

The complaint

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

What happened

In 2020, Mr D agreed to purchase a solar panel and battery system ("the system"). He paid for it using a fixed sum loan agreement with Ikano that was repayable over 120 months with the initial payment deferred for 12 months.

In 2022, a claims management company ("the CMC") made a claim on Mr D's behalf to Ikano claiming that the system had been misrepresented to Mr D as being self-funding, in that the benefits of the system would cover the loan repayments. It also claimed the relationship between Ikano and Mr D was unfair on him.

Ikano rejected the claim. It said there was no misrepresentation and that its relationship with Mr D was not unfair on him. It pointed to the sales documents which set out the expected benefits of the system, which were much less than the loan repayments.

Unhappy with this, the CMC made a complaint on Mr D's behalf. Ikano rejected this, so the Financial Ombudsman Service was asked to look at what happened.

Our investigator did not recommend the complaint be upheld. Mr D did not accept this. The CMC said the investigator hadn't taken sufficient account of Mr and Mrs D's recollections of what had happened. 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.

Relevant considerations

I have the power to make a decision on this complaint about Ikano's response to a claim under sections 75 and 140 of the Act.

Section 75 means that Ikano can be held liable for any misrepresentation or breach of contract by the supplier when selling the system to Mr D. Section 140 allows the courts to decide whether the relationship between Ikano and Mr D is unfair on him – including looking at how the supplier sold the system (when the Act says it was acting as Ikano's agent). So I've taken particular account of this when making my decision.

The sales meeting

Mr D was not present at the sales meeting. He says that his wife was at the meeting and passed information about the system onto Mr D. I'm satisfied that information included what was discussed and the sales documents, given that Mr D signed these.

When deciding whether there was a misrepresentation I must think about all the evidence – both Mrs D's recollection of what she was told and what is shown on the sales paperwork.

In this case Mrs D recalls being told the benefits of the system would cover the loan repayments and that she later told Mr D this. But her recollection is undermined by:

- The letter of claim referring to benefits from the Feed-In Tariff, a scheme which was not available at the time of sale and is not mentioned in the sales documents.
- The sales documents showing that the benefits of the system would solely come from savings, which were estimated to be between £478.96 to £580.39 in the first year, which is much less than the annual loan repayments.

I think the sales documents are clear in what the benefits of the system are estimated to be. And comparing this to the loan repayments shown on the credit agreement, it is clear that the estimated benefits would not cover the loan repayments.

With this in mind, I am not persuaded that it is likely that Mrs D was told the system would be self-funding in this way. As such, I do not think Ikano acted unreasonably when it said there was no misrepresentation.

It may be that Mrs D was told the system would be self-funding over time, since it is often the case that the benefits of a solar panel system over its lifetime will exceed its purchase price.

The fairness of the relationship between Ikano and Mr D

I am not persuaded there was a misrepresentation by the supplier which would make the relationship between Ikano and Mr D unfair on him. And I've not seen anything else that makes me think the relationship was unfair. For example, it paid no commission to the supplier.

So, I do not think Ikano acted unreasonably when it said its relationship with Mr D was not unfair on him.

Summary of my findings

I do not think there was a misrepresentation or breach of contract on the part of the supplier. Nor do I think the relationship between Ikano and Mr D was unfair on him.

So, in my opinion, Ikano has not done anything wrong by rejecting Mr D's claim.

A note on the Smart Export Guarantee

The Smart Export Guarantee is a scheme that replaced the FIT scheme. It allows people with a solar panel system to be paid for any electricity that is exported to the National Grid. If Mr and Mrs D have not signed up for the Smart Export Guarantee, they may wish to do so, since this will increase the benefit they receive from the system.

More information about the Smart Export Guarantee is available on the gov.uk website:

<https://www.gov.uk/government/publications/smart-export-guarantee-seg-earn-money-for-exporting-the-renewable-electricity-you-have-generated>

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 D to accept or reject my decision before 28 December 2023.

Phillip Lai-Fang
Ombudsman