

## **The complaint**

Mrs R has complained that Clydesdale Financial Services Limited has not handled a claim she raised under s.75 of the Consumer Credit Act 1974 fairly.

## **What happened**

Mrs R entered into a contract for the supply and installation of solar panels ('the system') in January 2014. She says the supplier told her the panels would be entirely self-funding due to the FIT payment scheme.

The cash price of the system was £9,995. Mrs R took a loan with Clydesdale Financial Services Limited, trading as Barclays Partner Finance ('BPF') to pay for the system. Mrs R paid the loan off in early 2015.

Mrs R said that she was not given enough time to read the paperwork, nor given any terms and conditions and that the panels had not covered the cost of the loan or reduced her bills. Also, as the installer was no longer trading, she no longer had the benefit of the warranty.

BPF looked into Mrs R's complaint and said it would uphold it. It completed a calculation to show how much Mrs R would benefit from the system over the loan term and compared that to how much she paid them. The estimated benefits the system would produce were greater than what she had paid.

Mrs R was unhappy with BPF's outcome and so asked this service to investigate. Our investigator looked at what BPF had done and said the calculations that BPF had made were fair and he couldn't ask BPF to anything more. Mrs R did not agree and repeated what she had said to BPF.

As no agreement could be reached the matter has been passed to me to consider afresh.

## **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 56, section 75 and section 140 of the Act. So, I've taken account of s75, which provides protection for consumers for goods or services bought using credit, s56 which says negotiations between Mrs R and the supplier are deemed to have been conducted by the supplier as an agent of BPF, and s140 which offers protection if the relationship between the parties involved in the credit agreement is unfair.

Mrs R says that what she was told by the installer of the panels were untrue. BPF has accepted that the benefits of the system were misrepresented to Mrs R and as a result this decision will deal with what I consider to be fair compensation.

The role of this service is to help settle disputes between consumers and businesses providing financial services fairly and reasonably with minimum formality. In cases like this

one, determining fair compensation isn't an exact science. My role is to arrive at a fair and reasonable outcome taking account of the particular circumstances.

I've considered whether it would be reasonable to put Mrs R back in the position she would have been in if there'd been no misrepresentation, i.e. had she not entered into the finance agreement or had the panels installed. However, I don't think it would be fair or proportionate to require the removal of the system from her home. Rather, I think the fair outcome here is to put Mrs R in a position where the system is cost neutral over the original term of the loan from BPF, meaning that Mrs R isn't disadvantaged by the misrepresentation. By allowing Mrs R to keep the system, I'm satisfied that she will likely benefit from lower electricity bills and FIT payments in the future.

I've carefully considered the methodology BPF has submitted to this service to calculate the total benefits of the system. This methodology is based on the actual performance and, where needed, estimated future performance of Mrs R's system. BPF used actual FIT data and electricity bills, supplied by Mrs R, in its calculations.

When calculating the estimated future benefits of Mrs R's system, BPF used a number of assumptions. These include the self-consumption rate, electricity price inflation, the degradation rate and the estimated retail price index ("RPI"). I'm of the view that these appear reasonable taking into account the actual known figures. In summary, I'm satisfied that the assumptions that have been used by BPF provide a fair and reasonable basis for calculating fair compensation. I'm also mindful that the estimated element of the calculations in this instance is low.

Mrs R has said that she does not think the calculations BPF have made are correct, as her FIT payments to date were less than the total amount of benefits BPF's calculator had estimated, and that she is likely to have to pay an additional £10,000 to keep the system working. She has not explained why she feels she will need to pay this.

I think it's important to remember that the overall benefit to Mrs R is not limited solely to her income from FIT payments, but also the savings she has made on her energy bills by using the energy produced by her panels. This represents a significant saving over time, and I think it only fair that BPF are allowed to include these savings in its calculations.

I've also looked into the likely maintenance that the panels will need. It's generally accepted that the panels will last for 20-25 years with minimal degradation and little maintenance beyond cleaning. I'm also mindful that the benefits of the panels, will continue beyond the 10-year period used by BPF in its calculations, and that ongoing benefits will offset any expected maintenance costs.

Having examined BPF's calculations I am satisfied they are fair and look to ensure she suffers no financial loss as a result of the supplier's misrepresentation that the system would be self-financing. As such I can't ask them to do anything further.

I've also considered Mrs R's comments about the warranty she was provided with the system. BPF confirmed in its Final Response that it would consider any future s75 claim about the quality of the panels or system. This doesn't guarantee the outcome of any future claim but should give Mrs R some recourse should there be a problem with the panels. I'm also mindful that as nearly 10 years have passed since the installation, the likelihood of any issue relating to the installation or quality of the goods arising now is low.

### **My final decision**

It is my final decision that I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 26 February 2024.

Sarah Holmes  
**Ombudsman**