

The complaint

Mr T complains about Ikano Bank AB (publ)'s response to a claim he made under section 75 of the Consumer Credit Act 1974 ("the Act")

What happened

Mr T bought a solar panel system for his home in July 2020. He paid for the system using a fixed sum loan agreement from Ikano.

In March 2022, a claims management company made a claim under section 75 of the Act on Mr T's behalf saying that the supplier of the system had told Mr T that the amount generated from the Feed-In Tariff ("FIT") or Smart Export Guarantee ("SEG") income would cover the monthly loan repayments. The CMC said this was a misrepresentation because the income Mr T has received is much less than the loan repayments.

Ikano rejected Mr T's claim. It said that the sales contract showed total estimated year 1 benefits of between £131.83 and £263.66, which was much less than the annual loan repayments.

The CMC then complained on Mr T's behalf and asked the Financial Ombudsman Service to look into what had happened.

Our investigator recommended the complaint be upheld. She said that although the sales contract did not support what Mr T had said, there was an earlier quote from the supplier which supported his recollection - that the supplier told him he would receive about £475 per year from the electricity generated, which would almost cover in full the loan repayments. And over time he would be able to pay off the loan just using the income it generated.

Ikano disagreed, so I was asked to make a decision. I issued a provisional decision explaining that I was not planning to uphold this complaint. Ikano acknowledged that but did not provide anything further for me to consider. Mr T and the CMC did not respond by the deadline I gave. So, this final decision is in line with my provisional 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 have the power to consider this complaint about whether Ikano's response to Mr T's section 75 claim was fair and reasonable. Section 75 makes Ikano jointly responsible for any misrepresentation on the part of the supplier when selling the system to Mr T.

I have considered all the evidence in this case. And I'm satisfied that there was no misrepresentation and Ikano's response to the claim was fair and reasonable. So, I do not uphold this complaint.

Ikano did not have the benefit of Mr T's recollection of what he was told. This was only given to our investigator after Ikano had rejected his claim. The sales documents do not support

the allegation in the letter of claim – none of them show a benefit that exceeds the monthly loan repayments. So, I think it was fair and reasonable of Ikano to reject the claim.

Mr T's recollection is undermined by the fact that it does not match the allegation made to Ikano in the CMC's letter of claim. Mr T signed the sales contract, which described the total benefits of the system as only coming from savings on his electricity bills and that in the first year these would be much less than both the loan repayments and the amount Mr T recalls being told. That information was not hidden away or unclear, so I think Mr T probably saw this before signing the contract. Given he didn't complain until much later, it seems likely that what was shown in the contract was not too different to what Mr T had been told at the time.

The document referred to by our investigator shows a first-year benefit that is still less than Mr T recalls being told. And it is quite a bit less than the annual loan repayment. Mr T's recollection suggests to me that he was told that in time the benefits of the system would exceed what he had agreed to pay for it. But that would not be a misrepresentation given that over its 25-year expected lifespan, the system will most likely pay for itself in this way because inflation will increase the savings and income over the years, while the total he has to pay under the loan agreement is fixed.

So, overall, I don't think that there is sufficient evidence for me to conclude that the supplier misrepresented the system to Mr T - either in the way set out in the letter of claim or in the way Mr T told our investigator. As a result of this, I do not think Ikano acted unfairly in rejecting the claim. So, I am not upholding 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 T to accept or reject my decision before 28 December 2023.

Phillip Lai-Fang
Ombudsman