

The complaint

Miss B complains about how FirstRand Bank Limited trading as Motonovo Finance ('Motonovo') has administered her car finance. She says that it has repeatedly informed a credit reference agency that she has missed payments when this was not the case.

She has also been charged interest on the loan payments that were deferred during the Covid 19 pandemic. She thinks Motonovo shouldn't have done this.

What happened

This complaint is about a hire purchase agreement that Miss B took out to purchase a used car in April 2019. The vehicle had a retail price of £15,686. Miss B paid £4,086 as a deposit, including the part exchange of her older vehicle, meaning £11,600 was financed. This agreement was to be repaid through 60 monthly instalments. The first 59 instalments were for £398.93, followed by a payment of £399.93.

Miss B also took out a smaller personal loan at the same time. This loan doesn't form part of this complaint.

Miss B has raised some issues about the problems she is having with her car. Whilst I can see she thinks these are related to the problems she had with the loan; I'm not considering if the car was of good quality. I'm only considering how Motonovo administered the car finance in this decision.

During the Covid 19 pandemic, Miss B contacted Motonovo as she was struggling to make the finance repayments. Motonovo has said that the repayments were frozen between March and September 2020. Miss B restarted payments at the end of October 2020 and it was agreed that the seven payments she had missed, which totalled £2,827.61, would be deferred until the end of the loan.

At the time the account was subject to the payment deferral the missed payments were not subject to interest. But when payments resumed interest started to be added again. And the letter sent to Miss B at the time this was arranged, said this deferral would not impact her credit file.

The information Motonovo has supplied shows that it would normally only allow deferrals of six months. But it agreed to a seven-month deferral here. Motonovo has said that this is why it has been reporting missed payments on Miss B's credit file. Its systems do not support a seven-month deferral and it is treating the extra month as a missed payment. It's acknowledged that this is incorrect.

Motonovo's internal records show that it has been reporting the account to be one payment in arrears since June 2020 and two payments in arrears from September 2020 onwards.

Miss B complained about this in August 2023. Motonovo responded to this in September 2023. It explained the situation and said it would correct the errors it was reporting to the credit reference agency. It also offered £300 for the distress and inconvenience this had

caused Miss B. I understand this was paid to Miss B. However, the steps Motonovo took didn't resolve the problem and it continued to report incorrect information to the credit reference agencies.

Miss B complained again about this. And she also brought her complaint to the Financial Ombudsman Service. She has provided information that shows she has tried to change her car (as she is having problems with it) but has found it difficult to get further finance due to the missed payments on her credit file.

In April 2024 Motonovo reconsidered Miss B's complaint and this ongoing situation. It again agreed that it should not be reporting missed payments on Miss B's credit file. To put this right, it said it would remove all the interest that had accrued due the seven deferred payments. This was £800.61. As it allowed seven payments to be deferred, and would only normally allow six, it also refunded a payment of £398.93. It offered further compensation of £450 for the distress and inconvenience this had caused Miss B.

Our Investigator upheld Miss B's complaint, but he thought the compensation that had been offered was reasonable. This was after considering that Miss B may have had problems getting finance for a new car and her existing car seemed to need repairs which she may have paid for.

Miss B hasn't agreed to this, and I've noted that there were some further incidences of incorrect information reported to the credit reference agencies. Motonovo has confirmed that the agreement has now ended and no further missed payment markers will be added to the loan. And Motonovo has said that it didn't report any further arrears after April 2024.

Because Miss B didn't agree, this matter has been passed to me to make a final decision.

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.

There isn't any ongoing dispute about what has happened here. As I've outlined above Motonovo agreed, as part of the FCA sponsored Covid 19 measures, said that Miss B could defer some of her loan repayments. But due to some system problems when it did this it has reported incorrect information to the credit reference agencies over a sustained period of time. It has reported that she has missed two payments on her car finance since 2000 when this has not happened. Motonovo has agreed that it shouldn't have done this, so I only need to consider what is appropriate compensation.

Miss B has outlined how this has affected her. She has said that the car has needed some repairs, and she is thinking of having it replaced, rather than pay for these repairs. And she has been unable to do this, in part, as she had problems getting further finance because of the impact of the adverse credit file data being reported by MotoNovo.

I don't think it's unreasonable to say that the information recorded by Motonovo could have impacted other lending decisions. However, I'm not party to other lenders actual lending criteria and there may have been other factors that also affected their decisions. And Miss B may have been able to demonstrate that the missed payments were showing in error. So I can't be certain how, and to what degree, this incorrect information affected any other lending decisions.

And Miss B has incurred costs repairing the vehicle she had, and she thinks that she could have avoided all of these if she could have sold the car and obtained another one using

other finance. But Miss B has driven her car a significant number of miles and so it's reasonable to expect it to need some repairs. And I don't think I can say for certain that she would have avoided all of these costs. So I don't think compensation should be based on this directly.

To put this right Motonovo has agreed to refund some interest that Miss B was due to repay on the deferred part of her loan and refund a payment that it shouldn't have deferred. Which totals £1,199.54. It has also paid compensation of £300 already and it has offered a further £450.

Whilst Motonovo has made some significant errors here, I think this is a reasonable amount of compensation for them. And I think it was right that the interest and repayment was taken from the loan rather than being paid directly to Miss B.

I appreciate that Miss B may not agree and that the level of compensation should be higher. And I've no doubt that she faced significant distress and inconvenience due to this as she has outlined in her communications to Motonovo and our Investigator. Particularly when the agreement was close to ending. But whilst I can see this issue caused her a lot of distress and time, and effort, I think the amount now offered is right.

Putting things right

Motonovo should pay:

- The £300 compensation it offered in 2023 to Miss B.
- The £450 compensation it offered in 2024 to Miss B.
- Refund interest to the loan of £800.61.
- Refund a loan payment to the loan of £398.93.

I understand these may have been paid and the loan interest reworked, if this is the case Motonovo does not have to pay them again.

My final decision

For the reasons I've explained, I uphold Miss B's complaint. FirstRand Bank Limited trading as Motonovo Finance should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 February 2025.

Andy Burlinson
Ombudsman