

The complaint

Mr C has complained that Shawbrook Bank Limited “Shawbrook” rejected his claim against it under Section 75 of the Consumer Credit Act 1974.

This complaint has been brought by Mr C but the sale (the event complained about) involved Mr C and the late Mrs C. To keep things simple, I’ll mainly refer to Mr C as the consumer throughout this decision.

What happened

Mr C bought solar panels for his home in 2018. The purchase was funded by a loan from Shawbrook, and that business is therefore liable for the misrepresentations and/or breach of contract under the relevant legislation. In this case, Mr C alleges that the supplier misled Mr C into believing that the panels would be self-funding. Mr C has also alleged that he relied on the verbal representations made by the seller, that the late Mrs C was pressured into signing up for the solar panels on the day of the sale while she was suffering from a terminal illness. He also says appropriate credit checks weren’t carried out.

Mr C’s complaint was considered by one of our investigators. She thought that the documents from the time of sale made it clear that the benefits of the solar panel system would not cover the purchase price and therefore the system would not be immediately self-funding in the way Mr C says he was led to believe. So, the investigator did not think a misrepresentation had taken place. She also didn’t agree to Mr C’s other claims so didn’t think the complaint should be upheld.

Mr C disagreed. He re-iterated that he was mis-led, and he was verbally told the cost of the system would be off-set by the benefits and he felt the documents supported that. He added that his financial circumstances changed drastically following the passing of Mrs C. He added the estimated benefit figures in the documents haven’t in any event been achieved.

As the complaint couldn’t be resolved by our investigator, I’ve been asked to make a decision.

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.

In this case the relevant law includes section 56 and section 75 of the Act. Section 75 provides protection for consumers for goods or services bought using credit.

As Mr C paid for the system with a fixed sum loan agreement, Shawbrook agrees that section 75 applies to this transaction. This means that Mr C could claim against Shawbrook, the creditor, for any misrepresentation or breach of contract by the supplier in the same way he could have claimed against the supplier. So, I’ve taken section 75 into account when deciding what is fair in the circumstances of this case.

Section 56 is also relevant. This is because it says that any negotiations between Mr C and the supplier, are deemed to have been conducted by the supplier as an agent of Shawbrook.

For the purpose of this decision, I've used the definition of a misrepresentation as an untrue statement of fact or law made by one party (or his agent) to a second party which induces that second party to enter the contract, thereby causing them loss.

Having carefully considered everything provided, for broadly the same reasons as those explained by the investigator, I do not uphold this complaint.

I'm satisfied that Mr C was provided with the sales documents, and it seems likely that he would've seen these at the time of sale, as he has signed some of the documents.

The sales quotation document sets out the cash price of the solar panel system of £9,996.32 on the same document as the total estimated year 1 benefit provided by the solar panel system which was £706.92.

Putting it all together

Total income & savings in year 1

£

706.92

Separately Mr C signed a credit agreement, which set out that the cash price of the solar panels which was £9,996.32, that the loan was to be repaid over a period of 10 years, and that the monthly payments were £120.69.

I think it's unlikely that Mr C would have signed a credit agreement and taken out a 10-year loan without considering the basic details of the loan such as the monthly payments and the term of the loan. So, I'm satisfied he would have been aware of the likely costs of the system before taking it out.

I think it's clear that in order to pay £9,996 over 10 years, Mr C would've needed to repay at least £999 per year to cover the cost of the system and that's without interest and charges. And the first-year benefit of £706 falls short of that. Additionally, I think it's apparent that 12 payments of around £120, is significantly more than the first- year benefit of £706.92.

The quotation document also sets out the estimated repayments compared to the benefit amounts over a 10-year period. And this table also makes it clear that there will be a yearly shortfall between the benefit and costs throughout the term of the loan.

