

The complaint

Mr A complains that MotoNovo Finance Limited didn't provide the service it should have when he asked about a partial settlement of his hire purchase agreement.

What happened

In January 2020, Mr A acquired a used car through a hire purchase agreement with MotoNovo. In October 2020, he called MotoNovo to make a payment to bring his account up to date following payment deferrals. He then asked about the impact of making a lump sum payment. He says he was told that his agreement was zero interest and so the lump sum payment wouldn't save interest but that it would be considered a partial settlement and that MotoNovo's system wouldn't allow for a partial settlement to be processed.

In May 2021, Mr A contacted MotoNovo about the remaining balance on his account and asked again about a partial settlement. He was again told there would be no interest saving but this time was told he could make a lump sum payment and his regular monthly instalments would be reduced. Mr A raised a complaint about the incorrect information on the previous call. MotoNovo said Mr A could make a lump sum payment and it would back date it to October 2020.

MotoNovo issued its final response in May 2021. It acknowledged its mistake and offered to pay Mr A £150 compensation because of this.

Our investigator confirmed that Mr A's agreement was zero interest and so MotoNovo had given correct information about that. However, he said it should have allowed Mr A to make the lump sum payment when he first asked which would have reduced the ongoing instalment amounts. He noted Mr A's comments about the impact of the pandemic and needing to pay the £620 monthly instalments but said that as the lump sum payment wasn't made Mr A still had the funds to pay towards the agreement over time and that it was Mr A's choice if he used this money for other purposes. He noted that MotoNovo provided Mr A with financial support during 2020 by suspending monthly payments for five months and that Mr A didn't make further contact and so MotoNovo wouldn't have been aware that he needed further support. Based on this he thought MotoNovo's offer to backdate the lump sum payment and pay £150 compensation was reasonable.

Mr A didn't agree with our investigator's view. He said that he had lost out because of MotoNovo's mistake as had the lump sum payment been taken he then wouldn't have had the money available to gamble and his monthly instalments would have reduced.

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 can see that this issue has caused Mr A inconvenience and upset as when he initially asked about making a lump sum payment he wasn't given the correct information. MotoNovo has accepted that a mistake was made and in these circumstances we would expect the business to put the consumer back in the position they would have been had the mistake not

been made and, where appropriate, pay compensation.

In this case, Mr A has a zero interest agreement and so when he asked about the impact of making a lump sum payment he was correctly told that there would be no interest saving. However, on the October 2020 call he was told that he couldn't do a partial settlement. This information was incorrect, but Mr A didn't know that until he called in May 2021. Because of the incorrect information MotoNovo offered to back date a payment to October 2020. As there was no interest on the agreement not making the lump sum payment in October didn't mean that Mr A missed any interest savings or was caused any other direct financial loss. Therefore, I think the offer to back date a payment was a reasonable attempt to put Mr A back in the position he would have been.

Mr A has said that because he didn't make the payment in October 2020 he had funds available that he then gambled and lost. He then had to keep making the monthly instalment payments which were higher than would have been the case had the lump sum payment been made. I understand the points Mr A has made and am sorry to hear of the financial circumstances he found himself in. However, I do not find that I can hold MotoNovo responsible for the choice Mr A made to spend the money. By not taking the lump sum payment in October 2020, Mr A would still have had the money available to him which he could have used towards his ongoing repayments. I also note that MotoNovo had provided Mr A with previous assistance through payment deferrals when requested in 2020.

In conclusion, while I understand why Mr A is upset, I do not find there is a financial loss that MotoNovo can reasonably be held accountable for. Therefore, I have considered the amount of compensation based on the upset and inconvenience Mr A was caused by not being given the correct information about the partial settlement payment in October 2020. Based on this I think the offer of £150 is reasonable. If Mr A would like to accept this payment he should discuss it directly with MotoNovo.

My final decision

My final decision is that MotoNovo Finance Limited's offer of £150 compensation is a reasonable resolution to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 June 2022.

Jane Archer
Ombudsman