

## **The complaint**

Mr J complains that Ikano Bank AB (publ) (“Ikano”) rejected his claim under section 75 of the Consumer Credit Act 1974 (“the Act”) about a solar panel system.

## **What happened**

In January 2020, Mr J bought a solar panel system (“the system”) from a supplier using a fixed sum loan agreement from Ikano. He says (through his representative) that he was told the financial benefits of the system (through feed-in tariff payments and energy savings) would cover the loan repayments.

In November 2021, Mr J made a claim (through his representative) under section 75 of the Act to Ikano. Mr J alleged that the system was misrepresented to him, because the financial benefits don’t cover the loan repayments. Ikano rejected Mr J’s section 75 claim, so he contacted our service. One of our investigators looked into this but didn’t recommend the complaint should be upheld.

Mr J didn’t accept this, so his complaint has been passed to me for 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 of the Act says that in certain circumstances, the borrower under a credit agreement has an equal right to claim against the credit provider if there’s either a breach of contract or misrepresentation by the supplier of goods or services.

Section 56 of the Act is also relevant because it says that any negotiations between the borrower and the supplier are deemed to have been conducted by the supplier as an agent of the credit provider.

For the purpose of this decision, I’ve used the definition of a misrepresentation as being 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.

We can consider complaints about how credit providers have responded to section 75 claims. So, that’s what I’m looking at in this decision.

Mr J’s allegation is that he was told the financial benefits of the system would cover the loan repayments. But looking at the sales documents I think it’s unlikely he was told this. Mr J’s testimony via the CMC also is not particularly persuasive because it mentions feed-in tariff income which was not available to him and is not mentioned in any of the sales documents.

The benefits Mr J could get from the system are shown in the sales documents and comprise of:

- Energy savings from using electricity as it's generated and using excess electricity that has been generated and stored in the battery.
- Income from grid-trading, which is an automated process where the battery exchanges electricity with the grid – effectively buying electricity when it is cheaper, storing this and then selling it back to the grid when the price is higher (as well as selling some of the stored energy that was generated by the solar panels).

The loan agreement shows that Mr J's monthly repayments were £106.12, which equates to £1,273.44 per year. The quote for the system that Mr J received states that the combined estimated financial benefits of the solar system, the battery and the social energy benefit would be £344.19 in the first year, and that the estimated average annual benefit over 25 years would be £593.33, figures which are far below what was required to cover the annual loan repayments. Mr J signed the sales contract and loan agreement on the same day, so I'm satisfied he saw these and could easily compare the cost of the system with its estimated benefits.

Given what is shown in the documents, I think it's unlikely that the supplier said the financial benefits of the system would cover the loan repayments as Mr J has said. As such, I don't think it's likely that the system was misrepresented to Mr J in the way that has been alleged.

I've carefully considered Mr J's comments about the sales process in response to our investigator's view. But I still find that there was enough information given to him about the financials of the arrangement. And Mr J could, if he wanted, have asked the supplier to provide him with the information he says would have been useful for him.

For the reasons I've set out above, I don't think it was unreasonable of Ikano to reject Mr J's section 75 claim.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 12 April 2024.

Daniel Picken  
**Ombudsman**