

The complaint and what happened

Mrs B complains that Specialist Lending Limited, trading as Duologi, (“Duologi”), lent to her irresponsibly and without carrying out proper affordability checks. She also complains about its response to a claim she made under Section 75 (‘s.75’) of the Consumer Credit Act 1974 (the ‘CCA’).

I’ve included relevant sections of my provisional decision from January 2025, which form part of this final decision. In my provisional decision I set out the reasons why I was planning to uphold this complaint. In brief that was because I thought that Duologi should not have lent to Mrs B.

I asked both parties to let me have any more information they wanted me to consider. Duologi accepted my provisional findings, but Mrs B had further evidence to submit about what fair redress should look like in this case. I considered her points and concluded that they were valid, and wrote to both parties asking for any final comments on how to put things right. Despite chasing, Duologi did not respond. Ultimately, I imposed a deadline for final comments, which has now passed, without Duologi providing any further submissions.

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.

Having done so, I’m upholding it, and I’ll reiterate why, but first I’ve included here the relevant sections of my provisional decision:

“what happened

In January 2020, Mrs B bought a solar panel system (‘the system’) from a company I’ll call “F” using a 10-year fixed sum loan from Duologi.

In 2022 Mrs B complained to Duologi. She said that she was told by F that the electricity savings she would make would cover the cost of the loan repayments, however that hasn’t happened, and she’s suffered a financial loss. She was also unhappy with the quality of the installation and damage incurred to her property.

In July 2022 Duologi agreed a reduced repayment plan of £20 per month on the loan as Mrs B could not afford the contractual repayment of £135.74

Duologi responded to the complaint in its final response: it didn’t agree that there had been any misrepresentation by F or damage caused by its installation and so didn’t uphold Mrs B’s complaint. F itself was no longer trading.

Unhappy with Duologi’s response, Mrs B referred her complaint to our service.

The investigator looked into the complaint and thought that the reason Mrs B wasn’t getting the savings she had expected from the system was because of the increase in electricity prices – not a misrepresentation by F for which Duologi could be held responsible under S.75. She also didn’t think there was persuasive evidence of damage caused by F.

Mrs B's concerns about the affordability of the loan have been explored in greater depth by Duologi through the course of this service's investigation. It says that it carried out proportionate checks which showed no concerns and confirmed that the borrowing was affordable for Mrs B. However, in response to the investigator's view, Mrs B provided further evidence about her financial situation in 2020 and asked an Ombudsman to look at her complaint.

What I've provisionally 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.

Having done so, I'm currently planning to uphold it, and I'll explain why.

Firstly, I want to clarify that I agree with the investigator's view that there is insufficient evidence of a misrepresentation under S.75 of the CCA. Essentially, the financial benefits she appears to have received from the system, which come from her buying less electricity from the grid, aren't very far away from what she says F told her they would be. I'm satisfied that her understandable feeling that she is now paying twice for electricity is more likely than not linked to the steep increases in electricity prices over recent years. Not misrepresentations by F in 2020. There is also a lack of compelling evidence that F caused damage to Mrs B's property that it did not address before it went into administration.

However, the evidence Mrs B provided in response to the investigator's view about her very dire financial circumstances at the time have led me to reconsider this aspect of her complaint in some depth.

Duologi is aware of its obligations under the rules and regulations in place at the time of this lending decision, including the Consumer Credit Sourcebook ("CONC"), so I won't repeat them here. But, briefly, it was required to carry out sufficient checks to ensure that Mrs B would be able to repay the borrowing in a sustainable way. As set out in CONC 5.3.1G(2) that means that she could manage the repayments,

"...without...incurring financial difficulties or experiencing significant adverse consequences"

Crucially, Mrs B needed to be able to meet all her financial commitments and not have to borrow elsewhere to repay Duologi for the borrowing to be considered affordable and sustainable for him.

Did Duologi carry out proportionate checks?

The regulations in force required potential lenders to carry out "proportionate checks" and prescribed nothing more – so the exact nature and depth of checks that need to be carried out in order to be proportionate vary from lending decision to lending decision. There was and is no automatic requirement for a lender to, for example, verify what a customer is telling them, or review bank statements. But the checks must be borrower focused: they are to assess the risk of unaffordable credit to the borrower. Not bad debt to the lender.

Duologi has confirmed that it only asked Mrs B for basic information such as name and date of birth at the point of application, and that it then made an, "...automated decision...based on the data returned from..." the credit reference agency (CRA) that it used to inform its affordability assessments. It also confirmed that, seemingly based on the results of the check with the CRA, it may ask for more information in some cases. But that in Mrs B's case, there was no need to. It underlines that, "...she had no delinquent accounts on file..."

