

## **The complaint**

Mr B complains that MotoNovo Finance Limited unfairly applied a charge when he returned a vehicle to it which he'd acquired by way of a hire purchase agreement (HP agreement).

## **What happened**

Mr B acquired a three year old car by way of a HP agreement from MotoNovo. The agreement was taken out in 2018 and was for 60 months. Mr B exercised his right to terminate the agreement early. He did this in August 2020 and MotoNovo arranged for its agent (C) to collect the vehicle.

Mr B told MotoNovo that he didn't have a service history book for the car but he'd had the vehicle serviced by a local garage and he could arrange for the invoices to be given to C. He says that on the day the vehicle was collected he gave 12 service invoices to C in a folder along with the vehicle MOT certificate and the V5 registration document.

Mr B says that C completed a vehicle inspection report on the date that the vehicle was collected. It included details of damage to the car – which he doesn't dispute. It also recorded that there was a charge of £300 because there was no service history book. Mr B thought this was unfair since he says he'd provided evidence to show that the vehicle had been serviced regularly. He complained to MotoNovo.

MotoNovo investigated his complaint. It said it had checked with the auctioneers who had sold the vehicle and they'd confirmed there was no service history and no documentation relating to a service for the car when it had been sold. MotoNovo said the £300 charge was fair but if it was paid within ten days it would be discounted by 10%. Mr B wasn't satisfied with this response. He complained to our service.

Our investigator looked into his complaint. He thought the charge was unfair. He said there was nothing expressly stated in the HP agreement to say that regular servicing of the vehicle was required and he was persuaded on balance that Mr B had supplied the service receipts to C. He thought the charge should be removed.

MotoNovo didn't agree. It supplied further documentation to show that it had told Mr B, before the vehicle was collected that there'd be a charge of £25 if the service history book was missing and a charge of £300 if there wasn't proof of regular servicing in line with the manufacturer's instructions. It said the agreement had made clear there'd be excess charges if the vehicle wasn't maintained in line with the manufacturer's specifications. Since all manufacturers recommended regular servicing, it was fair and reasonable to expect proof of that to be provided when the vehicle was returned.

MotoNovo also didn't accept that on balance the service invoices had been provided to C. It said it was unlikely the auctioneer would have deliberately ignored these documents if they had been provided since they would've impacted on the price.

Our investigator considered what MotoNovo said. But he didn't change his view. He accepted what Mr B had told him about giving the service invoices to C. He noted that the

charge for not having the service history book was £25. The £300 fee related to not having proof of regular servicing. He thought this had been provided to MotoNovo. So, our investigator thought the charge should be reduced from £300 to £25.

MotoNovo didn't agree. It said the charge was to reflect loss when the vehicle was sold. The vehicle had been sold for much less than what would've been expected.

Because MotoNovo didn't agree, the complaint was referred to me to decide. I issued a provisional decision in which I said:

***What I've provisionally 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.*

*The dispute in this case relates solely to the charge of £300 for the missing service history. Mr B has already paid the charges MotoNovo applied for damage to the car when it was returned.*

*I've looked firstly at the HP agreement Mr B signed when he acquired the car. This states as follows:*

*"Excess charges may also apply if you hand the vehicle back in a less than reasonable state in keeping with its age and mileage (i.e. where the vehicle has not been maintained in line with the manufacturer's specification)."*

*The British Vehicle Rental and Leasing Association (BVRLA) has published a "Fair Wear and Tear Guide" which provides an industry-wide accepted standard which defines fair wear and tear on cars when they are returned at the end of a finance agreement. The Guide also includes information on what documentation drivers should be expected to give to the car finance firm when the car is returned.*

*When considering what documents MotoNovo expected to be given to it when Mr B returned his vehicle, I think it is reasonable to look at that expectation in light also of what the BVRLA Guide says.*

*In its letter to Mr B dated 5 August 2020, MotoNovo said it expected Mr B to give C certain documents - or else he would incur a charge as follows:*

<i>Service History Book</i>	<i>£25</i>
<i>Proof of regular servicing</i>	<i>£300</i>

