

The complaint

Mr U complains that Ikano Bank AB (publ) rejected a claim he made under sections 75 and 140 of the Consumer Credit Act 1974.

What happened

Mr U purchased a solar panel system in 2015. He paid for this using a fixed sum loan agreement with Ikano, which was repayable over ten years.

In 2021, a claims management company (CMC) made a claim to Ikano on Mr U's behalf. It said the system had been misrepresented to Mr U as paying for itself.

Ikano responded to say the claim had been made out of time under the Limitation Act 1980, since the claim was made more than six years after the sale took place.

Unhappy with this, Mr U asked the Financial Ombudsman Service to look into what had happened.

Our investigator said the section 140 claim had not been made too late, and Ikano has not disputed this. But our investigator did not think the complaint should be upheld. She said the claim under section 140 had been made in time, but she did not think there had been a misrepresentation or that the relationship between Mr U and Ikano was unfair on him.

Mr U remained unhappy with this, so 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 140 allows the courts to consider whether the relationship between a creditor and debtor is unfair on the debtor. In doing so it can take into account a wide range of things including what has happened in relation to a linked agreement. In this case that means that the courts could take into account what the supplier of the solar panel system did when selling it to Mr U – including whether or not it misrepresented the benefits of the system.

So, I've taken this into account when considering this complaint about how Ikano responded to Mr U's claim.

Having considered the available evidence in this case, I've decided not to uphold this complaint.

The allegation here is not very persuasive. It appears to boil down to Mr U being told that the system would "pay for itself". But there is no more detail to it than that – such as over what period of time. So, in the absence of something else to support that recollection I would not conclude there was a misrepresentation.

In addition to this, the sales documents clearly set out the estimated benefits of the system within the first year. So, Mr U could've compared this to his monthly loan repayments set out in his credit agreement and seen that the benefits would not exceed the loan repayments at the start.

I think it is most likely that Mr U was told the benefits of the system would be along the lines of those shown in the sales documents. It seems unlikely that a salesperson would provide these documents while telling Mr U something different about the benefits of the system.

Mr U may have been told the system would pay for itself over its lifetime, because the estimated benefits of the system in that time are shown to exceed what he would pay for it under the loan agreement. But that was based on estimated, not guaranteed, benefits and could still prove to be accurate.

The estimates don't appear unreasonable, and I don't think it would be a misrepresentation if the estimated benefits over the lifetime of the system aren't actually realised. The benefits would depend on many factors outside of the control of the supplier, including how Mr U uses electricity in his home.

Mr U appears to be unhappy with the level of savings. But savings from the system are not savings relative to what he was paying for electricity before installation. They are savings relative to what he would've paid for electricity if he didn't have the solar panels. That's hard to quantify.

I can understand why Mr U would be concerned when it is likely his electricity bills have increased in recent years. But that is likely down to the large and unexpected increase in electricity prices, rather than anything the supplier did wrong when selling the system to him. He may be reassured that the benefits of the system will increase over time as the FIT unit rates increase with inflation and electricity prices increase (thus increasing the value of any savings from using the generated electricity).

Mr U has provided some handwritten notes which he says he made at the time of the sale. While these do appear to be about solar panels, they are dated 19 May 2016, which is sometime after the sale took place. So, I cannot rely on them as confirming what he was told at the time of sale.

Overall, I am not persuaded there was a misrepresentation or any other reason for me to conclude that the relationship between Mr U and Ikano was unfair on him. So, I'm not upholding this complaint.

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 U to accept or reject my decision before 2 January 2024.

Phillip Lai-Fang
Ombudsman