

# Solar Panels - Client Guide

## Physical issues | Feed In Tariffs | Lender requirements

### Effect on property value?

Your seller may ask you to pay an increased value to reflect the cost of the panels attached to the property.

You should obtain valuation advice from your surveyor on this, but be aware that a Which? survey of estate agents revealed that 67% felt they made no difference to the value of the property and 17% felt they decreased its value. Just 8% felt they increased its value.

### Feed In Tariffs

The government promoted the installation of solar panels by setting up a scheme that paid home owners a tariff for electricity fed back into the grid.

When Feed In Tariffs were introduced in 2010 they were very generously funded. With this incentive, it's estimated that over 900,000 solar panels have been installed across the UK. But the Feed In Tariff has reduced significantly since 2012 and it was abolished for new installations after 31st March 2019.

Houses which were installed before that date can still claim the tariff but it will need to be transferred to the buyer on completion.

We will, if you require, ask the seller to sign and supply the necessary 'Transfer of Ownership' form relating to the Tariff, or you can deal with this yourself.

Each energy provider has their own form, but you will have to take readings and deal with the transfer of the tariff as it is not part of the conveyancing process.

Be aware that it can take months for the energy companies to deal with this transfer and we are not able to assist you with this should there be problems.

Houses with Feed In Tariff arrangements will have a separate meter for this and you should check where this is and the readings on the day of completion of the sale.

We will not be involved in apportioning or recovering any part of the tariff owed to you after the date of completion and you must arrange this with the seller.



### Buying a property with solar panels

This guide is for those considering buying a property that has solar panels attached to it. We cannot advise on the decision whether to fit panels to an existing property but the comments made in this guide may help you. If you are thinking of installing panels, do your research carefully. Most panels take 10-20 years to break-even on the cost of the panels. There are useful articles on the subject at [www.which.co.uk](http://www.which.co.uk) and [www.moneysavingexpert.com](http://www.moneysavingexpert.com).

These articles comment that if you are planning on moving in less than 10 years solar panels will not make financial sense if, as is likely, you will not get the value of the panels back when you sell the house.

This guide assumes that you are looking at a freehold property. Where you are buying a leasehold property then generally the roof will be owned by the landlord and the tenant will have no right to install panels on the roof.

Assuming the seller owns the panels, we will add a provision to the contract to confirm that they are being transferred to you as part of the property.

### Physical aspects

As part of the property enquiries we will ask the seller to supply a copy of any planning permission obtained, any buildings regulation completion certificate or similar, any installation contract or manuals, any electrical certificate of the installation work, any guarantees and any documentation relating to the Feed In Tariff if appropriate.

However, you must appreciate that the companies behind the installation or guarantee might disappear making any guarantees worthless. Also, if it is necessary to claim on the guarantees, this will not be part of the conveyancing process and you may have to instruct a litigation solicitor to make any claims against the companies in question.

Though panels can last as long as 20 years, the voltage inverter will usually need replacing perhaps every 8 years, at a possible cost of around £800. Beware that these units can generate significant heat so it may not be appropriate to attach them to wooden frames in the loft or house as they could cause a fire risk or invalidate your house insurance. You should ask an appropriate professional or surveyor to advise you on the installation as you will not necessarily have any 'consumer rights' against the seller or the installer.



## 'Rent-a-roof' schemes

Don't just assume that the seller owns the panels. Some homeowners opted for 'rent-a-roof' or 'free solar panel' schemes where an investor took a 25 year lease of part of the roof of the house to install the investor's solar panels. The homeowner gets the electricity generated and the investor gets the 'Feed In Tariff' over the life of the panels which can be as much as £20,000. The investor pays for the installation and owns the panels, which will have cost him £5-7,000.

These schemes can be the most problematic for buyers and their conveyancers. We may have to charge additional fees if it turns out that the seller has leased out their roof. Many of these leases are for 25 years and are registered on the title to the property. Often these leases were entered into without any legal advice being obtained by the homeowner and are heavily drafted in favour of the owner of the panels. Often they are 'business leases' with security of tenure and cannot easily be terminated.

Issues with these schemes that can cause problems include:

- The panel owner can claim compensation from the homeowner if the light received by the panels is reduced by trees or even next-door's loft extension
- The homeowner has to compensate the panel owner if the supply is interrupted for any reason, such as the homeowner needing to carry out repairs to the roof
- The homeowner cannot carry out a loft extension
- The lease has security of tenure as a commercial lease and cannot be terminated without going to court
- The homeowner cannot remove the panels without 'buying out' the panel owner - paying them the profit they will lose over the next 20-25 years
- The panels cause damage to the roof or pigeons cause damage to the panels
- Many of the companies owning the panels have ceased trading or cannot be traced or cannot be made to remove the panels at the end of the lease, or the lease from the property title register
- The lease terms are not acceptable to your lender.

## Planning permission

Placing solar panels on the roof of your house or a building within the grounds of your house or flat, is considered in most cases 'Permitted Development', whether this is in a conservation area or otherwise. This means that in general there is no need to seek planning permission from your Local Planning Authority (LPA) to proceed, subject to certain conditions. These conditions generally relate to the position on the roof, the appearance, or whether the building is a listed building. If you cannot meet these conditions, or if the LPA has issued an 'Article 4 direction' (often for a conservation area), then planning permission will be required. We will make a 'Local Search' as part of the conveyancing process that will reveal any planning permissions or 'Article 4 directions'. We may suggest you obtain advice from a planning expert or contact the local authority. You can find more information at the Planning Portal here: [https://www.planningportal.co.uk/info/200130/common\\_projects/51/solar\\_panels/2](https://www.planningportal.co.uk/info/200130/common_projects/51/solar_panels/2)

## Building Regulations & MCS

If you wish to install solar panels on your roof, building regulations will normally apply. The ability of the existing roof to carry the load (weight) of the panels will need to be checked and proven. Some strengthening work may be needed. Building regulations also apply to other aspects of the work such as electrical installation.

Currently, any installer should be expected to be certified by the Microgeneration Certification Scheme (known as 'MCS'). MCS set various standards for installers and systems. MCS certified installers can self-certify certain types of building work, including the installation of solar PV, avoiding the need to seek separate building regulations approval. You are advised to check the installer is a member of a scheme covering the work undertaken. See <https://mcs-certified.com>.

Note that systems have to be accredited by MCS to be able to sell any surplus electricity generated to National Grid under the 'Smart Export Guarantee' scheme. Investigating such matters is not part of the conveyancing process and you must satisfy yourself on these points.

## Lender approval may be required

There are standard lender requirements for approval of any solar panel installations that are attached to the property. We will check on your lender's requirements and advise both you and the lender appropriately.

## Lender requirements for 'rent-a-roof' leases.

Lender's requirements will be stricter for any property that is involved in any form of 'rent-a-roof' or 'free solar panels' schemes.

For example, the lender will need to be certain the panels have been installed correctly, any lease of the roof to an investor cannot have 'security of tenure', the lender must be able to terminate the lease if they repossess the property and cannot sell the property with the panels in place, and so on.

If you cannot comply with these requirements you may not be able to obtain a mortgage on the property, and if you are the owner you might not be able to sell the property without 'buying out' the investor for the value of the money they will lose over the rest of the rent-a-roof lease.

You should seek legal advice if you decide in the future to enter into any such schemes as the consequences of entering into badly thought out schemes could seriously affect the value and marketability of your home.