

The complaint

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

What happened

In July 2017 Mr G 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 £9,639. 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 £18,000 if it ran to term.

Mr G sent a letter of complaint in March 2023 alleging Project Solar misled him with regards to the financial benefits he could expect to receive from the system. He said the quote wasn't very clear and that Project Solar told him the system would be self-funding within the 15-year loan term. Mr G said the benefits from the system were overstated and the system wasn't 'self-funding'. He also questioned the self-consumption figure that was used.

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 G 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 G verbally while going through a presentation that showed something different. It said the 75% usage figure had been calculated correctly assuming the customer is only using 37.5% of the daytime usage as per the guidelines at the time of the sale. Project Solar said it supplied Mr G a monitoring device to allow him to view the generation and make educated decisions on when to use electricity in order to maximise savings. It didn't uphold the complaint. Mr G decided to refer his complaint to the Financial Ombudsman.

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

Mr G didn't agree, he reiterated the financial benefits were misrepresented. He said Project Solar didn't give him any other funding options and said the system didn't meet the expectations. He also highlighted section 75 of the Consumer Credit Act 1974 ("s.75") and provisions under the Consumer Rights Act 2015 ("CRA").

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 G with regards to the financial benefits of the system. I've taken account of what Mr G has said and 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'.

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 G 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 G 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 G during the meeting.

The quote sets out the estimated income Mr G could expect to receive by way of FIT payments that would be paid for 20 years. This sets out the total income Mr G could expect to receive in the first year was £187.53, and that the average over 20 years would be £276.24. The quote also sets out Mr G could expect to save around £332.55 in the first year, and that with assumed rate of energy increases the average annual electricity savings over 25 years would be £828.55 – depending on the amounts used.

There's a section titled 'Putting it all together' that summarises the income and savings and when taking into account any optional extras chosen by Mr G the combined income and savings for year one is shown as £1,132.08 (which results in a monthly benefit of around £90). 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 says there's an estimated 8-year payback time. But this section applies if the system is bought outright. It doesn't include details of the interest Mr G 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 G is set out in the table for 180 payments of around £100 (which broadly matches the loan agreement). This table shows:

180 payments of £101.92 p/m			
Yr	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£1,132.08	£94.34	£-7.58
2	£1,204.43	£100.37	£-1.55
3	£1,281.68	£106.81	£4.89
4	£1,364.17	£113.68	£11.76
5	£1,452.28	£121.02	£19.10
6	£1,546.39	£128.87	£26.95
7	£1,646.92	£137.24	£35.32
8	£1,754.33	£146.19	£44.27
9	£1,869.09	£155.76	£53.84
10	£1,991.73	£165.98	£64.06
11	£2,122.80	£176.90	£74.98
12	£2,262.89	£188.57	£86.65
13	£2,412.64	£201.05	£99.13
14	£2,572.72	£214.39	£112.47
15	£2,743.87	£228.66	£126.74

