

## **The complaint**

Mr M complains that MotoNovo Finance Limited gave him a loan to finance the purchase of a car when it shouldn't have. Mr M also says he doesn't believe the loan is enforceable.

## **What happened**

MotoNovo provided Mr M with credit of £7,443, this included the cash price of the car, administrative fees, and VAT. The finance agreement was designed to run for 49 months with monthly payments of £181.55. Mr M fully repaid the credit in April 2023 and the account has now been settled.

Mr M complained through a third-party representative to MotoNovo, it said the loan was unenforceable and Mr M doesn't recall clicking on the order with obligation to pay button in line with the Consumer Contracts Regulation 2013. Mr M also says even if the contract is enforceable, Mr M shouldn't have been given the credit as he couldn't afford it.

MotoNovo considered Mr M's complaint but didn't uphold any part of it so, he referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn't uphold any part of Mr M's complaint. He thought Mr M was put on sufficient notice that he was entering into an agreement at the point sale and having looked at Mr M's circumstances, he thought the credit was affordable.

Mr M's representative disagreed and asked for a 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.

I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

### **Was the finance affordable for Mr M?**

MotoNovo will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this decision.

In summary, MotoNovo needed to ensure that Mr M could afford to make his repayments on the agreement when they fell due throughout the term of the agreement. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable – taking into account the specific circumstances of the consumer.

MotoNovo has provided information to show that before it agreed to lend to Mr M, it asked him about his income, Mr M declared an annual income of £30,500. It also asked him about his housing and marital status, Mr M was married and a tenant.

MotoNovo has also provided the results of its search into Mr M's credit file and from what I can see, Mr M had two loans with a combined monthly payment of around £145 and he had a credit card with a balance of £385 against a credit limit of £4,000.

Given the length of this agreement, I think it would have been reasonable for MotoNovo to get some understanding of Mr M's living costs as well. I think it would have been reasonable for it to have taken its checks further. So, I don't think it did enough before deciding to lend. But because I don't think it did enough before agreeing to lend doesn't mean I think it has lent when it shouldn't have. I need to think about what reasonable checks would have shown.

Mr M has provided copies of bank statements for three months before the credit was granted and I've used to understand Mr M's living costs and what he'd likely have declared to MotoNovo at the time of sale.

Mr M's average income over the three-month period was around £1,830, in the month of his lowest income, Mr M received around £1,722. The statements show Mr M was transferring around £850 into another account and having had sight of his bank statements for this other account, this was his bill payment account. From this bill payment account, I worked out Mr M's total household living costs were around £1,470 I can see Mr M was transferring around £850 monthly towards bills and I can see there was also monthly contribution from another party who I assume Mr M shared household bills with.

Thinking about Mr M's monthly contributions towards the household bills, his credit commitments, Mr M had sufficient income, to afford the monthly payments throughout the term and other expenses fluctuations. I can also see that Mr M had a credit balance his bill account which would have been available to him should he need it.

The monthly repayments were around 10% of Mr M's average income over the three months before the loan and I haven't seen anything that leads me to conclude he would have struggled to repay it over the term of the agreement.

Having thought about the circumstances of MotoNovo's lending decision, I think the loan was affordable for Mr M and MotoNovo didn't lend unfairly.

*Has MotoNovo acted unfairly in some other way?*

Mr M said the credit as unenforceable as he wasn't made aware through appropriate wording of his obligations. I've taken account of the relevant regulations as well as what I consider to be fair and reasonable in the circumstances.

Mr M was provided with a pre-contract credit information document which detailed the terms of the contract. Following this, Mr M was provided with the credit agreement which also detailed the terms of the agreement and how it will run. This included things like duration, costs, and description of the goods. Mr M signed this agreement confirming he'd read it and agreed with it. I'm also mindful that Mr M took delivery of the car and was aware at the point of sale he hadn't fully paid for the car.

Overall, I think Mr M was given due notice of his obligations under the agreement and he signed the contract in agreement with the terms of it. So, I don't think it's fair or reasonable to conclude that the contract is now unenforceable. I think MotoNovo provided clear and timely information to Mr M at the point of sale.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MotoNovo lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons given above, I do not uphold Mr M's complaint or make any awards against MotoNovo Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 April 2025.

Oyetola Oduola  
**Ombudsman**