

The complaint

Ms A is unhappy that a car supplied to her under a hire purchase agreement with MotoNovo Finance Limited was of an unsatisfactory quality.

What happened

In December 2023, Ms A was supplied with a used car through a hire purchase agreement with MotoNovo. She part-exchanged her existing car for £700 and paid a £1,000 deposit. The agreement was for £14,297 (which included the cost of a paint protection system and a three-year warranty) over 60 months; with 59 monthly payments of £335.38 and a final payment of £336.38. At the time of supply, the car was around eight and a half years old and had done 55,465 miles.

Ms A started to have problems with the car in February 2024, and the supplying dealership unsuccessfully tried to repair these faults. Ms A complained to MotoNovo, and they arranged for the car to be inspected by an independent engineer. The engineer concluded that the car wasn't of a satisfactory quality when it was supplied to Ms A, and MotoNovo agreed that she could reject the car.

MotoNovo took the car back and refunded the £1,700 total deposit Ms A paid, as well as refunding five of the monthly payments she'd made, £305 hire car costs, and £300 compensation for the distress and inconvenience she had been caused.

Ms A wasn't happy with the settlement she'd received from MotoNovo. She felt they should also refund her the full cost of the paint cover and warranty, all of the payments she'd made, what she'd paid for taxing and insuring the car, the cost of GAP insurance, and various other out of pocket expenses including, but not limited to, the cost of the oil and fuel she'd put in the car, her gym membership and costs of exercise classes she wasn't able to attend, takeaways and the cost of shopping being delivered to her, the cost of car repairs she'd paid, and an additional £112 hire car costs.

Ms A also explained how this situation had affected her ongoing mental health and she'd been unable to attend face-to-face appointments with a therapist. So, she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said they didn't think MotoNovo's settlement was fair. While they didn't agree with most of the additional costs Ms A was looking to be refunded, they said that Ms A had only had use of the car for two months while it was in her possession, not three, so MotoNovo should refund another monthly payment. The investigator also said MotoNovo should refund the £128.39 cost of the GAP insurance (as Ms A had received no benefit from this), the additional £112 hire car costs, and a total of £334.94 Ms A paid towards repairs in March and May 2024.

Finally, the investigator thought MotoNovo should increase the compensation by £100 – from £300 to £400 – to recognise the impact this situation had on Ms A.

MotoNovo didn't agree with the investigator's full recommendation. While they accepted most of this, they didn't think they should have to refund an additional monthly payment as Ms A had travelled 4,000 miles in the car – they said they should be allowed to keep one payment for every 1,000 miles travelled so they'd already done more than they should by only keeping three payments instead of the four they were entitled to.

MotoNovo also didn't think they needed to refund the £112 hire car costs, as they'd already refunded hire car costs of £305.

Ms A said that it was "*impossible*" for her to have done 4,000 miles in the car in the time it was in her possession and available for her to use, and most of these miles were put on by the garage who were repairing the car. She also said that the additional £112 hire car cost was incurred because the car wasn't repaired when it should've been.

Ms A felt that she should be put back in the position she would've been, had the car not been faulty, and properly compensated for the impact on her mental health. And she said that MotoNovo were able to recoup any costs from the supplying dealership.

Because neither party agreed with the investigator, this matter 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Ms A was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MotoNovo are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless MotoNovo can show otherwise. So, if I thought the car was faulty when Ms A took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask MotoNovo to put this right.

In this instance, it's not disputed there was a problem with the car supplied to Ms A, nor that it was of an unsatisfactory quality when it was supplied. And MotoNovo have already taken

the car back, unwound the agreement, and paid Ms A some compensation. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what remains in dispute – whether the compensation MotoNovo have already paid was reasonable in the circumstances and what, if anything, they should do to put things right.

Putting things right

While both Ms A and MotoNovo don't agree with the investigator's full recommendations, neither party has objected to the cost of the repairs in March and May 2024, or the cost of the GAP insurance, being refunded. As such, I don't intend to consider these costs any further, and I will be directing MotoNovo to refund them.

Monthly Payments

Ms A was supplied with the car on 2 December 2023. And she says she first started having problems with the car in February 2024 – she's provided evidence to show she first contacted the dealership about the faults with the car on 13 February 2024. This was a period of around two months. As Ms A was able to use the car while it was in her possession during this period, I think it's only fair that she pays for this usage.

Both parties have referred to the mileage travelled in the car – MotoNovo believe they should be allowed to keep one payment for every 1,000 miles the car had travelled, and Ms A has said that most of the mileage was done by the dealership when they were attempting to repair the car. While these comments have been noted, the mileage on the car doesn't affect my decision, and I'll explain why.

The agreement is clear that MotoNovo are charging Ms A a fixed monthly payment based on the time the car was in her possession and available for her to use – she's not being charged a variable monthly payment based on what mileage the car has travelled in the preceding month. What's more, there's nothing in the agreement that limits the mileage Ms A was able to do in the car. As such, I think it's fair that MotoNovo retain two payments for the two months when Ms A had use of the car, and all other payments are refunded.

Car Hire

In their opinion, the investigator explained that 'If Ms A is able to provide evidence in relation to the hire car costs, MotoNovo should refund this'. As MotoNovo have already agreed to refund the hire car costs in addition to refunding the payments Ms A made, I think it's only fair that they cover all of these costs, not just some of them.

However, before any payment was refunded, I would expect Ms A to provide MotoNovo with clear evidence that a car was hired in her name, and with herself as a named driver, and that the period of hire (a) was during a time when the car supplied by MotoNovo wasn't in Ms A's possession and (b) that it doesn't overlap with any other period of hire car cover that has already been refunded.

What's more, I would expect Ms A to be able to provide MotoNovo with this evidence, giving them sufficient time to be able to carry out any directions within 28 days of being notified of acceptance of the decision – if Ms A doesn't accept my final decision then there is no need for her to provide any evidence as MotoNovo wouldn't be required to carry out any actions.

Additional Compensation

Finally, I think that Ms A should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties,

falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended MotoNovo pay Ms A an additional £100, taking the total compensation to £400, to recognise the distress and inconvenience caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

Having taken into consideration the medical evidence provided, I think this is significant enough to recognise the worry and upset Ms A would've felt as a result of what happened. But I also think it takes into consideration that Ms A had the use of a hire car for some of the time, and this cost has been covered by MotoNovo. So, this is a payment I'm directing MotoNovo to make

Therefore, MotoNovo should:

- refund an additional monthly payment to Ms A;
- upon receipt of proof of payment, reimburse Ms A for the £128.39 GAP insurance she paid in December 2023, the £345.94 repair costs she paid in March and May 2024, and the £112 additional hire car costs;
- apply 8% simple yearly interest on the refunds, calculated from the date Ms A made the payment to the date of the refund[†]; and
- pay Ms A an additional £100, taking the total compensation to £400, to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (MotoNovo must pay this compensation within 28 days of the date on which we tell them Ms A accepts my final decision. If they pay later than this date, MotoNovo must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires MotoNovo to take off tax from this interest, MotoNovo must give Ms A a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Ms A's complaint about MotoNovo Finance Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 12 August 2025.

Andrew Burford
Ombudsman