

## **The complaint**

Mrs M complains that the car she acquired through MotoNovo Finance Limited, t/a MotoNovo Finance ("MotoNovo") wasn't of satisfactory quality. Mrs M also complains that MotoNovo didn't make her aware of the balloon payment payable at the end of credit agreement.

Mrs M is represented in her complaint. For ease of reading, any reference to "Mrs M" refers to the testimony of both Mrs M and her representative.

## **What happened**

Mrs M entered into a hire purchase agreement with MotoNovo when she acquired a car in October 2019. The car had a cash price of just under £20,000, and the agreement was set up to run for four years, with monthly payments of £377.79. Taking into account Mrs M's deposit of £1,000, and a final payment of £6,938.50, the total amount repayable would be just over £26,000.

Mrs M says the car was not of satisfactory quality when supplied, and MotoNovo didn't explain the need to pay a balloon payment at the end of the credit agreement. Mrs M told us:

- 11 months after acquiring the car, the engine gave out, and the estimated repairs were around £9,000; around half of what she'd paid for it in the first instance;
- the car has, to date, cost way more than it's worth, and it's now valued at around £8,000 – which is what is still owed on the finance agreement;
- she's already paid £20,000 for the car, and an extra £2,000 on engine repairs;
- because of all trouble and the lack of explanation around the balloon payment, the outstanding balance should be waived.

MotoNovo rejected both parts of this complaint.

In October 2020, MotoNovo said that it had seen no evidence that the car had faults which were present or developing at the point of supply. And as Mrs M had acquired the car 11 months earlier, she'd need to obtain an independent inspection report to support her position.

In respect of the balloon payment, MotoNovo said in December 2023, Mrs M signed her credit agreement on 11 October 2019, and that by signing it, she had read, understood, and agreed to the terms and conditions of the loan. MotoNovo says the agreement clearly states that the final payment due, were Mrs M to keep the car, would be £6,938.50.

Our investigator looked at this complaint and said she didn't think the complaint about the satisfactory quality of the car at supply was something we could look into. She explained that the complaint about the car wasn't referred to our Service within six months of MotoNovo's final response. And she'd seen no evidence to suggest there were exceptional circumstances why the complaint wasn't referred in time.

She considered the complaint about the balloon payment, but said she was satisfied that Mrs M was bound by the terms and conditions of the hire purchase agreement that she'd signed in October 2019. And this credit agreement made clear the payments that Mrs M was expected to make over the term of the finance agreement.

Mrs M said that she'd experienced some difficult family circumstances, and this had led to a delay in her submitting her complaint to this Service. She also said the balloon payment hadn't been explained to her when she took out the finance; she said she'd not signed the credit agreement; and she said the copy of the agreement she'd seen didn't bear her signature.

Our Investigator considered the matters again but said the difficult family circumstances didn't prevent Mrs M from bringing her complaint sooner, and she sent Mrs M a copy of the credit agreement that she'd signed electronically. She also explained that some new complaint points needed to be raised with MotoNovo first – it needed an opportunity to investigate a complaint before it could be escalated to this Service.

Mrs M disagrees, so the complaint comes to me to decide.

### **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 taken everything into consideration, I've reached the same conclusions as our investigator, and I'll explain why.

#### *Satisfactory Quality*

Mrs M remains unhappy with the car that was provided by MotoNovo. She says the issues she had with it just 11 months after supply show the car was not of satisfactory quality.

Mrs M first raised this with MotoNovo September 2020, 11 months after acquiring the car in October 2019, and MotoNovo issued its *Final Response* on this matter on 7 October 2020.

I can't look at all the complaints referred to me. The rules applying to this Service say that – where a business doesn't agree – I can't look into a complaint if it's been referred to us more than six months after the business sends the consumer its final response letter, telling them they can refer their complaint to us. This is Dispute Resolution rule 2.8.2R(1) – and it can be found online in the Financial Conduct Authority's handbook of rules and guidance.

I should explain that the term "*final response*" has been given a specific meaning in the DISP rules. A final response is a written response from the business which does the following:

*"1(a) accepts the complaint, and, where appropriate, offers redress; or  
2(b) offers redress without accepting the complaint; or  
3(c) rejects the complaint and gives reasons for doing so;*

*and which informs the complainant that, if she remains dissatisfied with the firm's response, she may now refer her complaint to the Financial Ombudsman Service and must do so within six months".*

MotoNovo issued its final response on 7 October 2020, so Mrs M had until 7 April 2021 to refer this matter to this Service. But she didn't do so until April 2024, so I conclude this aspect of her complaint was referred to us out of time under the rules I have to apply.

I can look into complaints referred outside the usual time limits where I'm satisfied the failure to comply with the time limits was because of exceptional circumstances. This means circumstances which would have *prevented* Mrs M from referring her complaint in time had she chosen to do so.

I've considered what Mrs B has said about that and although I appreciate that she would've been going through a difficult time - I'm not persuaded there is enough evidence here for me to make a reasonable conclusion that she was *prevented* from referring her complaint to us earlier by telephone, email or letter. I think Mrs M could've referred her complaint to us quite quickly by telephone, email, letter or through social media.

I know this will be disappointing for her, but I don't think that exceptional circumstances apply here. I believe she could have referred her complaint to us by 7 April 2021.

It follows that I don't think we have any power to consider Mrs M's complaint about the satisfactory quality of the car supplied by MotoNovo in October 2019.

### *Balloon Payment*

I accept that it can be complicated acquiring a car on finance, understanding the large amount of paperwork relating to the car; the sale of it; and the financing of it, that's why it's important to take the time to understand the documentation before signing it.

The pre-contract credit information sets out the payments due under the agreement. It confirms the payments that are due over the 49 months of the agreement, with a final payment in the 49<sup>th</sup> month of £6,938.50. And I can see that Mrs M signed this electronically to say she'd been given this information verbally or had read it before she next signed the hire purchase agreement.

I've also had sight of the hire purchase agreement. This provides information about all of the payments, including the final payment, that were due under the terms of the agreement. And I can see that Mrs M electronically signed the agreement. In signing the agreement, Mrs M was confirming that she'd read and understood the agreement and was content to be bound by it. So, I'm satisfied that Mrs M was aware, or ought to have been aware of the payments due under this agreement.

I know Mrs M will be disappointed by my decision, but I hope she understands why I've reached the conclusions that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 5 March 2025.

Andrew Macnamara  
**Ombudsman**