

## **The complaint**

Mr M has complained that Ikano Bank AB (publ) ("Ikano") rejected his claim against it under Section 75 of the Consumer Credit Act 1974.

## **What happened**

Mr M bought a solar panel system ("the system") for his home in January 2018. The purchase was funded by a loan from Ikano, and that business is therefore liable for the misrepresentations and/or breach of contract of the supplier under the relevant legislation. In this case, Mr M alleges that the supplier misled Mr M into believing that the panels would be self-funding.

Mr M's complaint was considered by one of our investigators. They thought that the documents from the time of sale (which Mr M signed) made it clear that the benefits of the solar panel system would not cover the cost and therefore the system would not be immediately self-funding in the way Mr M says he was led to believe. So, the investigator did not think a misrepresentation had taken place.

Mr M disagreed but didn't provide any reasons for doing so. As the complaint couldn't be resolved by our investigator, I've been asked to make a decision.

Mr M did previously have a representative assisting him with his complaint, but I understand he is now dealing with the complaint himself.

## **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 M paid for the system with a fixed sum loan agreement, Ikano agrees that section 75 applies to this transaction. This means that Mr M could claim against Ikano, 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 M 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 the same reasons as those explained by the investigator, I do not uphold this complaint.

I'm satisfied that Mr M 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 the documents.

The contract for the sale of the solar panels sets out the cash price of the solar panel system on the same document as the total estimated year 1 benefit provided by the solar panel system. The cost of the system is also recorded in the "finance" section of the contract, so I think Mr M was aware he'd be taking out finance. Neither of these figures are hidden away in small print, but are, in my view clearly visible. And Mr M has signed this document.

<b>Total benefit for year one:</b>		<b>£ 417.89</b>
<b>Method of payment: (please highlight a method)</b>		
Cash: £		Finance: £ 7950.00

I think it's clear that Mr M's total year one benefit is £417.89, and the cost of the system is £7,950.

On the same day, Mr M also signed the credit agreement which set out the cash price of £7,950, the monthly payment of £87.46, the total amount payable of £10,493.73, as well as the term of the loan which was 120-months (i.e. 10years).

Usually, the sale documentation reflects the nature of the discussions that took place at the time of sale. So, I think it's likely the supplier discussed the estimated benefit the system would likely produce as well as clearly setting out the cost. When Mr M provided additional testimony to our investigator, he said he believed he would receive around £400 in Feed in Tariff (FIT) payments from the system. The estimated returns set out Mr M's total benefit was around £400 rather than the FIT alone – but Mr M's testimony does indicate this figure of £400 was discussed. I think the document makes it clear that Mr M's total benefit was £417.89 rather than the FIT alone.

I also think it's clear that to repay a loan for £7,950 over 10 years, Mr M would need at least £795 to meet the annual repayments of the loan (without even including interest and charges), and the total benefit amount falls significantly short of that. I also think it's apparent that 12 payments of £87.46, amounts to more than £400.

Overall, I think it's more likely that it would have been clear to him that the solar panels would not be self-funding in the way he says he was told they would be.

If Mr M had been told something different, on being asked to sign these 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 M's understanding, at that time.

While I've carefully considered Mr M's testimony, I find the documents from the time of sale to be more persuasive in terms of what information he 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.

Mr M has recently said that he is also concerned the system isn't generating as much power as it should do – and that he was told that it would generate around "2.5MW per day" but it is actually only producing 1.5kWh. Mr M didn't raise any concerns with power generation in his original complaint and we can't investigate any new complaint points now. His complaint was

that the system was sold as self-funding, and Ikano's response was that it didn't agree the system was sold as self-funding. This is the complaint that was referred to this service.

But it might be helpful to clarify that Mr M's MCS certificate shows his system is expected to produce 2607.89 kWh per year and his meter reading from January 2022, shows the system was producing on average 3041 kWh annually. This is slightly more than was estimated at the point of sale, so it looks like the system was performing as it was designed to, and it wasn't faulty. But if Mr M thinks the system is generating less than it should do now, he would need to raise that with Ikano and give it a chance to investigate it and put matters right in the first instance. If Mr M isn't happy with Ikano's response, then it can refer this matter to this service after the correct complaints process has been followed.

Mr M has made some additional points regarding whether Ikano carried out appropriate credit checks and whether it ensured pressure wasn't applied. But as explained by our investigator, Mr M was provided with a cooling off period which I would have expected him to utilise if he didn't want the system but had been pressured into signing the agreement on the day. Pressure can also be subjective, and Mr M hasn't provided any detail as to why he feels he was subjected to undue pressure. Additionally, Ikano and our investigator set out in detail the credit checks Ikano carried out, and I haven't seen anything that suggests the loan was unaffordable. So, these points don't change my view of the complaint.

### Summary

Having carefully considered the evidence provided by all parties in this complaint, I'm satisfied that there were no untrue statements of fact made by the supplier that induced Mr M to enter into the contract for the system, and I have found no other reason to uphold this complaint. So, I don't think Ikano acted unfairly by declining Mr M's 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 Mr M to accept or reject my decision before 22 November 2023.

Asma Begum  
**Ombudsman**