

The complaint

Mr E complains about Ikano Bank AB (publ)'s response to a claim he made under sections 75 and 140 of the Consumer Credit Act.

What happened

In 2018, Mr E purchased a solar panel system from a supplier. He paid for this using a loan from Ikano, which was repayable over 120 months with the first repayments deferred for 12 months.

In 2021, a claims management company ("CMC") made a claim to Ikano saying that the supplier had misrepresented the system as paying for itself through the income and savings generated covering the monthly loan repayments. And that Mr E's relationship with Ikano was unfair on him because of undisclosed commission paid to the supplier, Mr E not being given pre-contract information and not being notified of his cancellation rights, the loan agreement not being fully explained, so Mr E didn't understand the full costs, and Ikano not doing a suitable creditworthiness check before accepting Mr E's loan application.

Ikano rejected the claim. It did not think there had been a misrepresentation or that its relationship with Mr E was unfair on him. It confirmed no commission was paid to the supplier, that pre-contract information and cancellation rights were provided and that it did suitable credit checks before accepting the loan application.

Unhappy with this, Mr E made a complaint and asked the Financial Ombudsman Service to look into what had happened. Our investigator didn't think the complaint should be upheld. Mr E was unhappy with this, pointing out that he had not been told he may need to replace parts during the life of the system which would cost him more money. 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.

Section 75 means that Ikano can be held liable for any misrepresentation by the supplier when selling the system to Mr E. And Section 140 allows a court to find the relationship between a creditor and debtor was unfair on the debtor for various reasons.

Having thought about what happened, I've decided not to uphold this complaint.

Misrepresentation

Mr E alleges he was told the system would pay for itself because the income and savings generated would cover the monthly loan repayments. I do not think that is likely to have happened because the supplier provided a contract that clearly shows the benefit of the system in the first year was estimated to be up to £456.46. This included the income and savings, and is much less than the annual loan repayments, which were £1,146.12.

Mr E says he was told that £456.46 this was the benefit he would receive in the first year *after* paying his electricity bills and making the loan repayments. There is nothing in the contract to suggest the benefits shown are anything other than the total benefits Mr E would receive. Mr E also said that he was told the figures on the contract were conservative – implying that he would receive much more than this.

Overall, I don't think Mr E's recollection is plausible and persuasive enough for me to conclude the misrepresentation happened. Especially given he did not make a claim or complaint about this until almost three years after the sale took place. If he had been told the monthly loan repayments would be covered by the savings and income, I think it would've been obvious that wasn't happening within a few months of the system being installed. And that Mr E would've taken action to complain about that then, rather than waiting several years.

Unfair relationship

I am not persuaded that a court would conclude Mr E's relationship with Ikano was unfair on him because:

- No commission was paid to the supplier by Ikano.
- Mr E was provided with pre-contract information including his cancellation rights.
- The loan agreement clearly set out the costs, including the monthly loan repayments and total amount repayable, so I think Mr E would've understood this.
- Ikano did carry out a creditworthiness assessment, and I've seen nothing that leads me to think this was not suitable or that Ikano should've rejected Mr E's loan application.

Additional points

Mr E says he was not told about having to replace some parts of the system during its lifetime, increasing his costs. But I think some maintenance costs are to be expected with a system that is expected to last around 25 years. And I do not think that the supplier's alleged failure to highlight this means the system was misrepresented to him or that his relationship with Ikano was unfair on him such that I should uphold this complaint.

Summary

Overall, I do not think the alleged misrepresentation took place or that the relationship between Mr E and Ikano was unfair on him. So, I don't think that Ikano acted unfairly when it rejected Mr E's claim and complaint.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 14 February 2024.

Phillip Lai-Fang
Ombudsman