

The complaint

Mr A complains that MotoNovo Finance Limited (“MotoNovo”) were wrong to report a default to his credit file.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead I’ll focus on giving my reasons for my 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 know it will disappoint Mr A, but I agree with the investigator’s opinion. Please let me explain why.

Where the information I’ve got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

Mr A acquired his van under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

I understand that Mr A is upset a default was applied to his account after two years and that he thinks this has impacted on his ability to obtain a mortgage.

I understand that Mr A says he didn’t receive a default notice but irrespective of whether or not a default notice was sent, I need to think about whether he ought reasonably to have known his account was in default. And I think he should. The letters sent to Mr A in March 2020 confirmed the debt and the reduced debt. Whilst it’s clear Mr A disputed the outstanding debt I think those letters clarified it and I can see from MotoNovo’s call notes that the debt was confirmed to Mr A in May 2020. At that point the business agreed to delay referring the debt to collectors as Mr A’s work had been impacted by the pandemic, but they didn’t agree to wipe the debt. MotoNovo also sent Mr A an account summary in December 2020 and in 2021 and that summary also detailed the debt.

So, I think it ought to have been clear to Mr A that a debt remained, and I think he had adequate opportunity to pay it but didn’t.

In those circumstances, I don’t think MotoNovo were unfair to report a default to his credit file.

They initially reported the default on the wrong date but put that right and reported the default from March 2020. I don't think Mr A was disadvantaged by that as I think the default needed to be moved and the movement will be of benefit to Mr A as it will be on his file for less time. I can see the argument for reporting the default a month later, but Mr A has also benefitted from that as it will stay on his file for less time.

Overall, I'm not persuaded MotoNovo need to take any action here.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 August 2022.

Phillip McMahon
Ombudsman