

## **The complaint**

Mr F has complained that Ikano Bank AB (publ) ("Ikano") rejected his claim against it under Section 75 of the Consumer Credit Act 1974 ("the Act").

## **What happened**

Mr F bought solar panels and a boiler for his home in 2018. The purchase was funded by a loan from Ikano, and that business is therefore liable for acts and omissions of the supplier under the relevant legislation. In this case, Mr F alleges that the supplier misled him into believing that the panels would be self-funding, primarily through feed-in tariff ("FIT") payments.

Mr F's complaint was considered by one of our investigators. He thought that the documents from the time of sale (which Mr F signed) made it clear that the benefits of the solar panel system would not be immediately self-funding. So, our investigator did not think a misrepresentation had taken place.

Mr F disagreed. He said that he had relied on what he had been told by the sales representative – that the solar panels would be self-funding, primarily through the FIT payments. He said the discrepancy between what he had received, and the amounts shown on the sales documents, was notable and raised questions about the accuracy of the initial estimates – implying a degree of misrepresentation. He also said that his electricity bills not reducing over time was a concern relating to the performance of the solar panels.

As the complaint couldn't be resolved by our investigator, 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.

In this case the relevant law includes section 75 and section 56 of the Act. Section 75 provides protection for consumers when they purchase goods or services using credit.

As Mr F paid for the system with a fixed sum loan agreement, Ikano agrees that section 75 applies to this transaction. This means that Mr F could claim against Ikano, the creditor, for any misrepresentation or breach of contract by the supplier in the same way he could have claimed against the supplier. So, I've taken this into account when deciding whether Ikano's response to Mr F's claim was fair and reasonable.

Section 56 says that any negotiations between Mr F and the supplier are deemed to have been conducted by supplier as an agent of Ikano.

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

Having carefully considered everything provided, for the same reasons as those explained by our investigator, I do not uphold this complaint.

I'm satisfied that Mr F was provided with the sales documents, as he sent copies to us. It seems likely that he would've seen these at the time of sale, as he has also signed them. It also seems likely that the information on those documents would've been discussed with him.

The sales documents include the contract, solar quotation, estimated benefits sheet and credit agreement. These documents are fairly straightforward. I think Mr F would've understood what he had agreed to pay for the system – not only the basic price, but also the total payable under the loan agreement and the monthly payments he'd agreed to pay.

The estimated benefits clearly show that Mr F could potentially obtain an estimated benefit from the solar panels of £405.55 in the first year after installation. Given the monthly loan repayments were £93.45, which equates to £1,121.40 per year, I think it is unlikely that the sales representative would've said the loan repayments would be covered by the benefits of the system to make it self-funding on a monthly basis or in the first year.

The sales representative may have said the system would be self-funding overall. But I don't think that would've been a misrepresentation. Solar panels are generally expected to last for 25 years, FIT payments would be made for 20 years, and the unit rate increases annually with RPI inflation. So, the FIT payments over that period would often exceed what was paid for a solar panel system. And the boiler would also likely have led to some savings on Mr F's gas bills.

I appreciate Mr F's concern that his electricity bills have not reduced since installation. But I think it is likely he has made savings. Electricity bills would not necessarily reduce compared to how much they were before, since electricity prices generally will increase over time. So, you could end up paying more even though you are using less electricity. The savings from a solar panel system will be in comparison to how much Mr F's electricity bills would've been if the solar panels had not been installed. Naturally this is hard to quantify.

Nevertheless, the estimated benefits shown on the sales documents do not appear to be unreasonable. They were based on industry standard calculations and showed the assumptions made. I would not consider estimated benefits to be a misrepresentation just because a customer hasn't realised those exact benefits.

Mr F's FIT payments were slightly below the estimate. This appears to have been because his solar panels generated slightly less than expected, but within expected tolerances in terms of the estimates made.

The solar panels appear to be working properly, so it is likely Mr F has realised some savings. The savings he makes will depend on how he uses electricity in the home. And as I've said above, I would not uphold a complaint simply because the estimated savings haven't been realised when those estimates were reasonable.

While I've carefully considered Mr F's recollection of what he was told, I find the documents from the time of sale to be more persuasive in terms of what information he was likely given. So, on balance, I think it is unlikely there was a misrepresentation that would enable me to uphold 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 F to accept or reject my decision before 15 December 2023.

Phillip Lai-Fang  
**Ombudsman**