

## **The complaint**

Mr N is unhappy with charges applied along with the service received from Motonovo Finance Limited when he voluntarily terminated a hire purchase agreement.

Mr N has been represented on this complaint. But, to keep things simple, I will only refer to Mr N in this decision.

## **What happened**

In September 2016 Mr N took a hire purchase agreement provided by Motonovo to fund the acquisition of a car. The agreement also had an associated personal loan alongside it. Mr N took the borrowing over 61 months.

In October 2019 Motonovo received a letter with Mr N's name and address on. This said Mr N wanted to terminate the agreement, and said he was going abroad the next day. The letter gave an address to pick the car up from.

The day after this letter was received, Motonovo called Mr N to discuss the termination of the agreement. There is some debate over what happened here, but Motonovo's system notes record that Mr N said he didn't write the letter asking for termination.

Motonovo were then asked to collect the car from a garage by an authorised party to the account. There was a delay until Motonovo were told the garage was going to start charging storage fees.

Around a month after Motonovo received the letter requesting termination, the car was collected. The termination wasn't processed until later in November 2019, as Motonovo said it wanted to speak directly to Mr N to clarify the situation before taking action.

Once Motonovo had spoken to Mr N, the agreement was terminated and Mr N was sent an invoice for £1,120.60 which included a 10% discount. This consisted of £776.47 for damages to the car and missing items and £421.78 of 'halfway charges' to bring the account up to date when it was terminated.

Mr N complained to Motonovo about the service provided in relation to the termination of the agreement and the charges applied. Motonovo issued its final response in December 2019. This said Mr N had told it in October that the letter to request termination was not sent by him, so it couldn't accept this instruction. It explained the agreement was terminated once it had spoken to Mr N in November. It said, despite Mr N saying he was told by a dealer he could hand the car back without charge, that this wasn't the case. Motonovo said it had now completed the termination process and it wasn't upholding the complaint.

Mr N continued to question the charges and said he'd never been provided with a breakdown of the costs. In February 2020 he paid £25 towards the charges and then brought his complaint to our service.

As part of our investigation, we asked Motonovo to send us various information about the complaint. This included evidence to show the damage to the car Mr N had been charged for, and a detailed breakdown of the account status when the agreement was terminated to show why it charged Mr N the 'halfway' charge.

Motonovo didn't send us this information, so our investigator explained she would give her opinion based on what evidence we did have and what Mr N told us. She said, without further evidence, she didn't think Motonovo had shown it was reasonable for it to charge for either the damage to the car or the 'halfway' charges. So, she said Motonovo should waive all the charges.

Motonovo responded and said it would accept the opinion. Mr N replied and said he thought he should get some additional compensation, as Motonovo had phoned him on holiday several times and woken him due to the time difference. And he said he did write and sign the termination letter.

Our investigator said this didn't change her opinion, so the case was passed to me to decide.

I emailed Motonovo and Mr N and explained having done an initial review of the complaint, I thought what our investigator said to put things right was mostly fair. But, I said in addition that I initially thought Motonovo should also reimburse Mr N the £25 he paid towards the charges and it should remove any negative information about the charges from his credit file, if any was recorded.

Motonovo said it thought this was fair. Mr N said Motonovo had called him at 3 a.m. on holiday and he didn't understand what he was saying when he explained he didn't send the letter. He said the car was left in mint condition and the time it took to collect it caused him stress. He asked me to reconsider additional compensation.

### **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.

Having done so, I think this complaint should be upheld. I'll explain why.

Mr N complains about charges incurred under a hire purchase agreement. Entering into regulated consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr N's complaint against Motonovo.

What I need to consider in this case is whether or not it is fair for Motonovo to charge Mr N for damages to the car and for the missing items, or for the 'halfway' fees. I'll also consider if any additional compensation should be paid for the service received when Mr N terminated the agreement.

Motonovo charged Mr N for several areas of damage to the car and for missing items. Mr N says the car was immaculate when it was dropped off. Motonovo hasn't provided evidence to contradict Mr N's version of events such as a collection report or any photos. Thinking about everything here, I haven't seen enough to make me think it's fair and reasonable for Motonovo to charge Mr N for the damage or missing items. It follows I think it should waive these charges.

Motonovo also didn't provide evidence such as a detailed breakdown of the 'halfway' charges or an explanation of Mr N's account status when the agreement was terminated.

Because of this, I haven't seen enough to make think it's fair and reasonable for it to charge Mr N for this. It follows I think Motonovo should also waive these charges.

Having concluded it isn't reasonable for Motonovo to charge Mr N for the above, I also think it's fair that he should be reimbursed the £25 he paid towards these charges. And, if any negative information was recorded on his credit file in relation to this, I think this should be removed.

I'll now consider if any additional compensation is due. Mr N, in summary, believes Motonovo caused him distress and inconvenience by not accepting the termination letter, calling him when he was abroad and by delaying the collection of the car. So, I'll consider what happened here.

I think a key thing to think about here is what happened with the termination letter Motonovo received. Mr N now says he did send this, so Motonovo shouldn't have delayed collecting the car. I've thought very carefully about this. But, I don't think I need to make a finding here about whether Mr N sent this letter or not.

Instead, what I need to consider is whether it was reasonable for Motonovo to delay the collection of the car until it had spoken to Mr N further after the phone call in October 2019. Having thought about this, I think Motonovo acted reasonably here.

I say this because, having listened to the call, I'm satisfied Mr N very clearly states on more than one occasion that he didn't send the letter and someone else put it in his name. He also didn't initially know the make nor model of the car, and he said he didn't know where the car was. Given this, I don't think Motonovo acted unreasonably by not actioning the termination at this point as I don't think it could've been confident Mr N was aware of the situation or had requested that the agreement was terminated.

I do appreciate Mr N's point that Motonovo called him in the early hours of the morning on holiday. I think it was reasonable, given the above, that it tried to call him to discuss things further. And, the time Mr N received the call was due to the time difference – not because Motonovo rang him at an inappropriate time. So, I don't think Motonovo was harassing him as Mr N says. And, while Mr N says Motonovo was inundating him with calls, I can't see this was the case from its contact notes or other evidence.

I have thought about the delay in the car being collected from the garage and the agreement being terminated. But, I think this was impacted by Mr N. I've considered everything Mr N told us about what happened here. But, I haven't seen enough to make me think the service received by Motonovo meant Mr N was caused distress and inconvenience to the point where I think it would be reasonable for it to pay him compensation.

## **My final decision**

My final decision is that I uphold this complaint. I instruct Motonovo Finance Limited to put things right by doing the following:

- Waive the outstanding charges as detailed above
- Reimburse Mr N £25 from 7 February 2020\*
- Remove any adverse information from Mr N's credit file in relation to the charges

\*This amount should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Motonovo considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr N how much it's taken off. It should also give Mr N a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 April 2022.

John Bower  
**Ombudsman**