

The complaint

Mr M complains about the credit agreement he took out with MotoNovo Finance Limited ("MFL") when he wanted to acquire a used car. He says that MFL didn't offer him a range of options for his car finance deal, and that charges and fines under the credit agreement were unfair and unreasonable.

What happened

Mr M acquired a used car under a hire purchase agreement taken out with MFL. The cash price of the car was £8,400, and after taking account of his deposit of £1,500, the remaining balance was to be repaid of the 48-month term of the credit agreement. His monthly payments were set at just over £180, meaning the total amount he would repay over the term of the agreement would be £10,266.28. At the time of supply, the car was more than eight years old.

Mr M told us:

- He wanted to raise a complaint about MFL and the motor finance policy it sold to him because it was sold as the only option available, he wasn't given a range of financing options for a car finance deal;
- the charges and fines levied under his agreement for any breach of it were unfair and unreasonable.

MFL rejected this complaint. It said Mr M had contacted a car dealership around April 2021 and expressed an interest in one of its cars, and he'd asked it to make an application for finance to facilitate the acquisition of the car. MFL said there was nothing to suggest that Mr M had asked the car dealership to provide financial advice, or to search the whole market, and it didn't believe, in any event, that the car dealership would've been permitted to provide financial advice and a recommendation. MFL also said that no fee had been paid by Mr M to the car dealership for introducing him to it.

MFL told us that an application for finance was submitted to it, and after consideration, it agreed to offer finance to Mr M. It said that its process required it to provide Mr M with *Pre-Contract Information* - which contained the important information about the credit agreement – and the credit agreement itself. MFL says Mr M signed the credit agreement confirming he'd been given the information verbally by the car dealership; he'd read the information; and he wished to be bound by it.

Our Investigator looked at this complaint and said he didn't think it should be upheld. He said he thought it reasonable to say there would've likely been some discussion about the credit agreement before Mr M signed to take it out, but it wasn't the role of the car dealership to give advice and information on Mr M's financing options. He went on to say that he thought the fees and charges applicable under the agreement were set out clearly in the documentation, but that in any event, Mr M's account statement showed he'd incurred no fees and no charges, so he couldn't conclude that any fees and charges were unfair as none had been applied to Mr M's account.

Mr M disagreed and submitted copies of two Ombudsman decisions to support his position. And he also provided a copy of a tribunal ruling together with a media link to a report by a consumer rights champion. And he asked our Investigator to consider these new submissions.

Our Investigator spoke with Mr M about one aspect of his complaint – something that hadn't been raised previously – and explained that this Service cannot investigate something unless the business – in this case MotoNovo Finance Limited – has had the opportunity to investigate the matter first of all. But he explained that an Ombudsman could consider Mr M's other complaint points and he'd arrange for that to happen.

Because Mr M disagreed with our Investigator's opinion about MFL not offering him a range of car finance options, and the fact that the credit agreement referenced fees and charges that he says are unfair and unreasonable, 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.

I hope that Mr M won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr M should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

First of all, I need to explain that this Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator; in this case the Financial Conduct Authority ("FCA").

My role is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case MotoNovo Finance Limited – has done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in if those mistakes hadn't happened.

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

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr M is a regulated consumer credit agreement this Service is able to consider complaints relating to it.

Mr M hasn't provided any evidence or testimony that indicates he thought he was being given advice or information about a range of finance options by the representative at the car dealership. But in any event, the car dealership wouldn't have been able to do this. It acts as a credit broker, not a lender, and is not authorised to provide financial advice – it only provides information about a finance product to its customers, before submitting an application to MFL if that customer wishes to proceed. And it takes no part in the subsequent underwriting decision. Because of this, I cannot uphold a complaint against MFL that Mr M was not given a range of financing options for his car finance deal.

Next, I've considered Mr M's complaint that "*charges and fines for breaching the agreement may be unfair and unreasonable*". I've looked very carefully at the documentation provided to Mr M, both in the credit agreement that he signed, and the information provided prior to this. I can see a number of fees and charges itemised, some of these are as follows:

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| • Excess Mileage charge (PCP Only) | 0.00p + VAT |
| • Unpaid Direct Debit | £5.00 |
| • Reminder Letter | £15.00 |
| • Notice of Default | £15.00 |
| • Unpaid cheque processing fee | £30.00 |

I think that these charges are set out clearly on both Mr M's credit agreement and the pre-credit information, and he did sign the paperwork to say that he'd had the information explained to him; that he'd read the agreement and that he was happy to bound by it.

But even if I were to be persuaded that this were not the case, I'm satisfied that Mr M suffered no detriment. I say this because from the date of his first monthly payment in 2021 to the date he settled the agreement, I can't see that his account was debited with any of these fees and charges. So I can't uphold his complaint about unfair and unreasonable fees and charges levied on his account – there weren't any.

It may be that Mr M's complaint about fees and charges relates more to the principle of what *could* be charged under his hire purchase agreement rather than what was charged. But as I've already explained, my role is to look at the problems experienced by Mr M, and if I determine that MFL has done something wrong, then I'll seek to put Mr M back in the position he would've been in, but for that wrongdoing. But as I'm unable to identify any fees and charges levied against Mr M, then I can't uphold this aspect of his complaint, and there's nothing I can require MFL to put right.

Finally, the two ombudsman final decisions that Mr M submitted have no bearing on his case. From reading what he's sent in, it seems to me that both of these cases were about the *satisfactory quality* of cars supplied under the agreement, and the obligations on the supplying businesses under the Consumer Rights Act 2015. Mr M's complaint makes no reference to faults with the car that he acquired under his hire purchase agreement – so the satisfactory quality of his car has not, and is not being looked at here.

In summary, I do not uphold Mr M's complaint. I know he'll be disappointed with the outcome of his complaint, but I hope he 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 Mr M to accept or reject my decision before 21 April 2025.

Andrew Macnamara
Ombudsman