

The complaint

Mr W complains about Allium Money Limited trading as Allium Money's response to a claim under section 75 of the Consumer Credit Act 1974.

What happened

In 2019, Mr W agreed to purchase a solar panel and battery system ("the system") from a supplier. He paid for this a loan from Allium which was repayable over 180 months. The system was installed and the loan started about six months later, in 2020.

In 2022, a claims management company ("CMC") made a claim to Allium on Mr W's behalf. This alleged that the supplier misrepresented the system by telling Mr W that the benefits of the system would cover the repayments and leave him with a profit.

Allium rejected the claim. It said the sales documents clearly set out the benefits of the system and that there was no misrepresentation.

Mr W was unhappy with this so made a complaint and asked the Financial Ombudsman Service to look at what had happened. Our investigator didn't think the complaint should be upheld. Mr W disagreed, so I've been asked to make a decision.

What I've decided – and why

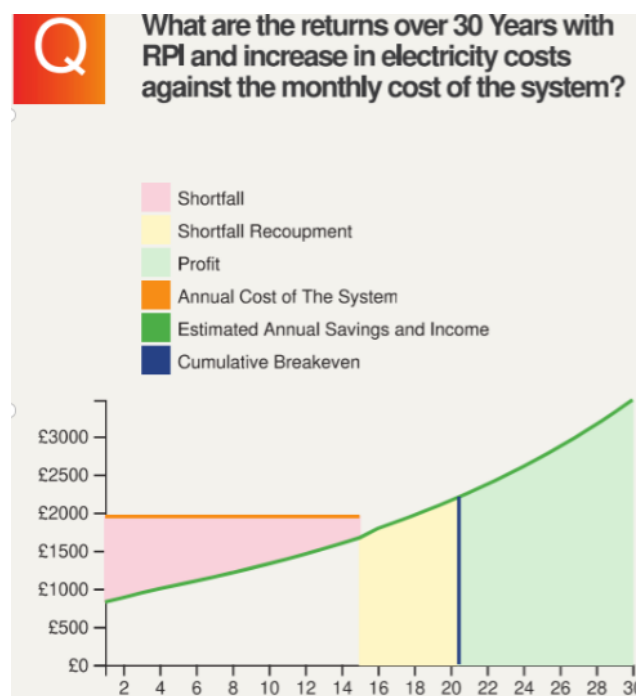
I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've decided not to uphold this complaint. The sales documents are detailed in explaining the costs and estimated benefits of the system. The benefits were only from savings – through using electricity as it is generated by the solar panels, using electricity stored in the battery, and from credits on his bill from grid trading and related benefits.

The following table set out the estimated annual benefit and compared this to the loan repayment – confirming a significant shortfall between the average monthly benefit each year and the loan repayment. Given the table shows a shortfall every year, I think it is clear from the quote that the system would not pay for itself within the loan term.

<div> <div>£162.21</div> <div>per month</div> <div>over 180 months</div> <div>9.9% apr</div> </div>			
Year	Acc. grand total	Est. monthly return	Average monthly repayment diff.
1	£825.91	£68.83	-£93.39
2	£883.23	£73.60	-£88.61
3	£944.53	£78.71	-£83.50
4	£1,000.54	£83.38	-£78.84
5	£1,049.87	£87.49	-£74.72
6	£1,101.08	£91.76	-£70.46
7	£1,154.29	£96.19	-£66.02
8	£1,209.62	£100.80	-£61.41
9	£1,267.21	£105.60	-£56.61
10	£1,327.20	£110.60	-£51.61
11	£1,389.76	£115.81	-£46.40
12	£1,455.04	£121.25	-£40.96
13	£1,523.23	£126.94	-£35.28
14	£1,594.50	£132.88	-£29.34
15	£1,669.07	£139.09	-£23.12

The following graph showed when Mr W might expect to recoup the full cost of the system including loan interest and charges:



This shows that it would be over 20 years before the benefits of the system would exceed the total cost of the system including loan interest.

Naturally it is impossible to predict with certainty the benefits of a solar panel system over several decades. But the assumptions used by the supplier do not appear to have been unreasonable at the time. The supplier was a member of an industry body that validated its

method of estimating the benefits, so I think it would be difficult for me to conclude that the assumptions and methods used were not reasonable.

I am aware that the company that provided grid trading benefits has gone out of business since Mr W's system was installed. So, he no longer receives these benefits. And they were not as much as estimated in any case. While I sympathise about this, I am not persuaded that the supplier was aware that the estimated grid trading benefits were unlikely to be realised or that the grid trading company would go out of business when it provided the quote.

My understanding is that the supplier used information provided by the grid trading company, and it had no reason to doubt that information at the time. So, I don't think there was a misrepresentation on the part of the supplier.

I note that in response to our investigator's assessment, Mr W said that his main concern was with the grid trading benefits not being realised and that his electricity bills have doubled since the installation of the system. But the CMC did not focus on these specific points in Mr W's claim to Allium. The allegations were rather broader than that. In any case, I do not think the supplier misrepresented the benefits of the system. It made reasonable assumptions, some based on information from the grid trading company. The benefits were described as estimates and were not guaranteed.

In regards to Mr W's electricity bills increasing, that is likely to be due to the unprecedented increase in electricity prices since Mr W's system was installed. He may be reassured to know that it is likely that his electricity bills would've most likely been even higher if he had not had the system installed.

Going forward, Mr W could potentially sign up for the Smart Export Guarantee scheme if he has not already done so. This would result in him being paid for electricity exported to the grid. This is a benefit that the supplier did not include in the quote, as the scheme did not open until after the sale took place. Mr W can speak to his electricity supplier about this and find more information by searching for "smart export guarantee" on the Ofgem website.

In summary, I think the supplier provided clear information about the benefits of the system. This was based on reasonable assumptions. That those benefits have not been realised is not enough for me to conclude that the supplier misrepresented the system to Mr W.

With this in mind, I do not think Allium did anything wrong by rejecting Mr W's claim.

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 W to accept or reject my decision before 1 February 2024.

Phillip Lai-Fang
Ombudsman