

The complaint

Mr L complains that MotoNovo Finance Limited lent to him irresponsibly when they provided him with a hire purchase (HP) agreement to finance the purchase of a motorbike.

What happened

In 2022, Mr L was provided with a Hire Purchase agreement by MotoNovo. Mr L borrowed £14,519 to help fund the purchase of a motorbike. The agreement was repayable over 49 monthly payments of £181.

In early 2025, Mr L complained. In summary, he said MotoNovo had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

MotoNovo didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the finance was granted. They were satisfied they had lent responsibly.

Mr L disagreed; he still thought MotoNovo were wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, she didn't think MotoNovo had done anything wrong. In short, the Investigator said:

- The checks carried out by MotoNovo were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given MotoNovo any cause for concern.
- There was nothing that would have suggested to MotoNovo that Mr L was struggling financially, and/or wouldn't be able to afford the repayments towards the credit.
- Any financial struggles, which did materialise for Mr L later, wouldn't have been apparent to MotoNovo at the time they provided Mr L with the credit.
- Overall, with that in mind, MotoNovo hadn't acted unfairly or unreasonably in providing this credit to Mr L.

Mr L disagreed; he maintained he'd been irresponsibly lent to. So, as no agreement has been reached by the parties, Mr L's complaint has now 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, while this will no doubt disappoint Mr L, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain.

The rules and regulations in place at the time Mr L was provided with the hire purchase agreement, required MotoNovo to carry out a reasonable and proportionate assessment. That's to determine whether Mr L could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr L. So, MotoNovo had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, MotoNovo had to consider the impact of any repayments on Mr L.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether MotoNovo did what they needed to before agreeing to lend to Mr L.

Before agreeing to lend, MotoNovo checked data recorded with Credit Reference Agencies ("CRAs"); and it relied upon information provided by Mr L in his application. I've been provided the results of MotoNovo's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults; nor was Mr L subject to an Individual Voluntary Arrangement ("IVA"). There were no missed payments showing towards any of his existing or past credit commitments; and he was fully up to date with his repayments on his priority debts, such as his mortgage, with no arrears present.

MotoNovo recorded Mr L's self-reported income at £42,600 a year which equated to around £2,700 a month. And, when they deducted his fixed credit commitments, along with his mortgage, totalling £1,671 a month, he was left with a comfortable disposable income of around £1,000 a month to cover general living costs and the £181 monthly repayments towards the new finance agreement. Furthermore, MotoNovo's notes also suggest that his HP agreement would be replacing an existing HP, which would further extend his disposable income (albeit I've not used these figures in my calculations, given the lack of certainty that the existing credit will be settled).

Mr L has argued that he had a particularly high amount of existing non-mortgage borrowing, and that this should have led to further checks on MotoNovo's part.

I've thought carefully about Mr L's point here. And in certain circumstances, I might be inclined to agree that checks needed to go further. But the income Mr L declared for his job type did not appear excessive, and the disposable income he would have been left with was sizeable. Furthermore, both his existing credit commitments, and prior commitments had been repaid impeccably, with no signs of any struggles on his part.

I've also taken into account that the high outstanding credit balances seem to be across just two hire purchase agreements (one of which was potentially being settled), and two loans, all with excellent repayment records. So, while I take on board Mr L's comments, and I do agree that his existing credit commitment levels were high, I think the fact that this wasn't made up of revolving credit facilities – like credit cards, that could have equated to further

debt in a short space of time – is an important factor. Taking into account Mr L's excellent repayment history, and sizeable disposable income that MotoNovo's checks displayed, even when considering the repayments towards his existing credit; I'm satisfied, in the round, that it wasn't unreasonable for MotoNovo to rely on the results of the checks they carried out.

The above checks, suggested that Mr L would have around £1,000 a month left to pay both this finance agreement, along with his general living expenses. So, while I am sorry to disappoint Mr L; I know this won't be the outcome that he's hoping for, it's for the reasons I've explained that I don't think MotoNovo acted unfairly or unreasonably when they provided him with this credit. And for these reasons, I won't be asking them to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MotoNovo lent irresponsibly to Mr L or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 January 2026.

Brad McIlquham
Ombudsman