Lenders choose which CRAs to use, and indeed generally specify to those CRAs the depth of information they require to make lending decisions. That is a matter for the lender

and its risk appetite both in terms of bad debt, and of potentially finding it has not done what it ought to have under the regulator's rules at the time. Duologi has provided the data which its CRA returned about Mrs B, which I would not consider to be of much depth. Given that it was assessing whether a loan of £10,500, to be repaid over ten years, at more than £135 per month, would be affordable and sustainable for Mrs B over that entire period, I don't think its checks went far enough.

Whilst it hasn't been confirmed to me exactly what data Duologi asked its CRA to provide, given the reality of Mrs B's situation at that time, I can also only conclude that it must have specifically asked it to gather very high-level credit file information. I will explore this in the following section.

Finally, despite the comparative superficiality of the data, I also note that they appear to suggested a couple of areas of concern. Firstly, that Mrs B's indebtedness has increased dramatically in the three months preceding this application. That is suggested by a field named, 'TotalBalanceIncreaseL3M' in the spreadsheet, which returned a figure of '10704'. I take that to mean that the CRA was flagging to Duologi that Mrs B's debt burden had increased by nearly £11,000 in the preceding three months. Additionally, the CRA seemed to lack confidence in Mrs B's income data, which it had 'ragged' as being amber. If I am correct in my understanding, Duologi ought to have taken these results as flags of potential concern and asked more questions.

In the round, I cannot conclude that Duologi completed checks proportionate to the length and size of this loan agreement, and also in line with the apparent flags around increased indebtedness and income which I've described.

What would Duologi have likely discovered, and what ought it therefore to have concluded, had it completed proportionate checks?

Based on the data provided by Duologi, it does indeed appear that its CRA checks showed that Mrs B had no delinquent accounts.

However, Mrs B herself has said that she was in serious financial difficulty and told F (who brokered this loan) that she had no prospect of being approved for a loan.

In support of that, she has provided documentation showing that she had substantial arrears on her mortgage by the start of 2019, and that an order for possession of that property was put in place by the court, but suspended in August 2019. The address is Mrs B's home, where the system was installed, and she is clearly shown as an account holder, and indeed defendant in the court case.

I can identify no reason why the checks provided by Duologi's CRA showed no delinquent accounts. There can be no more serious or impactful credit file delinquency than that evidenced by Mrs B. At this point, I can only assume that the specific questions Duologi asked its CRA to provide the answers to were somehow not sufficiently encompassing to establish this particular fact.

Ultimately, it doesn't really matter why Duologi's checks failed to flag this serious issue. I have already set out why its checks weren't proportionate in any event. And I think it is more likely than not that any further enquiries on Duologi's part would have speedily made clear the seriousness of Mrs B's financial situation and that this borrowing was not affordable or sustainable for her."

As mentioned above, both parties accepted the outcome set out in the provisional decision, but Mrs B provided some detailed submissions on what fair redress should look like in this case. Duologi failed to respond to my request for comments on that, and ultimately I am satisfied that Mrs B's request is a fair way to put things right. So it follows that I am upholding this complaint, and I will set out what Duologi must do in the following section.

Putting things right

Duologi should not have lent to Mrs B. If it hadn't, she would not have had the solar panel system installed, and she would not have been a party to the loan in question.

Consequently, Mrs B's request for the system to be removed is a reasonable one and in the absence of any further comments from Duologi, I am now directing that. So, to put things right, Duologi must now:

- 1) Arrange and pay for the removal of the solar panel system, including all related wiring, from Mrs B's property by an appropriately skilled contractor. The contractor must also make good all parts of the property where any aspects of the system were installed.
- 2) Cancel the loan and provide a full refund of all sums paid by Mrs B under it.
- 3) Add 8% simple interest* to those payments, from the date the payments were made by Mrs B, to the date the complaint is settled.
- 4) Remove any and all adverse information recorded on Mrs B's credit file in relation to this loan.

*HM Revenue & Customs requires Duologi to deduct tax from this interest. It should give Mrs B a certificate showing how much tax it's deducted, if she asks for one.

In my correspondence to both parties, I also set out that Duologi is entitled to calculate and deduct any benefit Mrs B may have derived from having the system installed. This would come in the form of savings she has made on her electricity costs. So, Duologi can calculate what Mrs B would have paid for electricity without the system and the difference between that and what she did pay. It can then deduct that figure from the refund due to her.

Mrs B says that the financial benefit she derived from the system is very small, less than £40. However, it is not my role to carry out calculations here. Mrs B must provide Duologi with energy bills from before and after the system installation if it asks for them, to enable it to complete those calculations itself.

Finally, I've thought carefully about step 3 of my instructions above, and would have considered any representations from Duologi about the addition of simple interest to the refund in question. However, it has made none. And Mrs B has been out of pocket in those amounts as a result of the irresponsible lending I've identified and explored. And so, I have no compelling reason not to direct the addition of simple interest.

My final decision

For the reasons I've explained, I uphold this complaint and Specialist Lending Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 5 April 2025.

Siobhan McBride
Ombudsman