

The complaint

Mr G complains about Allium Money Limited's decision to reject a claim he made under section 75 and section 140 of the Consumer Credit Act 1974 ("the Act") in relation to a solar panel and battery system ("the system").

What happened

In October 2019, Mr G purchased the system from a supplier using a fixed sum loan agreement from Allium. The loan was repayable through 180 monthly repayments of £151.12 each.

In January 2022, a claims management company ("the CMC") made a claim to Allium on Mr G's behalf under section 75 and section 140 of the Act. It said that:

- The system had been misrepresented to Mr G as being self-funding, in that the savings from using the system would cover the cost of the loan over the 15-year loan term.
- There was a breach of contract because Mr G paid for a voltage optimiser that was never installed.
- Mr G's relationship with Allium was unfair on him because Allium paid undisclosed commission to the supplier for selling the credit agreement.

Allium rejected Mr G's claim. It said there was no misrepresentation on the part of the supplier, Mr G had received and accepted a refund for the voltage optimiser at the time the system was installed, and that there was no unfair relationship because it paid no commission in relation to the credit agreement.

Unhappy with this, Mr G made a complaint about this. Allium rejected this and the Financial Ombudsman Service was asked to look at the complaint. Our investigator thought the complaint should be upheld because Mr G had made significantly less in savings than shown in the quote.

Allium didn't accept this. It said that the quote states the savings would be affected by how Mr G uses electricity and other things, so the quoted savings should be used for illustration purposes only. The system is generating more electricity than expected, so is working properly, and it is not within the supplier's control how Mr G uses electricity, or the level of savings realised.

Because the complaint couldn't be resolved I was asked to make a decision. I issued a provisional decision explaining that I was not planning to uphold the complaint.

Allium acknowledged this and confirmed it had nothing further to add. Mr G said that he still felt the system was not working as it should. He provided some screenshots from his mobile app showing some information about how the system is working.

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.

I have the power to make a decision on whether Allium's response to Mr G's complaint was fair and reasonable. In doing so I've taken into account section 75 and section 140 of the Act, as well as section 56 which makes it so that Allium can be held responsible for what the supplier told Mr G prior to him agreeing to take out the loan.

Mr G says he was told that the savings (including income from battery/grid trading) generated by the system would be enough to pay for the monthly loan repayments from the start. But I do not think it is likely he was told this.

The quotes provided to Mr G at the time of sale clearly show the estimated average monthly savings of £49.95 per month in the first year to be significantly less than the monthly loan repayments of £151.12 per month. And I think Mr G could easily have compared these figures – the savings being shown on the quotes and the loan repayments on the loan agreement.

Following on from this, there is a table in the quotes that clearly shows the estimated savings would not exceed the basic (or cash) price of the system until year 18 – in itself longer than the loan term.

Mr G also could have compared the total payable under the credit agreement of £27,298.70 with the accumulated savings in the same table, which did not exceed this amount until year 25 – ten years after the loan would've been repaid.

With this in mind it seems unlikely that Mr G was told the system would pay for itself through savings on a monthly basis or within the loan term.

The quotes included warnings that made clear the savings figures shown were only estimates and couldn't be guaranteed, given that in reality the savings would vary depending on a number of factors – including how electricity was used by Mr G, electricity prices and the ability of the battery/grid trading supplier to make an income and credit Mr G. So, I don't think it is likely that the system was presented as self-funding in the way Mr G has said.

With regards the voltage optimiser, I have seen evidence showing that Mr G was aware it was not installed and that he accepted a refund in light of this at the time. So, I think it is clear the contract was varied with his consent. I don't think there was a breach of contract.

The CMC has suggested the relationship between Mr G and Allium was unfair on him because of commission paid by Allium. But I am satisfied that no commission was paid. And I've seen no other reason to conclude the relationship was unfair on Mr G. As such, I do not think it was unreasonable of Allium to not uphold Mr G's claim.

Mr G says he has ongoing concerns about how the system is working. But from the information he's provided it appears the solar panels are generating electricity and that the battery is working as well. If Mr G has concerns that the system may have an ongoing fault or isn't working as it should then he should contact the supplier who ought to be able to look into this. But that is separate to my decision on this 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 G to accept or reject my decision before 19 December 2023.

Phillip Lai-Fang
Ombudsman