

## **The complaint**

Mr P complains that Ikano Bank AB (publ) unreasonably rejected his claim under Section 75 of the Consumer Credit Act 1974 (“the Act”) about a solar panel and battery system that he says was misrepresented to him by the supplier.

## **What happened**

In February 2020, Mr P bought a solar panel and battery system (“the system”) from a supplier using a fixed sum loan agreement from Ikano. He says (through his representative) that he was told that the financial benefits of the system (through feed-in tariff payments and energy savings) would cover the loan repayments on a monthly basis – so he would not be out of pocket.

In September 2021, Mr P made a claim (through his representative) under Section 75 of the Act to Ikano. Mr P alleged that the system was misrepresented to him, because the financial benefits do not cover the monthly loan repayments.

Ikano rejected Mr P’s Section 75 claim, so he contacted the Financial Ombudsman Service. One of our investigators looked into this and recommended the complaint be upheld. Ikano didn’t accept this, so I’ve been asked to make a decision.

I issued a provisional decision explaining why I was not planning to uphold this complaint. This gave Mr P and Ikano an opportunity to respond by a given deadline. Neither Mr P nor Ikano made any further submissions, so this final decision is in line with what I said in my provisional 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 of the Act says that in certain circumstances, the borrower under a credit agreement has an equal right to claim against the credit provider if there’s either a breach of contract or misrepresentation by the supplier of goods or services. Section 56 is also relevant because it says that any negotiations between the borrower and the supplier are deemed to have been conducted by the supplier as an agent of the credit provider.

For the purpose of this decision, I’ve used the definition of a misrepresentation as being 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.

The Financial Ombudsman Service can consider complaints about how credit providers have responded to Section 75 claims. So, that’s what I’m looking at in this decision.

Mr P’s allegation is that he was told the financial benefits of the system would cover the loan repayments on a monthly basis. But looking at the sales documents I think it is unlikely that he was told this. Mr P’s testimony also is not plausible and persuasive because it mentions

feed-in tariff income which was not available to him and is not mentioned in any of the sales documents.

The benefits Mr P could get from the system are shown in the sales documents and comprise of:

- Energy savings from:
  - using electricity as it is generated, and
  - using excess electricity that has been generated and stored in the battery.
- Income from grid-trading, which is an automated process where the battery exchanges electricity with the grid – effectively buying electricity when it is cheaper, storing this and then selling it back to the grid when the price is higher (as well as selling some of the stored energy that was generated by the solar panels).

The loan agreement shows that Mr P's monthly repayments were £130.54, which equates to £1,566.48 per year. The sales contract states that the estimated financial benefits of the system would be up to £573.20 in the first year. The quote for the battery shows the estimated annual savings over 30 years as being £766.95, figures which are far below the annual loan repayments. The battery quote also shows an annual estimate of the battery income and savings, which never exceeds the annual loan repayments – even after 30 years.

Mr P signed the sales contract and loan agreement on the same day, so I'm satisfied he saw these and could easily compare the cost of the system with its estimated benefits. Given what is shown in the documents, I think it is unlikely that the supplier said the financial benefits of the system would cover the loan repayments on a month-to-month basis. With this in mind, I do not think it is likely that the system was misrepresented to Mr P in the way that has been alleged. So, I do not think it was unreasonable of Ikano to reject Mr P's Section 75 claim.

### **My final decision**

For the reasons I've explained, I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 December 2023.

Phillip Lai-Fang  
**Ombudsman**