

## **The complaint**

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

## **What happened**

In 2019, Mr S purchased a solar panel and battery system from a supplier. Included with the system was a smart thermostat, boiler and voltage optimisers, and 20 LED light bulbs. Mr S paid for this using a fixed sum loan agreement from Ikano.

In 2022, a claims management company (“CMC”) made a claim to Ikano on Mr S’s behalf. This alleged that Mr S had purchased the system on the understanding that it would pay for itself within the ten-year loan term and that this was a misrepresentation. It also alleged that Mr S’s relationship with Ikano was unfair on him.

Ikano rejected the claim. Mr S then complained about this and referred the complaint to the Financial Ombudsman Service when Ikano did not change its position.

Our investigator recommended the complaint be upheld, since the loan agreement was signed nine days before the sales contract, even though that contained estimated benefits that showed the system was unlikely to be self-funding in the way Mr S recalls being told it would be.

Ikano didn’t respond within the given deadline, so I’ve been asked to make a decision.

I issued a provisional decision explaining I was not planning to uphold this complaint. Neither Ikano nor Mr S or the CMC provided anything else for me to consider, so I am not upholding this complaint.

## **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 contract between Mr S and the supplier was not signed until nine days after the loan agreement. When signing the contract Mr S could still have withdrawn from the loan agreement. He was within the 14-day cooling off period and the funds had not been released to the supplier. So, I think the contents of the quote are relevant to me deciding this complaint.

The system was not installed until seven days after Mr S signed the contract, so he had plenty of time to consider its contents and pull out of the purchase and the loan agreement if anything in the contract caused him concern.

Overall, I do not think that Mr S’s recollection of what he was told is plausible and persuasive enough for me to uphold this complaint.

When Mr S signed the contract it clearly showed the estimated benefits of the system to be £772.78 in year one, and £63,114.80 over 30 years. At that stage he'd already signed the loan agreement, so knew how much he'd agreed to pay overall, and could compare this to the estimated benefits.

It is not clear from the estimated benefits shown on the contract that the system would pay for itself within the loan term, since the annual loan repayments were much more than the estimated first-year benefit.

It is clear however, that Mr S could reasonably have expected the system to pay for itself within 30 years, as the estimated total benefit over that time exceeded the total amount he'd agreed to pay under the loan agreement, which was £16,163.39.

Based on these documents, which Mr S saw, I don't think it is likely that the supplier would've represented the system as paying for itself within the ten-year loan term. This is reinforced by the underlying calculations done by the supplier when generating the quote (even though I'm unsure whether Mr S saw these at the time).

These are shown in a more detailed table of benefits. This showed that the total estimated benefit each year would not exceed the annual loan repayments within the term of the loan (the highest annual estimated benefits being £1,140.67 in year ten, against annual loan repayments of £1,617.30). So, by the supplier's own calculations it was clearly not the case that the system would pay for itself within ten years. Having generated this information, I don't think the supplier would then tell Mr S something completely different.

Mr S's recollection is also undermined by the fact that he did not pursue this matter until around three years after installation. In the interim he did have some issues with the grid trading benefits, which were not initially being paid at all. But he pursued this with his energy supplier (which was responsible for paying those benefits) to get the problem resolved.

However, Mr S did not mention to his energy supplier that he had additional concerns about the system not meeting his expectations from the time of sale (other than he wasn't receiving the grid trading benefit). And there is nothing to suggest that Mr S simultaneously pursued the alleged misrepresentation of the system with the supplier, nor that he did so before the CMC submitted his claim to Ikano.

Overall, based on the evidence available, I think it is unlikely the supplier misrepresented the system in the way alleged. And I've seen nothing that persuades me that the relationship between Mr S and Ikano was unfair on him.

### **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 S to accept or reject my decision before 6 February 2024.

Phillip Lai-Fang  
**Ombudsman**