

## **The complaint**

Mrs O's complaint is about Ikano Bank AB (publ) ('Ikano'). Mrs O has been represented in her complaint. For simplicity, I will refer to Mrs O throughout this decision.

Mrs O says Ikano's response to a complaint she made was unfair. The complaint had different parts but included the following; Mrs O was misled that the loan she took out was interest free, the relationship with Ikano was unfair, the loan repayments were not affordable, and Mrs O did not receive a MCS certificate and this has caused her loss.

Mrs O had brought a complaint to Ikano in 2021 and that covered different complaint points but included the following: that Mrs O was told the loan would be self-funding, that Mrs O would qualify for government grants that would make the monthly cost of the loan affordable, and that Mrs O went ahead as a result of a high pressured sale. These points were rebutted by Ikano.

Mrs O brought those complaint points to this service. The complaint was closed in 2022 as Mrs O had stopped responding to our correspondence. The complaint was treated as having been withdrawn and abandoned. As a consequence of that, this decision will look only at the complaint points raised with Ikano in 2024 and not those points raised in the 2021 complaint.

## **What happened**

In 2020, Mrs O purchased a solar panel system from a supplier. She paid for this using a loan from Ikano, which was repayable over 120 months with the first repayments deferred for 12 months. The cost was for approximately £15,000 and the total amount payable under the agreement was approximately £25,000. If the loan was not repaid after the first 12 months, Mrs O was due to pay back the agreement with 120 monthly repayments of approximately £211. The loan agreement was signed by Mrs O and dated 11 July 2020.

In 2024, Mrs O made a claim to Ikano. Ikano rejected the claim. It did not think Mrs O had been misled that the loan she took out was interest free or that the relationship with Ikano was unfair. Ikano did not think the loan repayments were not affordable or that the lack of an MCS certificate was their fault or that it had caused Mrs O to suffer loss.

Unhappy with this, Mrs O made a complaint and asked the Financial Ombudsman Service to look into what had happened. Our investigator thought that the complaint should be upheld on one point only: that Ikano should provide Mrs O with a MCS Certificate. Mrs O was unhappy with this. As a result, 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.

*Was Mrs O misled that the loan she took out was interest free such as to have made the relationship with Ikano unfair?*

Mrs O has complained that she was told the loan would be interest free, but that was the case only if the contract was done on a buy now pay later basis and the loan amount was repaid within the first 12 months. Mrs O has said that this was not made clear to her and that if it had of been made clear to her, she would not have entered into the agreement. Mrs O says this misrepresentation made the relationship unfair.

To consider an alleged unfair relationship, I take into account section 140A ("s.140A") of the Consumer Credit Act 1974 ("the CCA"). In doing so I repeat that I am not considering other complaint points about misrepresentation that were a part of the 2021 complaint.

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 Mrs O to be able to understand what was required to be repaid towards the agreement.

And the credit agreement also explains says that,

*"No payments are due for the first 12 months, the deferred period. Interest is calculated on the Amount of Credit and applied from the date the application is accepted. If the Amount of Credit is repaid on or before the end of the deferred period, no interest will be payable but an administration fee of £ 0 will be payable.*

*We will write to you before the first repayment date to remind you of the date the first repayment is due."*

And Ikano did write to Mrs O on 17 June 2021 reminding her about this.

The CCA also explains that Mrs O has the right to cancel the agreement. It says,

*"RIGHT OF WITHDRAWAL: You have the right to withdraw from the credit agreement before the end of 14 days beginning with the day after the day on which we tell you the agreement is made."*

The loan agreement was signed by Mrs O and dated 11 July 2020. So, Mrs O had until 25 July 2020 to cancel the agreement had she wanted to.

I think that these terms were set out sufficiently clearly for Mrs O to have understood them. So, I can't say that Ikano are acting unfairly by enforcing the terms of the contract or by declining this aspect of the claim. And I can't find that these terms were misrepresented to Mrs O such that Ikano were at fault in operating in a way that was unfair to Mrs O.

*Was the loan affordable?*

Mrs O's complaint is that Ikano made credit available that was unaffordable. Ikano has explained that it relied in part on information that Mrs O provided at the time of application to assess affordability.

Ikano said the application data was a starting point for its decision making. Ikano said they carried out credit searches in Mrs O's name to assess Mrs O's level of debt at the time of the lending decision and to understand how she had been managing that debt. With that information and using their own scoring metric, Ikano decided to agree to the loan in 2020.

And I think there was insufficient evidence from the credit check that was performed for Ikano to think that Mrs O was already in financial difficulty. I've noted that credit check

suggested that Mrs O was managing her existing credit. And I've seen no evidence that undermines that.

So, in my opinion, the information about Mrs O's existing credit would have suggested that, at that time, Mrs O was managing her existing credit. And the existing credit was not so large that Ikano should have avoided providing Mrs O with any further credit or that they should make more thorough searches of Mrs O's circumstances before doing so.

In saying that I have noted that the loan amount was relatively modest and the monthly payments for the loan were not unreasonable in relation to the declared income. The Ikano checks showed that Mrs O had only a modest amount of other borrowings compared to her declared income. And I don't think the new credit when added to the existing borrowing made this credit unreasonable. So, the lending looked to be affordable and reasonable at the time.

#### *Did Mrs O receive a MCS certificate?*

Our investigator checked the MCS website and saw that the company that completed the installation ('the supplier') are MCS registered. Furthermore, the investigator contacted MCS, and they have confirmed that an MCS certificate was generated in June 2021.

The supplier have said that they emailed the certificate to the address they held on file for Mrs O. It seems unlikely that that email address came from anyone other than Mrs O. So, it is simply unclear that Mrs O not receiving the MCS certificate can conclusively be blamed on the supplier. As such, I am not persuaded that I need to consider whether Mrs O has lost out as a result of not having the certificate.

I am pleased to say that we have secured a copy of the MCS certificate and the investigator will email that to Mrs O with this decision.

#### Summary

Overall, I do not think the alleged misrepresentation took place or that the relationship between Mrs O and Ikano was unfair on her. I have seen insufficient evidence to think the loan was unaffordable to Mrs O or that the supplier was at fault for not supplying an MCS certificate.

So, I don't think that Ikano acted unfairly when it rejected Mrs O's claim and complaint.

#### **Putting things right**

Our investigator will pass to Mrs O the MCS certificate that has been provided to us.

#### **My final decision**

For the reasons I've explained, Mrs O should be provided with the MSC certificate. But that is the only part of Mrs O's complaint I uphold.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 20 June 2025.

Douglas Sayers  
**Ombudsman**