

The complaint

Mr B has complained that Ikano Bank AB (publ) “Ikano” has rejected his claim under Section 75 of the Consumer Credit Act 1974 “the Act”.

What happened

Mr B bought solar panels for his home in 2017, funded by a loan from Ikano. Mr B alleges that he was mis-led by the supplier that the panels would be self-funding.

In July 2021, Mr B, via his representatives, contacted Ikano bank. He said he had been misled about the benefits of the solar panel system and was told benefits would effectively pay of the loan. He said this meant his relationship with Ikano was unfair. He also said he felt pressured into the sale, and he did not believe appropriate checks had been carried out.

Ikano responded to his complaint and said it did not agree the benefits of the panels had been mis-represented or that the relationship had been unfair. Mr B had not raised any concerns about the sale during the 14-day withdrawal period. It also said it was satisfied appropriate credit checks has been carried out.

As Mr B wasn't happy, he brought his complaint to this service. His case was considered by one of our investigators who concluded that the documents from the time of sale made it clear that the benefits of the panels would not cover the cost of the loan and that she did not believe the benefits had been mis-represented to Mr B.

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. Section 75 provides protection for consumers for goods or services bought using credit. As Mr B paid for the system with a fixed sum loan agreement, Ikano agrees that section 75 applies to this transaction. This means that Mr B could claim against Ikano, the creditor, for any misrepresentation or breach of contract by the supplier in the same way he could have claimed against the supplier. So, I've taken section 75 into account when deciding what is fair in the circumstances of this case.

Section 56 is also relevant. This is because it says that any negotiations between Mr B and the supplier, are deemed to have been conducted by supplier as an agent of Ikano.

Section 140 is about unequal relationships between the parties to a credit agreement. In this case, the representative relies on the alleged misrepresentation of the system, and failings in relation to the credit agreement.

For the purpose of this decision, I've used the definition of a misrepresentation as an untrue statement of fact or law made by one party (or his agent) to a second party which induces that second party to enter the contract, thereby causing them loss.

Having carefully considered everything provided, for the same reasons as those explained by the investigator, I do not uphold this complaint.

I've looked at the credit agreement provided to Mr B, which sets out the cash price of the system £9,760, the total amount payable £12,560.33, the cost of the credit and the duration of the loan. It also sets out that Mr B would need to pay 119 monthly repayments of £104.67. I'm satisfied this is clear and not mis-leading.

I've also considered the sales documents given to Mr B, signed by him on the same day as he agreed to the credit agreement. There are two different estimations of benefits, due to proposed changes in the orientation and pitch of the panels. Here I've used the estimations for the system installed, but I have taken account of both estimates and have borne in mind that the difference between the first-year benefits for both estimations is only around £25.

The Ikano Bank validation sheet sets out the loan details, together with the monthly repayments amounts and the page titled SEM calculations sets out the potential year 1 benefit, with Mr B's signature beneath it

Potential Year 1 Benefit

Feed in Tariff 2791.04 KWh x 100% x 4.11 p/KWh = £114.71

Export Tariff 2791.04 KWh x 50% x 4.91 p/KWh = £68.52

Elec Savings 2791.04 KWh x 50% x 8.9 p/KWh = £124.20

Total Estimate Year 1 Benefit = £307.43

Customer Signature:



Date: 2017-01-19

Bearing that in mind, I think it's apparent that to repay £9,272.00 over 10 years, Mr B would need £927.20 annually to meet the loan payments (and this is without any interest or charges). But his estimated total first year benefit was only £304.43.

Additionally, I can see Mr B signed the credit agreement on the same day which showed, amongst other details that his monthly payments were £104.67. This works out annually as £1,256.04. And as I've said above, his estimated total first year benefit was only £307.43.

The sales contract I've described above, in my view, clearly displays the expected first year benefit Mr B would receive against the cash price – which shows the solar panels would not immediately cover the cost of his system. Mr B then went on to take out finance to fund the purchase of the solar panel system, he further increased his costs – as he agreed to pay not only the cash price of the solar panels, but also interest on top of the amount borrowed. As it was clear the benefit provided by the system would not be sufficient to cover the cash price of the solar panels, I think he ought reasonably to have known that the benefit provided by the system, would also not be sufficient to fund the monthly finance payments which included interest on top of the cost of the solar panels.

Overall, I think it would have been clear to him that the solar panels would not be self-funding in the way he says he was told they would be.

While I've carefully considered Mr B's testimony, I find the documents from the time of sale to be more persuasive in terms of what information he was likely given at the time of sale. So, on balance, I think the evidence suggests that it is unlikely there was a misrepresentation that would enable me to uphold this complaint.

Mr B has also said that he felt pressured into the sale, and that he doesn't think that appropriate affordability checks were carried out.

I'm mindful that the credit agreement included a cooling off period, and there was at least a week between Mr B signing the quote and the installation taking place. Therefore, I think that, had Mr B felt pressured by the salesman, there was scope for this to be raised at that time or for him to withdraw from the contract prior to the installation. In the absence of any evidence to show these concerns raised at the time, I can't conclude that this was the case.

Ikano have said that appropriate checks for affordability were carried out at the time, and I've seen no evidence that Mr B was struggling to make his payments, or that he contacted Ikano about this at any point in the 5 years prior to his complaint, so I'm unable to conclude that there was any issue with the checks carried out.

I've also gone on to consider whether a court might conclude that there existed an unfair relationship under section 140 of the Act.

A sufficient inequality of knowledge and understanding is considered a classic source of unfairness in a relationship between a creditor and a consumer. Ikano has confirmed that it paid no commission to the supplier in this case and, considering that I haven't found any misrepresentation or evidence to support other failings. I think a court is unlikely to conclude that there is an unfair relationship under section 140.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 April 2024.

Sarah Holmes
Ombudsman