should've used the "industry standard" self-consumption rate of 37% when calculating the savings, especially in light of Mrs B's specific circumstances. But I don't think it was unreasonable for Project Solar to tailor the self-consumption rate based on the information available to it. And I have not seen sufficient evidence to persuade me that the self-consumption rate used by Project Solar was unreasonable in this instance.

Overall, and for the reasons I've set out above, I don't find that Project Solar misrepresented the financial benefits as Mrs B has claimed and I find that they presented the information to Mrs B 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 B to accept or reject my decision before 21 June 2024.

Daniel Picken  
**Ombudsman**