

The complaint

Mr H complains about Ikano Bank AB (publ)'s response to a claim he made under sections 75 and 140 of the Consumer Credit Act 1974.

What happened

In 2018, Mr H purchased a solar panel system ("the system") from a supplier. He paid for this using a loan with Ikano, which was repayable over 120 months, with the first payment deferred for 12 months. The monthly repayment was £109.78

In 2021, a claims management company ("CMC") made a claim to Ikano on Mr H's behalf. This alleged that the system had been misrepresented by the supplier and that Mr H's relationship with Ikano was unfair on him because:

- Mr H was told the income and savings from the system would cover the monthly loan repayments.
- Ikano paid commission to the supplier.
- Ikano didn't carry out proper credit checks.
- No pre-contract information was provided, by Ikano or if it was Mr H was not given time to consider this.
- Mr H wasn't given notice of his cancellation rights.

Ikano rejected the claim. It did not accept there had been a misrepresentation or that its relationship with Mr H was unfair on him. Mr H then made a complaint about this and asked the Financial Ombudsman Service to look at what had happened.

Our investigator didn't think the complaint should be upheld. Ikano acknowledged this but did not provide any additional comments. Mr H didn't respond, 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.

Section 75 means that Ikano can be held responsible for a misrepresentation on the part of the supplier when selling the system. A misrepresentation being an untrue statement of fact or law that induced Mr H to agree to the purchase when he otherwise wouldn't have done so. Section 140 means a court could find the relationship between Ikano and Mr H was unfair on him for a number of reasons. I've taken this into account when considering whether Ikano has acted reasonably when responding to Mr H's claim and complaint.

Having done so, I've decided not to uphold this complaint.

The sales documents as a whole, including the loan agreement, clearly set out the cost and benefits of the system. The main points being:

- Monthly loan repayment £109.78
- Total cost (including interest) £13,173.96
- Estimated year one benefit £343.94 to £469.91

I think it is clear from this that the first-year benefit would not be sufficient to meet the monthly loan repayments. So, I think it is unlikely that the supplier would've provided documents showing this while telling Mr H that the system would be self-funding in the way alleged. So, I do not think this misrepresentation took place. In addition to this, Mr H told out investigator that he was told that the system would pay for itself in the end (rather than on a month-to-month basis). So, this contradicts the allegation in the letter of claim.

Ikano has confirmed it paid no commission to the supplier in relation to Mr H's purchase and loan agreement.

I'm satisfied that Ikano did carry out credit checks. And I've seen nothing to suggest these were not appropriate or that it should not have accepted Mr H's loan application.

I think it is likely that the necessary pre-contract information was provided to Mr H and that he had time to consider this, including during the related cancellation period.

I've not seen evidence that the supplier provided notice of Mr H's cancellation rights. But it is likely that it did. And I've seen nothing to suggest that Mr H would've cancelled the purchase in any case.

Overall, I'm not persuaded that there was a misrepresentation or that Ikano's relationship with Mr H was unfair on him.

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 H to accept or reject my decision before 8 February 2024.

Phillip Lai-Fang
Ombudsman