

The complaint

Mr G complains about charges levied by FirstRand Bank Limited trading as Motonovo Finance ("Motonovo") when he reached the end of a hire purchase agreement.

What happened

I issued a provisional decision on this complaint in June 2024. In that decision I explained why I thought part of the complaint should be upheld and what Motonovo needed to do to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

In June 2017, Mr G entered into a hire purchase agreement for the supply of a new motorbike with Motonovo. The agreement was for £10,000 over 37 months, with monthly repayments of £158.89 and an optional final payment of £6,768.75. Mr G also paid a cash deposit of £2,649.

When Mr G was approaching the end of the hire purchase agreement he contacted Motonovo to discuss his options. What happened at that time has been the subject of a separate complaint that I am not dealing with here. But ultimately Motonovo declined to provide Mr G with further finance on the motorbike so Mr G decided to end his agreement. Motonovo says the agreement reached the end of its agreed term whereas Mr G says that he made a request to voluntarily terminate the agreement.

There was an extended period before the motorbike was returned to Motonovo. Mr G does not live on the UK mainland, so transport needed to be arranged for the motorbike. Mr G says that, ultimately, he delivered the motorbike to Motonovo's agent as instructed. Motonovo says the motorbike was collected from Mr G's home.

Motonovo informed Mr G that it was imposing some charges following the end of the agreement. It said he needed to pay an administration charge of £65, a charge for the collection of the motorbike of £180, and it said that since he had failed to supply the V5 document or service history, it was adding a further charge of £535.

Mr G complained about the additional charges. He said that he had provided the V5 to Motonovo's agent, that the motorbike had a full service history held electronically by the manufacturer, that he had delivered the motorbike so no collection was made, and that his voluntary termination of the agreement meant no administration charge was due. Motonovo didn't agree with Mr G's complaint as it thought all the charges were justified. But it accepted it hadn't dealt with the collection of the motorbike as well as it should have so it paid Mr G £50 for his inconvenience. Unhappy with that response Mr G brought his complaint to us.

Mr G was supplied with a motorbike under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

In this decision I will consider each of the charges that Mr G has been asked to pay. As my starting point I think I should first consider the basis on which the hire purchase agreement was ended. Motonovo says the agreement reached the normal end of its term. Mr G says that he requested it to be voluntarily terminated.

The agreement that Mr G signed was for a term of 37 months. His first repayment was on 1 August 2017, so that meant his last payment would need to be made on 1 July 2020. I can see that Mr G made that payment (and the other payments on the agreement) on time. The agreement then provided Mr G with either the option to make a final payment of £6,768.75 or to return the motorbike to Motonovo.

I can see that Mr G first asked Motonovo about his options under the agreement towards the end of June 2020. It seems clear that, at that time, he was considering entering into a new finance agreement to fund the large final payment he needed to make. Motonovo didn't provide Mr G with its decision on that lending request until 18 August. Following that decision Mr G told Motonovo that he wasn't able to find alternative funding so wanted to hand the vehicle back. He asked Motonovo to arrange its collection.

I am satisfied that Mr G didn't voluntarily terminate the agreement. It is clear that the agreement reached its natural conclusion, and was at the point where Mr G either needed to make the final payment or return the motorbike. And from the terms of the agreement, by returning the motorbike, Mr G became liable for the administration charge of £65. So I currently think that charge has reasonably been made.

From the account notes that Motonovo has provided it seems that the collection of Mr G's motorbike was somewhat protracted. Since he was not resident on the UK mainland, ferry transport and export/import documentation needed to be arranged. That resulted in some collection appointments being cancelled. So Mr G says that, since he needed the storage space back that he was using for the motorbike, he agreed to deliver the vehicle to Motonovo's agent.

I have seen the evidence that Mr G has provided, including photographs of the motorbike at what appears to be the agent's business premises, and an email from the agent confirming that the motorbike was received by that company. So I am satisfied that it is most likely that the vehicle was not collected from Mr G, but instead delivered to the agent by him.