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 3 that the system shows there was a positive repayment difference. Mr G 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	Heating control	H/W controller	Battery storage	Boiler doctor				
100.0%	1	£115.91	£71.62	£332.55	£468.00	£0.00	£0.00	£0.00	£144.00	£1,132.08	£1,132.08	£94.34	11.74%
100.0%	2	£119.43	£73.80	£356.76	£502.07	£0.00	£0.00	£0.00	£152.37	£1,204.43	£2,336.51	£100.37	12.50%
100.0%	3	£123.06	£76.04	£382.73	£538.62	£0.00	£0.00	£0.00	£161.22	£1,281.67	£3,618.18	£106.81	13.30%
99.6%	4	£126.30	£78.04	£408.95	£577.83	£0.00	£0.00	£0.00	£170.59	£1,361.71	£4,979.89	£113.48	14.13%
99.2%	5	£129.61	£80.08	£436.97	£619.90	£0.00	£0.00	£0.00	£180.50	£1,447.06	£6,426.95	£120.59	15.01%
98.8%	6	£133.01	£82.19	£466.88	£665.03	£0.00	£0.00	£0.00	£190.98	£1,538.10	£7,965.05	£128.17	15.96%
98.4%	7	£136.51	£84.35	£498.85	£713.44	£0.00	£0.00	£0.00	£202.08	£1,635.23	£9,600.27	£136.27	16.96%
98.0%	8	£140.08	£86.55	£532.98	£765.38	£0.00	£0.00	£0.00	£213.82	£1,738.82	£11,339.09	£144.90	18.04%
97.6%	9	£143.76	£88.83	£569.45	£821.10	£0.00	£0.00	£0.00	£226.24	£1,849.37	£13,188.46	£154.11	19.19%
97.2%	10	£147.52	£91.14	£608.40	£880.88	£0.00	£0.00	£0.00	£239.39	£1,967.34	£15,155.80	£163.94	20.41%
96.8%	11	£151.38	£93.54	£650.01	£945.00	£0.00	£0.00	£0.00	£253.30	£2,093.23	£17,249.03	£174.44	21.72%
96.4%	12	£155.33	£95.98	£694.45	£1,013.80	£0.00	£0.00	£0.00	£268.01	£2,227.56	£19,476.59	£185.63	23.11%
96.0%	13	£159.39	£98.49	£741.92	£1,087.60	£0.00	£0.00	£0.00	£283.58	£2,370.97	£21,847.56	£197.58	24.60%
95.6%	14	£163.55	£101.06	£792.61	£1,166.78	£0.00	£0.00	£0.00	£300.06	£2,524.06	£24,371.62	£210.34	26.19%
95.2%	15	£167.82	£103.69	£846.76	£1,251.72	£0.00	£0.00	£0.00	£317.49	£2,687.48	£27,059.10	£223.96	27.88%
94.8%	16	£172.19	£106.39	£904.58	£1,342.85	£0.00	£0.00	£0.00	£335.94	£2,861.96	£29,921.06	£238.50	29.69%
94.4%	17	£176.68	£109.17	£966.34	£1,440.61	£0.00	£0.00	£0.00	£355.46	£3,048.26	£32,969.31	£254.02	31.62%
94.0%	18	£181.28	£112.01	£1,032.30	£1,545.49	£0.00	£0.00	£0.00	£376.11	£3,247.19	£36,216.50	£270.60	33.69%
93.6%	19	£185.99	£114.92	£1,102.73	£1,658.00	£0.00	£0.00	£0.00	£397.96	£3,459.60	£39,676.11	£288.30	35.89%
93.2%	20	£190.83	£117.92	£1,177.95	£1,778.70	£0.00	£0.00	£0.00	£421.09	£3,686.49	£43,362.60	£307.21	38.25%
91.2%	21-25	£0.00	£0.00	£7,209.48	£11,034.96	£0.00	£0.00	£0.00	£2,502.10	£20,746.54	£64,109.14	£345.77	43.05%
Repair/Replace									£-1,250.00				
Totals		£3,019.64	£1,865.81	£20,713.64	£30,817.76	£0.00	£0.00	£0.00	£6,442.29	£62,859.14	£62,859.14	Ave. ROI:	26.09%

Given I've found the credit agreement was clear enough for Mr G to have seen how much was required to be paid, and over how long, if the loan ran to term, I think Mr G 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 G would have seen that if the loan ran to term, he would have been required to pay around £18,000, and that by comparing to the table above, it wouldn't have been until around year 12 that the system would have likely produced enough benefit to have covered the cost of it.

Given the quote was signed in various places, on balance, I think it likely Project Solar went through it with Mr G as part of the sales process. I've not seen enough to determine Project Solar has misled Mr G with regards to the estimated financial benefits of the system.

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 £9,639, it would cost more than this because Mr G 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 G 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 G said Project Solar used a rate of around 75% 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 G and how he used electricity. It didn't just use a flat rate for everyone. It asked him how much he spent on electric bills per month and included that on the quote. I don't think this was unreasonable, and I've not seen enough evidence to persuade me the rate it used was unreasonable.

The quote also explained it used Office for National Statistics (ONS) data for 10 years (2006 – 2015) to predict what would happen going forwards. It said in reality the return could be higher or lower depending on the growth and it gave different graphs for estimated savings for different scenarios. 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 G about the self-funding nature of the system or the estimated financial benefits. I've also gone on to consider the performance of the system in the context of the representations Project Solar made.

It seems as though the system is performing broadly as expected with regards to the annual kWh yield. So I don't think that shows Project Solar misled Mr G about the estimated financial benefits. Moreover, if Mr G 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.

Mr G also mentioned Project Solar didn't give him any other finance options. I don't think this was part of the complaint he originally raised so I don't think Project Solar had the chance to consider it. This means it's not clear I can fairly consider it as part of this complaint. But, even if I could, I'm conscious the quote sets out there were different ways to pay, and Mr G didn't have to proceed with the agreement with S. I don't think there's sufficient evidence Project Solar misled Mr G and I've not seen this point leads to a different overall outcome for the complaint.

All things considered, I'd like to have been more certain Project Solar misled Mr G about the financial benefits of the system. On balance, I think it presented the information to Mr G in a way that was clear, fair and not misleading. I'm not going to direct it to take any action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 December 2024.

Simon Wingfield
Ombudsman