

## **The complaint**

Mr and Mrs B have complained that Shawbrook Bank Limited rejected their claim against it under Section 75 of the Consumer Credit Act 1974.

## **What happened**

Mr and Mrs B bought solar panels for their home in 2016. The purchase was funded by a loan from Shawbrook, and Shawbrook is therefore liable for the acts and omissions of the installer under the relevant legislation. In this case, that relates to the installer allegedly misleading Mr and Mrs B into believing that the panels would pay for themselves after about four years.

Mr and Mrs B's complaint was considered by one of our investigators. They thought that the benefits of the panels were mis-represented to Mr and Mrs B, and that fair redress would be for the loan to be restructured to make the system cost no more than the benefit it would provide over a ten-year period. This restructure should be based on evidence of the actual performance of the panels, and a number of assumptions on future performance.

Shawbrook disagreed. It felt the quote provided by the supplier made it clear that the system would not pay for itself after four years, so it was unlikely that Mr and Mrs B were told this.

Mr and Mrs B felt the loan should be cancelled, the solar panels removed, and all their payments refunded with interest (less any benefit received from the system to date).

Because our investigator was unable to resolve the complaint, 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.

Shawbrook is familiar with all the rules, regulations and good industry practice we consider when looking at complaints of this type, and indeed our well-established approach. So, I don't consider it necessary to set all of that out in this decision.

Having carefully considered everything provided, for the same reasons as those explained by the investigator, I uphold this complaint.

Mr and Mrs B have provided hand-written notes that they made during the meeting with the supplier, during which they agreed to purchase the solar panels. In my opinion, these hand-written notes support Mr and Mrs B's allegation. The notes appear to indicate that for a 15-year loan they would get more money back than they paid out by year six, and for a ten-year loan they would get more money back than they paid out by year 4. It also had written down, "couldn't fail to make money", and "certainty to make money". Which suggests this is what they were told, or at least the impression they were given. Mr and Mrs B complained

approximately four years after installation of the solar panels, once they realised what they'd been promised had not happened.

Shawbrook has suggested the hand-written note should not be relied upon. Shawbrook says it could've been made during a meeting with a different provider, and points to discrepancies in figures shown on the hand-written note compared to what is in the suppliers quote, including the number of solar panels to be fitted and the monthly loan repayment figures.

However, I'm satisfied the hand-written note is reliable evidence in this case. At the top of the note the name of the supplier is written. And the correct deposit amount of £1,924 and cash price of £8,020 is also shown. So, I think it is unlikely that this was written during a meeting with a different supplier.

I note the discrepancies between some of the amounts on the handwritten note and the supplier's quote. But this appears to be due to the number of solar panels changing from 14 during the meeting to 10 actually being installed – hence the monthly repayments written down were higher than shown on the quote (which is based on a ten-panel system). Mr and Mrs B say only 10 panels could be fitted to the house once the installers arrived, but there was no further discussion of how this would impact the benefits of the system.

Mr and Mrs B say they didn't see the written quote (the copy that we've been provided shows ten solar panels with the benefits based on that). It was sent to Mr B's work address. He does not recall ever seeing it and says it may have been filtered out to his spam folder.

Overall, I'm satisfied that a misrepresentation took place. Mr and Mrs B's understanding was that the solar panels would pay for themselves after four years. I'm not persuaded that the supplier did anything following the initial meeting to dispel that notion, despite the change in the system and the lower benefits that would result from that.

So, I think that Shawbrook didn't treat Mr and Mrs B fairly and they lost out because of what Shawbrook did wrong. And this means that it should put things right.

### **Putting things right**

I think that it would be fair and reasonable in all the circumstances of Mr and Mrs B's complaint for Shawbrook to put things right by recalculating the original loan based on the known and assumed savings and income to Mr and Mrs B from the solar panels over a ten-year period, so they pay no more than that, and they keep the solar panel system, and any future benefits once the loan has ended.

In the event the calculation shows that Mr and Mrs B are paying (or have paid) more than they should have, then Shawbrook needs to reimburse them accordingly. Should the calculation show that the misrepresentation has not caused a financial loss, then the calculation should be shared with Mr and Mrs B by way of explanation.

If the calculation shows there is a loss, then where the loan is ongoing, I require Shawbrook to restructure Mr and Mrs B's loan. It should recalculate the loan to put Mr and Mrs B in a position where the solar panel system is cost neutral over a ten-year period.

Normally, by recalculating the loan this way, a consumer's monthly repayments would reduce, meaning that they would've paid more each month than they should've done resulting in an overpayment balance. And as a consumer would have been deprived of the monthly overpayment, I would expect a business to add 8% simple interest per year from the date of the overpayment to the date of settlement.

So, I think the fairest resolution would be to let Mr and Mrs B have the following options as to how they would like their overpayments to be used:

- A. the overpayments are used to reduce the outstanding balance of the loan and they continue to make their current monthly payment resulting in the loan finishing early,
- B. the overpayments are used to reduce the outstanding balance of the loan and they pay a new monthly payment until the end of the loan term,
- C. the overpayments are returned to Mr and Mrs B, and they continue to make their current monthly payment resulting in their loan finishing early, or
- D. the overpayments are returned to Mr and Mrs B, and they pay a new monthly payment until the end of the loan term.

If Mr and Mrs B accept my decision, they should indicate on the acceptance form which option they wish to accept.

If Mr and Mrs B have settled the loan, Shawbrook should pay them the difference between what they paid in total and what the loan should have been under the restructure above, with 8% interest.

If Mr and Mrs B have settled the loan by refinancing, they should supply evidence of the refinance to Shawbrook, and Shawbrook should:

- 1. Refund the extra Mr and Mrs B paid each month with the Shawbrook loan.
- 2. Add simple interest from the date of each payment until Mr and Mrs B receive their refund.
- 3. Refund the extra Mr and Mrs B paid with the refinanced loan.
- 4. Add simple interest from the date of each payment until Mr and Mrs B receive their refund.
- 5. Pay Mr and Mrs B the difference between the amount now owed and the amount they would've owed if the system had been self-funding

I'm satisfied that Shawbrook's offer of £200 compensation for the trouble and upset caused is fair and reasonable. So, Shawbrook should also pay this to Mr and Mrs B if it hasn't already done so.

### **My final decision**

For the reasons I've explained, I'm upholding Mr and Mrs B's complaint. Shawbrook Bank Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 23 October 2023.

Phillip Lai-Fang  
**Ombudsman**