The agreement that Mr G signed said that, on termination of the agreement he must "return the Vehicle to us at the address specified above or to such other place as we shall appoint". I think that in this case, it was reasonable for Mr G to conclude that Motonovo's agent was "such other place" that had been appointed. So by returning the motorbike there I am satisfied that Mr G met his obligations for the return under the terms of the agreement. It does seem that Motonovo incurred other costs for the return of the motorbike as a result of it being repatriated to the mainland. But I'm not persuaded those were the responsibility of Mr G under this agreement. So I don't think the £180 collection charge that Motonovo has asked Mr G to pay is fair.

It seems that, when Mr G delivered his motorbike to the collection agent, the required paperwork hadn't yet been received by the agent from Motonovo. So Mr G didn't receive anything in return to confirm what he had delivered alongside the motorbike such as the V5 document. But Mr G says he took a photograph of the document he provided, and has subsequently received an email from the collection agent confirming it was provided. And Mr G has pointed out that a valid V5 document would be required to transport the motorbike back to the UK mainland.

So on balance, like our investigator, I think it most likely that Mr G did provide the V5 document as required at the time. So I don't think the charge that Motonovo has made, of £235, for a missing V5 document is justified.

Mr G has given us a copy of the service records held by the motorbike manufacturer for his vehicle. Those show that services were undertaken in July 2017 at 469km, and in July 2018 at 2,104 miles. But my understanding is that services were required on this vehicle every 12 months, or every 10,000 miles if that came sooner. So I think an additional service would have been required in July 2019, and potentially in July 2020, if the motorbike were to be considered to have a full service history. So I am satisfied the charge of £300 for lack of proof of the required regular servicing is reasonable.

I appreciate that parts of this decision will be disappointing for Mr G. But, on balance, I currently think that £365 of the charges imposed by Motonovo are reasonable. So, subject to any further representations I receive, I currently intend to direct Motonovo to reduce Mr G's outstanding charges by £415.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Motonovo has said that it doesn't have anything further to add. Mr G has provided some additional comments. Although I am only summarising here what Mr G has said, I want to reassure him that I have read, and carefully considered, his entire responses.

Mr G says that, for nearly three years, Motonovo has listed a default on his credit file despite being aware that the charges were the subject of a complaint to the ombudsman. He says that has made it impossible for him to obtain new credit during that time. Mr G says that he thinks Motonovo has added the default in an attempt to force him to pay its inflated charges. So he thinks, as compensation, all the outstanding charges should now be removed from his account.

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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr G and by Motonovo. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Neither Mr G nor Motonovo have provided any representations in respect of those charges that I thought should be removed from Mr G's account. So I see no reason to alter what I said in my provisional decision – that it would be fair to expect Mr G to pay an outstanding balance of £365.

But Mr G has also made me aware of the adverse information that Motonovo has been adding to his credit file in respect of the whole amount of charges it asked him to pay. In itself I don't think Motonovo has acted unfairly by recording that information before my decision on this complaint. But now I have concluded that at least some of the charges should not have been added to his account, I don't think it fair that adverse information is recorded as a result. So, once the remaining outstanding balance has been settled, I will direct Motonovo to remove any adverse information it has added to Mr G's credit file.

Putting things right

I don't think all the charges Motonovo asked Mr G to pay following the return of his motorbike were fair. I only think charges should have been levied for the administration charge on returning the motorbike (£65), and for the missing service history (£300). So, to put things right Motonovo should do the following;

- Issue a new invoice to Mr G for the two charges set out above. All other charges (including any late payment, or interest charges) should be removed from his account.
- Once the outstanding charges, totalling £365, have been paid by Mr G, any adverse information added by Motonovo in relation to this hire purchase agreement should be removed from his credit file.

My final decision

My final decision is that I uphold a part of Mr G's complaint and direct FirstRand Bank Limited trading as Motonovo Finance to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 August 2024.

Paul Reilly
Ombudsman