

The complaint

Ms C, who is represented by a third party, complains that FirstRand Bank Limited, trading as MotoNovo Finance Limited ('MotoNovo') irresponsibly granted her a car finance agreement she couldn't afford to repay.

What happened

In April 2019, Ms C acquired a used car financed by a hire purchase agreement from MotoNovo. The cash price of the car was £5,295. The agreement was due to run for 61 months with Ms C being required to make monthly payments of £115.09. She paid a deposit equivalent to £200. The total repayable under the agreement was £7,464.

Ms C settled the agreement in April 2024.

Ms C says that MotoNovo didn't complete adequate affordability checks. She says if it had, it would have seen the agreement wasn't affordable.

MotoNovo didn't agree. It said it did enough to check that Ms C could afford the new agreement, which included checking her credit file to see what credit she already owed elsewhere.

Whilst our investigator thought Motonovo ought to have carried out better checks, he didn't recommend the complaint be upheld. He thought MotoNovo didn't act unfairly or unreasonably by approving the finance agreement.

As Ms C didn't agree the complaint has been passed to me for a final 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.

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

On her application, Ms C provided some details about herself, including that she was working what her salary was. The credit check MotoNovo completed showed details about Ms C's existing credit situation. She was paying a loan and a mortgage, which meant she was having to find a total of around £750 each month. Other than that, her credit file didn't show any recent adverse markings appearing on her credit file, such as payments that were missed regularly or accounts going into default.

MotoNovo says it didn't check what Ms C was having to pay out each month for things aside from the credit she owed, such as household costs like utilities and other regular household bills. So I agree with our investigator that for a loan of this size and duration, and taking into account Ms C's declared salary at the point of application, it would have been proportionate

for MotoNovo to have gained a more thorough understanding of Ms C's financial circumstances before agreeing to make the finance available to her.

I can't be certain what Ms C would have told MotoNovo had it asked about her regular monthly spending. I don't necessarily think MotoNovo needed to request bank statements at the time it approved Ms C's agreement. But in the absence of anything else, I've placed significant weight on the information contained in Ms C's bank statements as an indication of what would most likely have been disclosed.

I should add here that Ms C sent us her credit report but given that it's recent, it doesn't have enough detail about her financial situation at the time. But like our investigator, I think I've seen enough about that from the checks MotoNovo carried out.

I've reviewed three months of bank statements prior to the application. Having done so, I'm broadly in agreement with what our investigator found. The statements show Ms C was receiving a monthly salary that averaged at around £1,100 per month. In addition she was receiving payments from her partner at the time. Once these are averaged out, she was receiving a total income that was closer to £1,400. And given that her monthly committed costs were averaging out at just under £1,100, leaving her with around £290 in disposable income, out of which she could meet the cost of the new agreement. The new agreement looked to be affordable.

Therefore, had MotoNovo carried out more detailed checks I still think it's likely it would have agreed to lend to Ms C. I'm therefore not persuaded that MotoNovo acted unfairly in approving the finance.

I've seen that Ms C and those representing her have disputed our investigator's view on the basis that it was based on an incomplete understanding of her financial status. The key issue here is that she was receiving payments from her partner at the time. Ms C confirmed that these were payments towards regular household expenses and the mortgage. I've also noted that Ms C was making some payments to her partner. This isn't surprising as it shows that there was a sharing of household costs, which is what I would have expected. On that basis, I think it's reasonable to regard these payments as forming part of total household income. And so the new agreement still looked to be affordable.

I do recognise that Ms C would have to be careful with her finances and that there might be times when she was financially stretched, even with the level of disposable income available to her. It's likely that there will sometimes be a level of contingency and emergency spending that Ms C would have to deal with, including costs relating to running a car. But I don't think that means the agreement was unaffordable to Ms C or that it looked to be something that she'd be unable to pay towards on a regular and sustainable basis.

It follows that I'm sorry to have to disappoint Ms C, but having considered all the available evidence and information, particularly from around the time of the lending decision, I haven't found sufficient evidence to uphold this complaint.

I've considered whether the relationship between Ms C and MotoNovo might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MotoNovo lent irresponsibly to Ms C or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 23 October 2025.

Michael Goldberg

Ombudsman