

The complaint

Mr G complains that a personal contract purchase he entered into with MotoNovo Finance Limited (MotoNovo) has been mis-sold to him.

When I refer to what Mr G and MotoNovo have said, it should also be taken to include things said on their behalf.

What happened

In September 2020 Mr G has entered into a personal contract purchase with MotoNovo to acquire a used car. He paid a deposit of around £250 plus Mr G part exchanged a car. The cash price of the car was around £15,965. The total amount payable was around £20,249.80. Under the finance agreement there were 48 monthly payments of around £322.64 starting one month after execution, followed by one final payment of around £6,354.75 (this included the option to purchase fee).

Mr G said that he believes that his car finance agreement was mis-sold to him. Mr G said that in July 2024 he first learned that he acquired the car under a personal contract purchase whereby towards the end of the agreement he had three options: One – to pay the balloon payment of around £6,354.75; Two – to return the car to the dealership to trade the car in for another one; Or three – to hand the car back to MotoNovo and pay for any outstanding repairs and costs. In summary, Mr G said that when he entered into the personal contract purchase with MotoNovo, the dealership where he acquired the car never told him that he was entering into a personal contract purchase, and he thought it would be a hire purchase agreement which would be a like for like agreement to the one that he had on the car he part exchanged. As such, Mr G was surprised to find out that he would have other costs associated with it, towards the end of the agreement. So, he raised a complaint with MotoNovo.

In August 2024, MotoNovo wrote to Mr G. In this correspondence they said they reviewed his agreement documentation and they confirm that the agreement documentation states it is a personal contract purchase with the payment schedule on page two detailing 48 monthly payments of £322.64, and a final payment of £6,354.75. They said they were not present at the point of sale, so they are unable to evidence whether he was misinformed. They said that if Mr G, due to his health, had any difficulty in reading and understanding the agreement documents, he would be responsible for ensuring that he had someone with him to go through the paperwork to ensure he had a full understanding of the terms before signing.

They also explained that a personal contract purchase is a type of hire purchase agreement where the monthly payments are lower with a higher final payment to purchase or to hand the car back. MotoNovo said they also reached out to the supplying dealership to understand what was discussed at the point of sale. Unfortunately, the dealership advised that they did not hold any of Mr G's information, as he requested that his data be removed from their systems. Due to this, MotoNovo said they are unable to investigate and obtain any evidence from the dealership. As such they said, they are unable to uphold Mr G's complaint.

Mr G remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator was of the opinion that the complaint should not be upheld. The investigator did not think that MotoNovo have done anything wrong.

Mr G disagreed with the investigator. So, the complaint has been passed 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time. Mr G acquired the car under a personal contract purchase, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. I have also taken into account Section 56 of the Consumer Credit Act (1974) (S56 CCA), which explains that finance providers are liable for what they say and for what is said by a credit broker or a supplier before the consumer enters into the credit agreement.

I am very aware I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me, reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

Also, I can only consider the actions/inactions of MotoNovo and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership, the broker, or the manufacturer which Mr G might be unhappy about. So, in this decision I only focused on the aspects I can look into. And, I am only looking at the events that have been raised by Mr G with MotoNovo, the ones they had an opportunity to address in their August 2024 correspondence.

I was not there at the time Mr G entered into the personal contract purchase, so I do not know how exactly the agreement was explained to him. As such, I have considered all evidence that is available. This includes what Mr G and MotoNovo have told us, and also includes what the agreement stipulates.

In summary, Mr G feels that when he entered into the personal contract purchase with MotoNovo, the dealership where he acquired the car never told him that he was entering into a personal contract purchase, and he thought it would be a hire purchase agreement which would be a like for like agreement to the one that he had on the car he part exchanged. To support his testimony Mr G provided a copy of an email from the supplying dealership that said: 'We would do like for like replacement if you would like to look at exchanging for [car name] it may be easier for you to come down and discuss with one of the sales execs what you need etc and costings as naturally it will be more expensive.'

I have considered this, but from this email it is difficult to interpret what the 'like for like replacement' was referring to. It is difficult to know if it was referring to a type of car or a type of agreement. And even if it was referring to the type of an agreement being similar, that does not automatically mean that all terms of that agreement would be the same, especially as the email does say that the car Mr G was enquiring about would be more expensive. Plus, personal contract purchase agreements are a type of hire purchase agreement, and both agreements work in much the same way. At the end of the agreement the consumer can pay the balloon payment and keep the goods. Or they can hand back the goods without having to pay the balloon payment. And maybe the dealership could have been clearer in what they meant by 'like for like'. As such, I have also reviewed the agreement itself.

When reviewing the finance agreement signed by Mr G, I can see that it clearly states that there are 48 monthly payments of around £322.64 starting one month after execution, followed by one final payment of around £6,354.75 (this included the option to purchase fee). The agreement also explains the options available to Mr G towards the end of the agreement.

Considering all the above, combined with the fact that the dealership no longer holds any of Mr G's information as he requested that his data be removed from their systems, I do not have enough information to say that most likely the finance agreement was mis-sold to Mr G or that he was provided incorrect information.

While I sympathise with Mr G for the difficulties that he is experiencing, based on all the information available in this case, I do not think it is fair or reasonable for me to require MotoNovo to take any further action regarding his complaint.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 July 2025.

Mike Kozbial
Ombudsman