

The complaint

Mrs G complains that information wasn't disclosed to her during the sales process when she acquired a car under a hire purchase agreement with MotoNovo Finance Limited ("MotoNovo").

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

Mrs G entered into an agreement to acquire a used car with MotoNovo in January 2023. She used a credit broker to source the finance provider for her.

In September 2024, Mrs G was enquiring about selling the car. However, when she approached an online car sales site, she was told the car had previously been used as a taxi/private hire car. This came as a surprise to Mrs G, and she complained to the credit broker and, eventually, MotoNovo about it. She felt the car had been misrepresented to her, or rather she'd been misled by the credit broker, who she felt should have told her about the previous use of the car.

MotoNovo didn't uphold Mrs G's complaint. They said that the credit broker had confirmed they were unaware of the previous use of the car, and MotoNovo were satisfied adequate checks had been carried out prior to Mrs G taking delivery of the car.

Mrs G didn't agree and brought her complaint to our service. Our investigator didn't uphold it. He said the credit broker had undertaken checks on the car prior to Mrs G acquiring it, and he said that he wasn't satisfied any misrepresentation had taken place.

Mrs G didn't agree. She continued to believe the credit broker should have undertaken more checks to find out how the car had been used previously.

As Mrs G hasn't accepted, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information in this case. I'd like to reassure them both that I've read and considered everything that's been sent. But, I will be focussing my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

The fact the car was supplied to Mrs G under a hire purchase agreement means that MotoNovo have responsibility for things that were said or done by the credit broker prior to Mrs G's entry into the agreement. However, they don't have any responsibility for what Mrs G might have been told during any negotiations with a selling dealer. They are a different entity and aren't classed as an agent of MotoNovo.

I've read Mrs G's comments about the credit broker's failure to bring it to her attention that the car being acquired had previously been used as a taxi/private hire car prior to her entering the agreement. She makes her argument passionately in all her correspondence with the credit broker, MotoNovo and with our investigator. With that in mind, I've reviewed relevant guidance issued by the Chartered Trading Standards Institute (CTSI)¹. That information sets out to the motor trade steps to take in terms of compliance with relevant law², such as avoiding misleading actions or omissions, and poor or unfair business practices.

The guidance says that making a misleading omission could be unfair, if the credit broker is, or should have been, aware of it. An example given is that of failing to disclose that a car is an ex-business, rental, or taxi. But their awareness of it is a key point here.

It's reasonable for me to consider the guidance alongside the checks the credit broker carried out prior to Mrs G taking delivery of the car, and whether those checks should have alerted them to the previous use of the car. And in this case, I don't think they should have done. The credit broker have shown they checked the previous insurance status of the car, along with the number of previous registered keepers, any previous finance agreements, and other aspects such as the car's condition. This check is a Hire Purchase Information (HPI) check. I'm satisfied that it's likely that this check, along with the mileage of the car – approximately 76,000 at the time it was supplied to Mrs G – wouldn't have led the credit broker to make any additional enquiries about how the car had been used. The mileage of the car was only slightly above average for one registered six years previously, and there wasn't anything contained in the check that might have raised questions about any previous use or led the credit broker to do any additional checks on the previous registered keepers of the car.

Mrs G has said that she didn't have a conversation with the credit broker about the previous use of the car and didn't ask if it had been used previously as a taxi or for private hire, and the credit broker have shown they were unaware of the previous use.

As such, I'm more satisfied than not that the credit broker hasn't misled Mrs G in this case as to the previous use of the car. I appreciate more thorough checks could have been undertaken by the credit broker – indeed, Mrs G has shown that it's possible to find out the previous use of the car – but, just because more thorough checks could have been completed, it doesn't mean my decision should be that the credit broker have misled Mrs G or treated her unfairly by undertaking the checks they chose to at the point of supply. I'm more satisfied than not that the checks completed by the credit broker prior to Mrs G taking delivery of the car were adequate in this case.

Mrs G has also asked about misrepresentation. In order for me to decide if a misrepresentation has been made to her, I need to answer two questions:

¹ Car traders and consumer law – Guidance for dealerships – can be found at <https://www.businesscompanion.info/focus/car-traders-and-consumer-law>

² Among other things, the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Rights Act 2015, and the Consumer Contract Regulations 2013.

- Has a false statement of fact been made? And
- Has this false statement induced Mrs G to acquire the car?

It's only if I can answer 'yes' to both of these questions that I can decide the car was misrepresented at the point of supply. And in Mrs G's case, I'm not persuaded I can answer 'yes' to the first question. This means that I'm not planning to say the car was misrepresented to her at the point of supply. I'll explain why.

False statement of fact

Mrs G initially mentioned to our investigator that the credit broker had explained the car had had two previous private owners. But she hasn't been able to provide any evidence of that, and that information isn't backed up the HPI check undertaken prior to supply. The advert for the car also doesn't confirm the number of previous owners.

Further, Mrs G has accepted that a conversation about the previous use of the car was never had between her and the credit broker. She didn't ask any questions about how the car had been used prior to her acquiring it. As Mrs G didn't ask about it, and I'm satisfied the credit broker wasn't aware of it, I can't conclude that a false statement of fact has been made, and that that statement has induced Mrs G into acquiring the car. No statement was made from the credit broker about the car's previous use, so Mrs G made her decision to acquire the car without inducement in regard to how the car had previously been used.

Finally, Mrs G feels that the re-sale value of the car has been adversely affected by its previous use, but she isn't able to evidence this. I understand why she may believe this, but from the evidence I have seen, the car's re-sale value hasn't been affected. The credit broker offered Mrs G a re-sale price of approximately £6,800 in November 2024, and Mrs G has provided a sale price from September 2024 from an online car buyer which valued the car at approximately £6,900. There are many factors that determine the price of a car, including its age, condition, and mileage. I haven't seen anything from Mrs G to persuade me the prices she's been offered are primarily lower than they would be purely because of the car's previous use.

I know this decision will come as a disappointment to Mrs G. But I haven't seen anything to persuade me to conclude she was misled when entering the agreement or it was misrepresented to her. So, it follows that I won't be asking MotoNovo to do anything more here.

I'd like to remind Mrs G she's able to reject this decision if she believes she can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 5 November 2025.

Kevin Parmenter
Ombudsman