120 payments of £119.55 p/m at 7.9%

| Yr | Acc. grand total | Est. monthly return | Average monthly repayment diff. |
|----|------------------|---------------------|---------------------------------|
| 1 | £706.92 | £58.91 | £-60.64 |
| 2 | £751.33 | £62.61 | £-56.94 |
| 3 | £798.71 | £66.56 | £-52.99 |
| 4 | £847.49 | £70.62 | £-48.93 |
| 5 | £899.47 | £74.96 | £-44.59 |
| 6 | £954.87 | £79.57 | £-39.98 |
| 7 | £1,013.93 | £84.49 | £-35.06 |
| 8 | £1,076.90 | £89.74 | £-29.81 |
| 9 | £1,144.03 | £95.34 | £-24.21 |
| 10 | £1,215.62 | £101.30 | £-18.25 |

Overall, I think the sales documentation made it clear that the solar panels would not be self-funding but instead there would be a shortfall between the costs and the benefit.

If Mr C had been told something different, on being asked to sign the documents, I would have expected him to have questioned what he had been told. I've seen no evidence that he did, so I think that suggests that the document most likely did not contradict Mr C's understanding, at that time.

The document described above, in my view, clearly displays the expected first year benefit Mr C would receive against the cash price – which shows the solar panels would not be immediately self-funding. As explained above, Mr C took out finance to fund the purchase of the solar panel system, further increasing the cost, as he agreed to pay not only the cash price of the solar panels, but also interest on top of the amount borrowed. As it was clear the benefit provided by the system would not be sufficient to cover the cash price of the solar panels, I think he ought reasonably to have known that the benefit provided by the system, would also not be sufficient to fund the monthly finance payments which included interest on top of the cost of the solar panels.

I have thought carefully about Mr C's claim that he and the late Mrs C had been verbally assured that the system would be self-funding, but I'm afraid, the sales documents do not support his testimony. While I've considered carefully Mr C's testimony, I find the documents from the time of sale to be more persuasive in terms of what information they were likely given at the time of sale. So, on balance, I think the evidence suggests that it is unlikely there was a misrepresentation that would enable me to uphold this complaint.

I've also thought about Mr C's concerns relating to the late Mrs C's ill health at the time of sale, and that she'd felt pressured to agree to it. But I've seen no evidence that Shawbrook (or the supplier) was aware of her ill health, and the consumer credit agreement was, in any event, jointly taken out, so if Mr C had concerns over the sale, I would have expected him to have raised this at the time of sale. Mr C and the late Mrs C were given the relevant cooling off periods in the agreements which, again, I would've expected them to utilise if they'd felt pressured to sign the sales documents but hadn't actually wanted the system. Additionally, I can see the late Mrs C signed the satisfaction document following the installation of the system, so it seems she had been happy to proceed with the purchase. So, I'm not satisfied that unfair pressure had been applied and that was the main reason they had proceeded with the sale.

I understand Mr C's financial situation may have changed following the passing of Mrs C. I appreciate the challenges he would have faced at the time and don't underestimate how distressing this would have been for him. But this doesn't mean that Shawbrook did anything wrong during the sale. As set out by our investigator, I'm satisfied that Shawbrook carried out appropriate credit checks, and given the loan payments have been maintained well since the sale, I don't think there's sufficient evidence that the loan was unaffordable at the time of sale. However, Shawbrook is expected to treat its customers positively and sympathetically, if they're suffering from financial difficulties, so if Mr C does need help with the outstanding balance (if any remains), he can contact Shawbrook to see if there is anything it can do to help.

Finally, Mr C has recently stated that the estimated generation figures set out in the sales quote haven't materialised. As set out by Shawbrook in its response to Mr C's original claim, it's Mr C's responsibility to ensure the system is maintained well and continues to function as it was designed to. Mr C can get in touch with the supplier who can inspect the system to make sure it's performing as it is meant to and fix any issues that may have developed, that's impacting performance. If Mr C is then unhappy with the service he receives, or the outcome of any such investigation, he can refer that to this service as part of a separate complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 March 2025.

Asma Begum
Ombudsman