*The BVRLA Guide says there is an onus on the driver to have serviced and looked after the vehicle according to the manufacturer's servicing and maintenance schedule. It says all vehicle documentation must be intact and returned with the car – including the service record book which should be date stamped as evidence that the services have taken place. If the service record is kept electronically then the driver should produce evidence of servicing and maintenance – such as hard copies of the service record or invoices clearly showing the date, mileage reading, and the repairer or service agent's stamp. The BVRLA Guide says that drivers should expect charges if there is no evidence that the vehicle has been serviced and maintained according to the vehicle manufacturer's guidelines.*

*Having considered the terms of the HP agreement and the information in the BVRLA Guide I think MotoNovo acted fairly and reasonably when it asked Mr B to provide the service history record book (duly stamped) and the proof of regular servicing.*

*Mr B acknowledges that he didn't have the stamped service record book. But, he says he did give C 12 invoices as proof that the car had been regularly serviced. MotoNovo says these documents were not given to the auctioneer – so it says it's unlikely that the documents were given to C.*

*I've thought about what MotoNovo has said here. I've also looked at the collection inspection document completed by C on the date the car was collected.*

*It says that there was a missing service history fee of £300 to be charged but it also records:*

**Service History Present: Yes**

*I asked Mr B to provide copies of the invoices he says he gave to C. He wasn't immediately able to provide these to us – although his garage has now sent them to us. I can see that the invoices show the vehicle was regularly serviced in the period 2018/2019. The first invoice shows a service being carried out shortly after the vehicle was delivered to Mr B. There are further invoices showing servicing and regular repairs/maintenance to the vehicle from that time. The last invoice is dated September 2019. There's no evidence of any service history after that date. I can see the vehicle passed its MOT check in December 2019.*

*Having looked at the invoices I'm satisfied, on balance, that Mr B has provided evidence he did have the vehicle regularly serviced. The record made by C when it collected the vehicle is that the service history was present. Mr B's referred to a folder of documents which he says he handed to C. So, I'm persuaded that Mr B did give C a number of documents to show that the vehicle had been regularly serviced.*

*Having considered everything here, I currently don't think it would be fair and reasonable for MotoNovo to apply its charge of £300 for the missing service history.*

*I've then thought about what our investigator said concerning the fee of £25 for the missing service history book. Whilst I agree that that charge could've been fairly applied by MotoNovo at the time, it chose not to apply it. It's not clear why it made that decision. But, in these circumstances, I don't think it would be fair or reasonable to allow it to apply that charge now.*

*I've also considered the inconvenience Mr B has experienced as a result of what happened here. He's had to escalate his complaint to our service. He's also had to go to the trouble of getting further copies of invoices to show that he had the vehicle regularly serviced. I think it's fair and reasonable to require MotoNovo to pay him £100 by way of compensation for the trouble and inconvenience he's experienced.*

### **My provisional decision**

*For the reasons given above my provisional decision is that I intend to uphold this complaint about MotoNovo Finance Limited. I intend to require it to:*

- *Remove the charge of £300 which it applied for the absence of proof of regular servicing;*
- *Remove any adverse information it has recorded with credit reference agencies about Mr B's failure to pay the charge of £300; and*
- *Pay Mr B £100 by way of compensation for the trouble and inconvenience he's experienced as a result of what happened.*

Mr B accepted my provisional decision. He said the compensation should be paid to a charitable organisation as this had only ever been a matter of principle for him.

MotoNovo responded to my provisional decision. It asked for copies of the service invoices. It said it needed to ensure that these invoices would meet its criteria. Our service supplied copies of the service invoices to MotoNovo. We asked MotoNovo if it had any further comments to make. It said it had no further comments.

So, I now have to make a final 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.

Mr B accepted my provisional decision. MotoNovo says it has no further comments to make.

In these circumstances, I have no reason to change my view about how this complaint should be resolved. So, for the reasons set out in my provisional decision and above, I've decided to uphold this complaint.

I've noted what Mr B has told us about wanting any compensation to be paid to a charitable organisation. If Mr B wants to do that, he can do so privately - after the compensation is paid to him.

### **My final decision**

For the reasons given above I uphold this complaint about MotoNovo Finance Limited. I now require it to:

- Remove the charge of £300 which it applied for the absence of proof of regular servicing;
- Remove any adverse information it has recorded with credit reference agencies about Mr B's failure to pay the charge of £300; and
- Pay Mr B £100 by way of compensation for the trouble and inconvenience he's experienced as a result of what happened.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 June 2022.

Irene Martin  
**Ombudsman**