

The complaint

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

What happened

In 2017, Ms B purchased a solar panel system ("the system") using a loan from Ikano, which was repayable over 120 months.

In 2021, a claims management company ("CMC") made a claim to Ikano on Ms B's behalf. This alleged that the supplier of the system had misrepresented it as being self-funding, in that the savings and income from the system would cover the loan repayments, so Ms B would not be worse off each month.

The CMC also said that Ms B's relationship with Ikano was unfair on her because of the misrepresentation and because:

- No suitable creditworthiness assessment was carried out.
- The required pre-contract information was not provided, including notice of the cancellation period.
- Ms B was pressured into the purchase because of the misrepresentations and because the credit agreement was not explained, so Ms B did not fully understand the costs.
- Ikano received a commission from the supplier.

Ikano rejected the claim. It did not accept there was any misrepresentation nor that its relationship with Ms B was unfair on her. Ikano said that no commission was paid in relation to the loan.

Unhappy with this, the CMC made a complaint on Ms B's behalf about Ikano's response. Since Ikano did not change its position, Ms B asked the Financial Ombudsman Service to look at the complaint.

Our investigator recommended the complaint should be upheld. Ikano did not accept this, so I've been asked to make a decision.

I issued a provisional decision explaining that I was not planning to uphold this complaint. Ikano acknowledged the complaint but did not provide anything further for me to consider. Neither Ms B nor the CMC responded by the deadline I gave. So, my final decision is in line with my provisional one.

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 allows a debtor to claim against a creditor for any misrepresentation or breach of contract by the supplier of goods or services paid for using credit – in this case a point-of-sale loan. Section 140 of the Consumer Credit Act allows the courts to consider whether the relationship between a creditor and debtor is unfair on the debtor.

Having taken everything relevant into account, I've decided not to uphold this complaint.

The sales documents clearly show the expected benefits of the system. The performance estimation sheet shows the total first year benefit from savings and income was estimated to be £343.84. This is clearly much less than the annual loan repayments of £921.00, which is shown as £76.75 per month on the credit agreement.

Bearing in mind the information on the sales documents – I think it is unlikely that the supplier would've told Ms B that the system was self-funding in the way that has been alleged.

I'm also mindful that Ms B would've known within a few months of the installation that the benefits were not covering the monthly loan repayments. So, I'd have expected her to take action on this – such as complaining about it – much sooner than four years later if this did not match what she had been told.

I've thought about whether the relationship between Ikano and Ms B was unfair on her. But I'm not persuaded a court would conclude that it was. I don't think there was a misrepresentation. And I think that Ms B was provided with the required information about the credit agreement, including the pre-contract information and cancellation notice. Ikano has confirmed that no commission was paid in relation to the credit agreement, and there's no suggestion that the lending was irresponsible or unaffordable for Ms B.

In summary, I don't think there was a misrepresentation by the supplier. And I don't think a court would conclude that the relationship between Ikano and Ms B was unfair on her. So, I do not think that Ikano did anything wrong when it rejected Ms B's complaint.

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 Ms B to accept or reject my decision before 19 February 2024.

Phillip Lai-Fang
Ombudsman