

The complaint

Mr N complains that a car acquired with finance from MotoNovo Finance Limited wasn't of satisfactory quality.

What happened

In April 2021 Mr N was supplied with a car and entered into a hire purchase agreement. Mr N experienced issues with the car which couldn't be resolved and MotoNovo agreed that the car could be rejected.

Mr N wasn't able to reach agreement with MotoNovo on the appropriate redress. In particular Mr N didn't think MotoNovo should make a deduction from his refund of monthly payment to reflect fair use. He said the car had increased in value since he acquired it and that all of his payments should be refunded.

I issued a provisional decision on this complaint in which I explained that, in cases where a rejection is agreed, I'd expect the business to refund any deposit and refund monthly payment subject to a deduction for fair use. I said that in this case, Mr N had covered over 10,000 miles in the car since the point of supply and it was fair for MotoNovo to make a deduction for fair use based on one monthly payment for every 1000 miles. I explained that I didn't think that any increase in the value of the car was a good reason not to allow MotoNovo to make a fair use deduction because the right to deduct for fair use was contained in the relevant legislation. I also said that I wasn't persuaded that the car had increased in value in any event, as the value of the car would be the car in its current condition i.e. with the fault.

I invited both parties to let me have any further evidence or arguments they wished to raise.

MotoNovo accepted my provisional decision. Mr N raised some queries about what I was recommending and sent some further evidence about the value of the car.

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've considered everything but my decision hasn't changed. I'm not persuaded that the value of the car in its current condition is more than the value of the car at the point of supply. And, as I said in my provisional decision, I don't think the value of the car is relevant to the right of the business to make a deduction for fair use.

Putting things right

To put things right, MotoNovo Finance Limited must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Mr N

Refund the deposit together with simple interest of 8% per year from the date of payment to the date of settlement

Refund monthly payments calculated net of fair usage deduction of £1885.50 together with simple interest of 8% per year from the date of payment to the date of settlement

Pay a sum of £377.66 to Mr N to reflect loss of use

Pay compensation of £200 for distress and inconvenience

My final decision

My final decision is that I uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 June 2023.

Emma Davy
Ombudsman