

## **The complaint**

Ms D complains that MotoNovo Finance Limited (“MotoNovo”) irresponsibly granted her a car finance agreement she couldn’t afford to repay.

## **What happened**

In June 2019, Ms D acquired a used car financed by a hire purchase agreement from MotoNovo. Ms D was required to make 60 monthly repayments of £356.30. The total repayable under the agreement was £21,388.

Ms D got into difficulty with meeting her repayments during the pandemic but was able to defer a number of her repayments. She went on to miss a large number of payments since then. The car remains in her possession.

Ms D says that MotoNovo didn’t complete adequate affordability checks. She says if it had, it would have seen the agreement wasn’t affordable.

MotoNovo didn’t agree. It said that it carried out a thorough assessment which included checking a credit register for details of any sums Ms D owed to other creditors.

Our investigator didn’t recommend the complaint be upheld. He thought MotoNovo didn’t act unfairly or unreasonably by approving the finance agreement.

As Ms D didn’t agree the complaint has been passed to me for 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.

MotoNovo will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

The credit check MotoNovo completed showed details about Ms D’s existing credit situation. She was repaying credit on six separate accounts, three of which related to pay day loans taken out over the previous 12 months. She had also missed some loan payments in the past – in 2014 and 2016 – but these could be treated as historic. She also had a credit card which she’d recently missed a payment on and had previously had difficulty with meeting the monthly repayments. But other than those issues, Ms D’s credit record was reasonably good with no recent adverse markings appearing on her credit file, such as defaults or county court judgments.

I agree with our investigator that for a loan of this size and duration, and taking into account Ms D’s declared salary at the point of application, it would have been proportionate for

MotoNovo to have gained a more thorough understanding of Ms D's financial circumstances before agreeing to make the finance available to her.

I can't be certain what Ms D would have told MotoNovo had it asked about her regular expenditure. I don't necessarily think MotoNovo needed to request bank statements at the time it approved Ms D's agreement. But in the absence of anything else, I've placed significant weight on the information contained in Ms D's bank statements as an indication of what would most likely have been disclosed.

I've reviewed three months of bank statements prior to the application. These show that Ms D was receiving a monthly salary of around £1,650 from her employment, plus state benefits she was entitled to. So the total income figure was closer to £1,800 per month.

Ms D's regular committed monthly expenditure at the time was around £1,400. In calculating this figure, I've included her living and childcare costs and various credit repayments – she was repaying a credit card as well as repayments to several short-term lenders. She was also making monthly payments to a telecoms account. I've also kept in mind that at the time Ms D was living at home with her parents and, whilst she took on responsibility for the cost of a utility and was incurring daily food costs, she does not appear to have had the full range of housing costs she would have if renting or a homeowner.

Taking these figures into account, I agree that broadly speaking Ms D had disposable income that was likely to be around £450 each month. This suggests that the new agreement was likely to be affordable for her. So, had MotoNovo carried out more detailed checks I don't think it necessarily follows that it wouldn't have agreed to lend to Ms D. I'm therefore not persuaded that MotoNovo acted unfairly in approving the finance.

I've seen that Ms D has made reference to other decisions made by this service. That's something Ms D is of course fully entitled to do but, as I am sure she is already aware, each complaint turns on its specific facts and circumstances – and which sometimes might not be fully apparent from looking at the decision alone. Nevertheless, I've thought carefully about everything Ms D has said in response to our investigator's view. And whilst I'm grateful for the time she's taken to respond, I remain in agreement with our investigator's overall finding.

Finally, Ms D says she wasn't fully aware of how much the finance would cost. I've considered this point, but having seen the paperwork relating to the agreement, this seems to be in order in terms of setting out the agreement details and information about how it operates, including what would happen if Ms D wanted to terminate the agreement early.

It follows that I'm sorry to have to disappoint Ms D, but having considered all the available evidence and information, particularly from around the time of the lending decision, I have not found sufficient evidence to uphold this complaint.

I would add that, however, that I agree with our investigator that in view of the financial difficulty Ms D continues to experience, MotoNovo ought to exercise all appropriate forbearance with her wherever possible and take steps to explore all available options.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 June 2024.

Michael Goldberg  
**Ombudsman**

