

The complaint

With the help of a professional representative (PR), Mrs M complains that FirstRand Bank Limited trading as Motonovo Finance lent to her irresponsibly. For ease, I'll refer to the actions of the PR as being those of Mrs M.

What happened

Mrs M entered into a hire purchase agreement (HP) with Motonovo on the following terms:

Date	Amount of credit	Term	Monthly repayment	Total payable
25 March 2017	£4,998	60 months	£110.25	£6,902.40

On 17 May 2024, Mrs M complained to Motonovo. She said Motonovo hadn't asked any questions to ensure she could repay the HP sustainably, and at the time she had been struggling to pay essentials because of her other credit commitments. She said she never missed a payment to the HP, but got into debt elsewhere to prioritise these repayments. She felt it had been irresponsible for Motonovo to lend to her. To resolve her complaint, she asked Motonovo to refund the charges and interest she paid, plus 8% simple interest.

Motonovo looked into Mrs M's complaint and issued a final response letter. It said it had undertaken "*a reasonable and proportionate creditworthiness assessment*" before agreeing the HP. It felt the agreement had been affordable for Mrs M and didn't uphold the complaint.

Mrs M didn't accept Motonovo's response, so she referred her complaint to our service. One of our investigators looked into it. He said Mrs M had a high number of active credit agreements elsewhere, had missed payments to some of those as recently as the month before this application and had previously defaulted on credit agreements. He felt that ought to have led Motonovo to take a closer look at her application.

To see what Motonovo might have found had it gone further, our investigator reviewed Mrs M's bank statements for three months prior to this application. He concluded that she had a regular monthly income of £1,736 but her average expenditure was £1,884. On that basis, he felt Mrs M couldn't reasonably afford to repay the HP on a sustainable basis.

Our investigator looked at a more recent copy of Mrs M's credit file and could see that she had – as she'd said in her complaint – prioritised her payment to this agreement over others. This was demonstrated by the fact that she had incurred defaults on some of her existing credit and missed payments on others while keeping up with her payments to Motonovo.

Our investigator upheld the complaint and explained to each party how matters should be put right.

Mrs M accepted our investigator's opinion of the complaint, but Motonovo didn't. As there was no agreement, 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Motonovo needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mrs M irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Motonovo carry out reasonable and proportionate checks to satisfy itself that Mrs M was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Motonovo make a fair lending decision?
- Did Motonovo act unfairly or unreasonably towards Mrs M in some other way?

Motonovo had to carry out reasonable and proportionate checks to satisfy itself that Mrs M would be able to repay the HP sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the agreement, the amount of the repayments and the overall circumstances of the borrower.

Motonovo has told us it relied on information obtained by the dealer from Mrs M, and the results of the credit check it carried out to reach its decision to lend. It said *"the customers annual income wasn't obtained at the point of purchase and verification of their income/expenditure was not completed"*.

It's not clear from the file precisely what information Motonovo received from the dealer other than the details of the car Mrs M wanted to buy and her identification documents. There is nothing there to help me understand her financial situation and whether the agreement would have been affordable for her.

I've looked closely at the results of the credit check Motonovo carried out at the time. I can see she had 13 active credit accounts including a mortgage. While the value of her non-mortgage debt wasn't large compared to many I (and probably Motonovo) see – around £7,630 – it wasn't particularly well run.

Mrs M had regularly missed payments on two of her mail order accounts which made up around half of her outstanding credit. This included missed payments on each in the month prior to this application and several, regular missed payments in the last year. Mrs M had also missed a payment to her mortgage within the last year and a credit card in the last three months. She also had two historic defaulted accounts.

It seems to me that Mrs M was struggling to keep on top of the finance she already had. I think this ought to have led Motonovo to take a closer look at things – perhaps by verifying her income and expenditure to ensure the agreement was affordable for her. One way for a lender to verify a consumer's income and expenditure is to obtain some bank statements from them. This generally provides a good picture of a customer's financial circumstances.

Mrs M has provided us with copies of her statements for the three months prior to this application and I've looked closely at those. I agree with the figures our investigator has

quoted. She received regular income of £1,730 and regularly spent more than that – around £1,880. She was able to do so as there are several small sporadic transfers from different individuals - presumably friends and family. But they are not large or regular enough for me to consider them to be income such as could be relied on to help repay this agreement. I note too that there were fairly regular returned direct debits to businesses such as communications suppliers and other creditors.

So I think if Motonovo had sought to verify Mrs M's income and expenditure, it would have seen that she was unlikely to be able to sustainably repay this HP and it ought to have refused to lend to her.

Did Motonovo act unfairly or unreasonably towards Mrs M in some other way?

I've carefully reviewed all the evidence provided by each party to this complaint. I've seen nothing which shows Mrs M contacted Motonovo for help with her repayments. I can see she did speak to it in June 2019 (over two years into the agreement) about the possibility of increasing the payments to reduce the term, but it is evident from the account that this didn't happen.

I've seen nothing which makes me think it treated Mrs M unfairly in some other way.

Putting things right

As I've explained, I don't think Motonovo ought to have agreed this HP for Mrs M. But it did agree it and she's received the car she bought using it, so it's right she should have to repay what she borrowed.

But I don't think Motonovo should benefit from the irresponsible lending though charges and interest. So I think it's fair that Mrs M should only pay the cash price of the car purchased - £4,998 – and anything else she's paid should be refunded to her.

To settle Mrs M's complaint Motonovo should do the following:

- Refund any payments Mrs M has made in excess of £4,998, representing the original cash price of the car. It should add 8% simple interest per year* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Mrs M's credit file regarding the agreement.

*If Motonovo considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs M how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. FirstRand Bank Limited trading as Motonovo Finance should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 November 2025.

Richard Hale
Ombudsman