

The complaint

Mr C complains that MotoNovo Finance Limited (“MotoNovo”) provided him with car finance that wasn’t affordable for him.

What happened

In December 2021, MotoNovo provided Mr C with a car finance loan for £16,418.83 to be repaid over 49 months with monthly repayments of £323.00. He’d part exchanged a previous vehicle when entering into this agreement.

Mr C complained to MotoNovo in November 2024. He said they didn’t check he could afford to repay the loan and didn’t ask him about his bills at the time. He feels the lending was irresponsible and the loan should never have been given to him.

MotoNovo didn’t issue Mr C with a full final response letter within the eight-week time frame set by the Financial Conduct Authority (FCA) so he referred his complaint to our Service in February 2025.

In their submissions to our Service, MotoNovo said they relied upon a copy of the Credit Reference Agency (CRA) data obtained at the time of sale, but they didn’t complete verification of Mr C’s income and expenditure.

An Investigator here looked into things. They felt that reasonable and proportionate checks were completed, and as Mr C was earning around £1,800 per month with only one loan on his credit file they felt MotoNovo made a fair decision to lend.

Mr C didn’t agree with the opinion of the Investigator. He said MotoNovo took his word that he was earning £1,800 per month and did nothing to verify that, and repayments to his previous agreement with MotoNovo shouldn’t have been used as proof the new agreement was affordable because circumstances can change at any time.

Because an agreement couldn’t be reached, 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.

Having done so, I’ve reached the same outcome as the Investigator, but for slightly different reasons. I know this is likely to disappoint Mr C, so I’ll explain my reasoning below.

MotoNovo needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that they needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr C before providing it.

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 said they decided to lend to Mr C after carrying out a credit check. Mr C wasn't asked any questions about his income and expenditure.

I don't believe the checks carried out were proportionate to the lending being provided. Mr C was required to make significant monthly payments over four years and in my view, it's difficult to see how a firm could understand what a customer can afford a month without knowing what their basic outgoings are.

Although Mr C had told MotoNovo he had an annual income of £26,000, they didn't do anything to verify this. I think at the least, they ought to have checked whether Mr C was earning what he'd declared, and obtained an overview of his fixed monthly expenditure such as rent and bills. So it follows that I don't believe MotoNovo's checks were proportionate.

However, just because I don't think the checks were proportionate, it doesn't follow that I automatically uphold Mr C's complaint. We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Mr C has provided three months' worth of statements prior to the lending decision in December 2021. On average, he earned £1,732.40 a month prior to December 2021 which is broadly in line with what he declared to MotoNovo. He also receives a monthly fixed payment in of £746.50, increasing his average income to around £2,400 per month.

Looking at Mr C's fixed monthly expenditure, including his bills, loan repayments, rent and insurances his average expenditure in the three months prior to the lending decision was £1,025.00. This leaves him with over £1,000 disposable income per month to afford MotoNovo's monthly repayments of £323.

So it follows that while I don't believe MotoNovo's checks at the time were proportionate, I think had they carried out proportionate checks at the time, they still would've lent to Mr C and further checks would've shown Mr C had disposable income to meet the monthly repayments.

In reaching my conclusions, I've also considered whether the lending relationship between MotoNovo and Mr C might have been unfair to Mr C under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that MotoNovo did not lend irresponsibly when providing Mr C with the loan. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr C, I won't be upholding his complaint against MotoNovo for the reasons explained above.

My final decision

It's my final decision that I do not uphold Mr C's complaint against MotoNovo Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 November 2025.

Meg Raymond
Ombudsman