

## **The complaint**

Mrs P complains, on behalf of Mr P, about a solar panel system (“the system”) he purchased using a loan from Creation Consumer Finance Ltd.

## **What happened**

In 2015, Mr P purchased the system from a supplier, which I will call “S”. He paid for this using a loan from Creation, which was repayable over ten years.

In 2022, Mrs P made a complaint to Creation on behalf of Mr P. She said that two pushy salespeople had persuaded them to purchase the system even though Mr P said they could not afford it. This was on the understanding that the money they would make from Feed-In Tariff (“FIT”) payments would cover the monthly loan repayments, so the system would pay for itself. But that didn’t happen – on average they have received around £492 per year in FIT payments, whereas the loan repayments were £1,240.20 per year. Mrs P has confirmed that a relative gave them money to reduce the amount owed in 2016 and pay it off completely in June 2017. But Mr and Mrs P have been unable to repay their relative.

Creation responded to Mr P on 10 August 2022. It treated the complaint as a claim under Section 75 of the Consumer Credit Act (“CCA”) and said that due to the provisions of the Limitation Act the claim had been made too late.

Unhappy with this as they felt it was unfair, on 19 August 2022, Mr and Mrs P asked the Financial Ombudsman Service to help. Our investigator looked at what had happened and recommended the complaint be upheld, since under Section 140 of the CCA he felt that S had misled Mr P, and this made Creation’s relationship with him unfair.

Creation did not respond to this complaint directly but has separately told us that it thinks we do not have jurisdiction in cases such as this (due to time limits in the rules we must apply), and that if we do uphold them we should follow the Court’s approach to redress in a case known as “Hodgson”. I was asked to make a decision on this complaint, both in terms of our jurisdiction to look at it and the merits of the complaint.

I issued a provisional decision explaining that we do have jurisdiction to look at the complaint, but that I was not planning to uphold it.

Mr and Mrs P responded to say they had nothing further to add. Creation didn’t respond by the deadline I gave. So, I’m now issuing this final decision not upholding the complaint, for the same reasons given in my provisional 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.

I’ve decided not to uphold this complaint.

It seems to me that Mr P's complaint is, at its heart, both about Creation's response to the s.75 claim and also about the consequences of S's alleged misleading representations and/or contractual promises (which Creation was responsible for).

In part that seems to me to amount to a complaint about the unfairness of the overall lending relationship Mr P had with Creation, bearing in mind the failings that Mr P has alleged and the detriment that he says he experienced as a result. In my view therefore, his concerns extend to and include a complaint about Creation's participation in and perpetuation of an unfair relationship.

Mr P's allegation is that he was told the FIT payments would cover the monthly loan repayments. But the contract appears to contradict this. It shows the following about FIT payments in the first year:

- Generation income     £396.58
- Export income            £74.44

The contract does not show the total FIT payments for the first year, but this equates to £471.02. This is much less than the annual loan repayments of £1,240.20.

The contract does, however, show the total benefits in the first year, which includes electricity savings of £245.56, to be £716.58. This is still much less than the annual loan repayments.

With this in mind and considering that Mr P signed the contract just below these figures and Mrs P provided this document to us, it seems unlikely that the salesperson would provide this document and these figures while assuring them that the FIT payments alone, or even the total benefits, would cover the monthly loan repayments. I'm mindful the contract is hand-written, so is likely to have been completed during the meeting when the system and its benefits were being discussed.

Mr P was aware of the loan repayments as these are clearly shown on the loan agreement. So, he would've been aware of both the estimated first-year benefits and the loan repayments when he signed one or both of these documents.

Overall, I do not think it is likely that a Court would conclude the relationship between Creation and Mr P was unfair on him – either due to what happened at the time of sale or for any other reason.

Even if I was to uphold this complaint, what I would tell Creation to do to put things right would be to ensure that Mr P paid no more for the system than the benefits he received (or is likely to receive) within the original ten-year term of the loan – since that would mean the benefits would cover all the loan repayments.

But in this case the loan was paid off early. This means that Mr P has paid much less interest, and much less overall, than is shown on the loan agreement. Although I do not have the exact figures, by my calculation Mr P will likely have paid less than £9,000 for the system. This is likely to be similar to the total benefit received during the original ten-year loan term. So, even if I was to uphold this complaint, it is likely that there would be little or no redress due to 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 P to accept or reject my decision before 10 September 2024.

Phillip Lai-Fang  
**Ombudsman**