

Complaint

Miss W complains that MotoNovo Finance Limited (“MotoNovo”) unfairly entered into a hire-purchase agreement with her. She’s said the payments to her agreement were unaffordable.

Background

In May 2021, MotoNovo provided Miss W with finance for a used car. The cash price of the vehicle was £15,539.00. However, once the £6,300.00 Miss W was offered for her existing vehicle was deducted from the £7,396.09 which she needed to pay to settle that agreement there was an amount of £1,096.09 remaining. The £1,096.09 shortfall was added to the cash price of the car meaning that Miss W sought finance of £16,635.09 from MotoNovo in order to cover the full amount required for this transaction.

The loan had interest, fees and total charges of £4,680.79 (comprising of interest of £4,679.79 and an option to purchase fee of £1), and the total amount to be repaid of £21,315.18 was due to be repaid in 48 monthly instalments of £295.31 followed by an optional final payment of £7,141.00 which Miss W needed to pay if she wished to keep the car.

Miss W’s complaint was considered by one of our investigators. He didn’t think that MotoNovo had done anything wrong or treated Miss W unfairly. So he didn’t recommend that Miss W’s complaint should be upheld.

Miss W disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Miss W’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Miss W’s complaint. I’d like to explain why in a little more detail.

MotoNovo needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that MotoNovo needed to carry out proportionate checks to be able to understand whether Miss W could make her payments in a sustainable manner before agreeing to lend to her. And if the checks MotoNovo carried out weren’t sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

MotoNovo agreed to this application after it asked Miss W to provide details of her monthly income and it decided to carry out credit searches on Miss W. The credit searches showed up that Miss W had some existing credit but this was for low amounts and being relatively well maintained. MotoNovo says that the information it had at the time indicated that the monthly payments on this agreement were affordable for Miss W.

On the other hand, Miss W says that she couldn't have afforded this.

I've thought about what Miss W and MotoNovo have said.

The first thing for me to say is that MotoNovo didn't just simply accept what Miss W had told it. It carried out credit searches which showed that Miss W didn't have any significant adverse information recorded against her such as defaults or County Court Judgments ("CCJ"). Furthermore, Miss W's credit commitments weren't excessive in comparison to her income and there was no recent concerning information.

It's unclear what steps, if any, MotoNovo took to crosscheck Miss W's declaration of income. But from the information I've seen, it appears as though that Miss W's declaration of her monthly income was accurate. Equally when what I've been able to determine as Miss W's committed regular living expenses are added to what MotoNovo knew about her existing credit commitments and then deducted from the funds she was receiving, there were sufficient funds left over, at the time at least, for her to sustainably make the repayments due under this agreement.

I appreciate that Miss W says that she didn't have the disposable income to make the payments to this agreement. However, the figures being put forward now are from an expenditure assessment conducted from bank statements. This is a more granular assessment capturing Miss W's total expenditure rather than a likely indication of what Miss W is likely to have declared about her living expenses. And even then such an analysis still appears to me to leave Miss W had sufficient funds to make the payments to this agreement.

Finally, while I accept that this isn't in itself determinative, I do think that it is nonetheless worth noting that Miss W not only made her payments when they fell due for the period the agreement was active, she settled the finance two years into what was a four-year term. The credit file information Miss W has provided also show that she ended up taking out a replacement agreement which had higher monthly payments than this one. In these circumstances, it appears as though Miss W's repayment record and action support the monthly payments for this agreement being affordable for her.

So having carefully considered everything, I'm satisfied that the available information makes it appear, at least, as though proportionate checks would have shown that Miss W could make the monthly payments to this agreement in a sustainable manner. And in my view, it is unlikely – and less likely than not – that MotoNovo would have declined to lend if it had found out the further information that I think it needed to here.

In reaching my conclusions, I've also considered whether the lending relationship between MotoNovo and Miss W might have been unfair to Miss W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think MotoNovo irresponsibly lent to Miss W or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, I'm satisfied that MotoNovo didn't act unfairly towards Miss W when it agreed to provide to lend to Miss W and I'm not upholding her complaint. I appreciate that this will be very disappointing for Miss W. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

My final decision is that I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 3 November 2025.

Jeshen Narayanan
Ombudsman