

## **The complaint**

Mrs A has complained that Ikano Bank AB (publ) "Ikano" rejected her claim against it under Section 75 of the Consumer Credit Act 1974 "The Act".

## **What happened**

Mrs A bought a solar panel system "the system" for her home in July 2019. The purchase was funded by a loan from Ikano, and that business is therefore liable for the misrepresentations and/or breach of contract under the relevant legislation. In this case, Mrs A alleges that the installer misled her into believing that the panels would be self-funding over 5 years. She adds that she has a gas boiler and cooker so the opportunity to make use of the solar panels was limited. She adds that the misrepresentation and lack of information provided, created an unfair relationship under section 140 of the Act.

Mrs A's complaint was considered by one of our investigators. She thought that the documents from the time of sale (which Mrs A signed) 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 Mrs A says she was led to believe. She also felt the sales documentation made it clear that the savings the solar panels provided was solely about electricity savings and not gas savings. So, she didn't think the complaint should be upheld.

Mrs A disagreed. She reiterated (through her representatives) her earlier concerns – that as she mainly used gas in her home, the opportunity to make electricity savings was limited and that she was led to believe the system would pay for itself over 5 years. She also highlighted that she was not given any information on how to register for Smart Export Guarantee (SEG) payments, so has not received any income which was one of the ways the seller promoted the system.

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, section 75 and section 140 of the Act. Section 75 provides protection for consumers for goods or services bought using credit.

As Mrs A paid for the system with a fixed sum loan agreement, Ikano agrees that section 75 applies to this transaction. This means that Mrs A could claim against Ikano, the creditor, for any misrepresentation or breach of contract by the supplier in the same way she 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 140 is about unequal relationships between the parties to a credit agreement. In this case, the representative relies on the alleged misrepresentation of the system.

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

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 Mrs A was provided with the sales documents, and that she would've seen these at the time of sale, as she has signed them.

The contract for the sale of the solar panels sets out the cash price of the solar panel system of £7,500 next to the total estimated year 1 benefit provided by the solar panel system which was between £126.46 and £252.92. It also sets out that she is taking a 60-month loan with Ikano to finance the purchase. None of these details are hidden away in small print, but are, in my view clearly visible. And Mrs A has signed directly beneath this section – So, I think she would've, at the very least, seen this comparison when she signed the document.

PAYMENT DETAILS		3. Electricity Bill Saving: You will also save on your electricity bill because you will be able to use less electricity from your electricity supplier.	
Remaining balance due:	£ 7500.00	25%/50% of Annual Output (3) x Electricity unit cost: 1647.2154	£ 126.46 (Based on 25% of Electricity Bill Savings)
Due to installers on completion:	£ 0.00		£ 252.92 (Based on 50% of Electricity Bill Savings)
Finance amount (if applicable):	£ 7500.00	<b>ESTIMATED TOTAL 1ST YEAR BENEFIT:</b> The £7,500 spent on the system will be repaid over 60 months. The savings from using some of the electricity generated will offset the cost of electricity prices rise.	
	IKANO 60 MONTHS	£ 126.46 (Based on 25% of Electricity Bill Savings)	£ 252.92 (Based on 50% of Electricity Bill Savings)

On the same day, Mrs A signed a credit agreement which set out the details of her loan. This shows Mrs A's system cost £7,500, that the total amount payable was £9,071.73 including interest and charges. Her monthly payments were £151.20 to be repaid over 60 months (5 years).

Given that Mrs A has signed all these documents and knowing what I know about the usual sales process on these types of cases, I think its more likely that the supplier discussed these facts and figures with Mrs A. I also don't think that Mrs A would've taken out a 5-year loan without considering the basic facts of the loan such as the total amount repayable, the loan term and the monthly loan payments. And given that her complaint is that she was misled about the benefits, I also think it's more likely there was some discussion about the benefits.

I think its apparent (without doing any calculations), the first-year maximum benefit amount of £252.92 would not be sufficient to cover the loan repayments – it doesn't even cover two monthly payments. And I don't think the supplier could've claimed with any credibility that the system will only produce a maximum benefit amount of £252 in the first year, but would somehow produce enough benefit to repay a loan of over £9,000 in the following 4 years – without some explanation as to how that would be achieved? And there's nothing in the sales documentation estimating any further benefit amounts. So, I think the sales documents make it explicitly clear that the benefit amount is minimal when compared to the loan costs and therefore this system would *not* be self-funding.

If Mrs A had been told something different, on being asked to sign these documents, I would have expected her to have questioned what she had been told. I've seen no evidence that

she did, so I think that suggests that the document most likely did not contradict Mrs A's understanding, at that time.

I've thought about Mrs A's representatives concerns that the alleged misrepresentation and lack of information regarding any gas savings and registering for SEG payments created an unfair relationship. But I'm afraid I don't agree.

As I've said above, I'm satisfied its more likely there was no misrepresentation regarding the system being self-funding over 5 years. The documents also make it clear the savings are solely in relation to electricity – there is no mention of any gas savings. Mrs A is aware she has a gas boiler and a gas cooker – I don't think the seller needed to point this out. Additionally, the savings mentioned above are annual and not in my view particularly substantial. So, I think she had enough information to make an informed choice as to whether she wanted to proceed with the sale bearing in mind how her home is set up. Additionally, given the rising cost of utilities, and that I think its unlikely Mrs A's home doesn't use any electricity at all, I think it's more likely Mrs A has benefited from the system in any event.

I've thought about Mrs A's concerns that she wasn't advised she needed to register to receive income for any unused electricity the system produced. However, I note that this sale was conducted in July 2019. The former scheme to receive income ended in April 2019 so Mrs A would have been unable to register for that. And the new scheme did not come into place until January 2020 – so the supplier couldn't have told her how to register for the scheme as it hadn't been introduced at that point. I can see in the contract, the export payments section has a line through it, so no income payments had been included, and the sale was conducted based solely in savings. The supplier could not have informed Mrs A to register for a scheme that didn't exist at the point of sale. So, I don't think the supplier did anything unreasonable here.

Mrs A can still contact her utility provider to find out if she can register for any income payments now – and given these systems have a lifespan of between 20 to 30 years, it may be beneficial for her to look into this.

Mrs A has also mentioned that the system may not be producing enough energy and is therefore underperforming. I've looked at the meter reading submitted from November 2024, and based on that reading, her annual generation is averaging at 3528.83 kWh. Her MCS certificate estimates her system is going to produce 3294 kWh annually – so her system is actually performing slightly better than estimated at the point of sale. So, I think the system is working as it was designed to.

Overall, while I've considered carefully Mrs A's testimony, I find the documents from the time of sale to be more persuasive in terms of what information she was 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. Considering that I haven't found any misrepresentation and I'm of the view that the supplier hasn't behaved unreasonably regarding Mrs A's other concerns, I think a court is unlikely to conclude that there is an unfair relationship under section 140. So, I don't think Ikano acted unfairly by declining this claim.

### **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 Mrs A to accept or reject my decision before 25 March 2025.

Asma Begum  
**Ombudsman**