

The complaint

Mr D complains that a hire purchase agreement with FirstRand Bank Limited, trading as Motonovo Finance, under which a car was supplied to him, was unaffordable and that it lent to him irresponsibly. Mr D is being represented by a legal adviser.

What happened

A used car was supplied to Mr D under a hire purchase agreement with Motonovo Finance that he electronically signed in October 2018. The price of the car was £8,999 and Mr D agreed to make 59 monthly payments of £192.73 and a final payment of £202.73 to Motonovo Finance. The hire purchase agreement was settled in September 2021 but Mr D's representative complained to Motonovo Finance in October 2024 that it had failed to properly assess the suitability of the lending provided to Mr D.

Motonovo Finance didn't uphold the complaint and said that Mr D's claim wasn't supported by its records, the information that had been provided to it or the information that it obtained from the credit reference agencies at inception. Mr D's complaint was then referred to this service. It was looked at by one of this service's investigators who, having considered everything, didn't think that Motonovo Finance had acted fairly. She didn't think that the checks that it had made were reasonable and proportionate and thought that Motonovo Finance had enough information to know that providing the credit to Mr D wasn't appropriate.

She recommended that Motonovo Finance should refund any payments made towards the agreement in excess of £8,999, with interest, and remove any adverse information recorded on Mr D's credit file regarding the agreement. Mr D has accepted the investigator's recommendation but Motonovo Finance hasn't accepted it, so I've been asked to issue a decision on this complaint. Motonovo Finance says that the agreement was affordable and sustainable based on: the sustained performance of the agreement; the lack of bank statements; the credit file context; and the proportionality of its checks.

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.

Mr D applied to Motonovo Finance for credit to pay for a car to be supplied to him in October 2018. Motonovo Finance says that Mr D declared that his annual income was £12,000, but verification of his income and expenditure wasn't completed, and it relied on the results of a credit check and the information that the dealer obtained from Mr D at the point of finance application.

Motonovo Finance was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr D was sustainably affordable for him before entering into the hire purchase agreement. I consider that reasonable and proportionate checks would have required Motonovo Finance to have verified the income that Mr D had declared and, due to the income that he'd declared, to have obtained information from him about his expenditure. I don't consider that the checks that Motonovo Finance made were reasonable

and proportionate in the circumstances of the credit that it was going to provide to Mr D.

The credit check that Motonovo Finance made showed that Mr D had a mortgage, two loans, a phone contract and a credit card account with a default balance. Mr D has provided evidence to show that his mortgage payment is £285 each month. From a monthly income of £1,000, Mr D was paying £285 for a mortgage and monthly payments for the loans, credit card and phone contract and he would also have had to have paid for his other living expenses. I consider that Motonovo Finance should have been able to see from the credit check that Mr D was experiencing financial difficulties. The monthly payment under the hire purchase agreement was £192.73 and I consider that Motonovo Finance should have seen that Mr D wouldn't have been able to sustainably afford that, so it shouldn't have provided the credit to him.

The hire purchase agreement was settled in September 2021, but I'm considering whether Motonovo Finance made a responsible lending decision in October 2018, when it provided the credit to Mr D. For the reasons that I've described, I don't consider that it did so, and I find that it should take the actions described below to put things right.

I've also considered whether Motonovo Finance acted unfairly or unreasonably in some other way, including whether its relationship with Mr D might have been unfair under section 140A of the Consumer Credit Act 1974. As I'm upholding Mr D's complaint for the reasons given above, I don't consider that I need to make a finding on that. I consider that the actions that I've described below result in fair compensation for Mr D in the circumstances of this complaint and I'm not persuaded that it would be fair or reasonable for me to require Motonovo Finance to take any actions, other than as described below.

Putting things right

As I don't consider that Motonovo Finance should have provided the credit to Mr D, I don't consider that it's fair or reasonable for it to have charged any interest or fees under the hire purchase agreement. I consider that Mr D should only have to pay the price of the car, which was £8,999 and that anything that he's paid in excess of that should be refunded to him as an overpayment. I find that it would be fair and reasonable in these circumstances for Motonovo Finance to refund to Mr D any payments that he made to it under the hire purchase agreement that exceed £8,999, with interest at an annual rate of 8% simple from the date of each overpayment to the date of settlement. HM Revenue & Customs requires Motonovo Finance to deduct tax from that interest payment. Motonovo Finance must give Mr D a certificate showing how much tax it's deducted if he asks it for one.

The investigator also said that Motonovo Finance should remove any adverse information recorded on Mr D's credit file regarding the agreement. I've seen no evidence to show that Motonovo Finance has reported any adverse information about the hire purchase agreement to the credit reference agencies but, if it has done so, I find that it should ensure that the information is removed from Mr D's credit file.

My final decision

My decision is that I uphold Mr D's complaint and order FirstRand Bank Limited, trading as Motonovo Finance, to take the actions that are described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 December 2025.

Jarrod Hastings
Ombudsman