

## **The complaint**

Mr G complains that MotoNovo Finance Limited took his final payment under his PCP agreement and then wrote to him several months later to advise him that there was an outstanding balance.

## **What happened**

Mr G was supplied with a motorbike and entered into a finance agreement with MotoNovo. In September 2023 MotoNovo wrote to Mr G and advised him of the amount required to settle the agreement. Mr G settled the agreement with a balloon payment of £6,815. Mr G subsequently cancelled his direct debit.

In 2024 Mr G sold the motorbike. He then discovered that there was a balance due under the agreement which MotoNovo hadn't made him aware of. Mr G complained to MotoNovo.

In its final response, MotoNovo acknowledged that it had made an error. It said the outstanding balance on the account had arisen as a result of a Covid deferral. It apologised for not having contacted him sooner and it removed interest charges which reduced the balance to £675.85. It also offered compensation of £200 for the distress and inconvenience caused.

Mr G remained unhappy and complained to this service. He doesn't think the compensation is sufficient and wants the balance written off.

Our investigator didn't uphold the complaint. She said she was satisfied that the balance remaining was correct based on the payment history and the agreement that any deferred payments would be collected at the end of the contract term. The investigator said she understood that Mr G hadn't been contacted about the balance for several months after he paid the balloon payment but said this didn't affect his liability to pay the outstanding balance. The investigator said she couldn't recommend that the balance was written off and she thought the compensation offered by MotoNovo was fair.

Mr G didn't agree. He said he couldn't remember any of the details about the deferral in 2020 as he was in significant financial difficulty at the time. He said he didn't think it fair that he was now being asked to find money he didn't know needed to be paid.

Because Mr G didn't agree I've been asked to review the complaint.

## **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 reviewed the history of the account. I can see that in 2020 Mr G contacted MotoNovo because he was experiencing financial difficulties. MotoNovo agreed to defer his payments for three months and confirmed the deferral in an email dated 30 April 2020. MotoNovo sent another email to Mr G on 9 July 2020 confirming that the deferred payments would be paid

at the end of the agreement, and that interest would be applied to the deferred payments. MotoNovo explained that it would collect the deferred payments in four instalments, the first three at the contractual payment amount and the fourth for the accrued interest. MotoNovo advised Mr G to leave his direct debit in place and said they would reinstate the direct debit using his bank details if it was cancelled.

I can see that MotoNovo wrote to Mr G with details of the amount required to settle the agreement in June 2023. They provided a balloon payment figure of £6,815.25 and confirmed that Mr G would be the owner of the motorbike once this amount was paid. MotoNovo sent further letters to Mr G about the balloon payment. None of the letters mentioned the deferred payments and accrued interest.

I can see that Mr G settled the agreement by paying the balloon payment. MotoNovo didn't contact Mr G about the deferred payments for several months. Nor did it attempt to collect the deferred payments by direct debit as it had said it would.

MotoNovo has acknowledged that it made an error. It explained in its final response why its collections process didn't start when it should've done and apologised to Mr G for the distress caused. It also offered compensation of £200.

I've reviewed the statement of account and I'm satisfied that there is a balance outstanding under the agreement which relates to the deferred payments. And whilst it's not ideal that it took MotoNovo several months to contact Mr G about the balance after he'd paid the balloon payment, I'm satisfied that Mr G was aware that he'd deferred payments in the past and that these would be payable at the end of the agreement.

Because I'm satisfied that the balance on the account is correct, I'm unable to ask MotoNovo to write it off. I can see that MotoNovo has removed the accrued interest, which I think is fair. So, Mr G isn't being asked to pay anything more under the agreement than he was when he entered into it.

I've taken account of everything that Mr G has said, and I understand that it came as a shock to learn that there was an outstanding balance after several months had passed. As I've said above, the delay in beginning the collections proves isn't ideal. However, the fact that there has been delay doesn't mean that Mr G isn't liable to pay the balance.

MotoNovo has acknowledged that the matter has caused Mr G distress. I've thought about whether the amount of compensation offered is fair. On balance, I think it is. The amount is in line with what this service would award.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 December 2024.

Emma Davy  
**Ombudsman**