

The complaint

Miss H has complained that MotoNovo Finance Limited (MotoNovo) unfairly provided her with credit for a car.

What happened

In June 2022, Miss H entered into a finance agreement with MotoNovo for the purchase of a car as shown below. She then settled the agreement in December 2022.

Date	Amount of credit	Term	Monthly payment	Total repayable
June 2022	£5,895.00	48 months	£153.21	£7,354.08

In November 2024, Miss H complained to MotoNovo with the help of a professional representative. In the complaint, Miss H said she didn't think MotoNovo had lent to her responsibly. She felt it had failed to undertake a reasonable assessment of her creditworthiness at the time of the lending. Miss H said had MotoNovo completed the appropriate checks it would have found the lending was unsuitable for her and that this led to an unfair relationship.

MotoNovo looked into Miss H's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about Miss H and asking her about her income. MotoNovo has said based on the information it found, it believes its decision to lend was fair.

Miss H didn't accept MotoNovo's response, so she referred her complaint to our service with the help of her representative. One of our investigators looked into it, and based on the evidence available, our investigator said they didn't think MotoNovo's decision to lend was unfair.

Miss H's representatives didn't accept what our investigator said and asked for a final decision on the case. As no agreement could 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.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did MotoNovo carry out reasonable and proportionate checks to satisfy itself that Miss H was able to sustainably repay the credit?
- 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 Miss H in some other way?

MotoNovo had to carry out reasonable and proportionate checks to satisfy itself that Miss H would be able to repay the credit sustainably. It needed to assess the likelihood of Miss H being able to repay the credit, as well as considering 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 credit, the amount of the monthly repayments, the cost of the credit and the customers circumstances.

MotoNovo has provided a copy of the credit search it undertook. This shows Miss H didn't have any recent adverse markers on her credit file, that she wasn't over indebted and was managing her credit well. So, I don't think there's anything here that should have prevented MotoNovo from lending.

MotoNovo has said Miss H told it her annual income was around £24,000 (around £1,683 a month). But it's said it didn't verify this, and I can't see it gathered any information about Miss H's essential expenditure, outside her repayments to existing credit. I acknowledge Miss H was managing her active credit well at the time of the lending. But I think it would have been reasonable for MotoNovo to get a better understanding of Miss H's finances before lending. I say this because:

CONC 5.2A.16 (3) sets out that for the purpose of considering a customer's income it's not generally sufficient to rely solely on a statement of income made by the customer without independent evidence.

CONC 5.2A.17 (2) says that a business must take reasonable steps to determine the amount, or make a reasonable estimate, of a customer's current non-discretionary expenditure.

So, I think it would have been reasonable for MotoNovo to verify Miss H's income and assess her non-discretionary expenditure.

There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that MotoNovo needed to see Miss H's statements in order to lend to her. Rather I think it needed to verify Miss H's income and ask her for more information about her regular essential expenditure. That said Miss H has been able to provide this service with copy bank statements from the time of the lending. In the absence of any other evidence, I think it's reasonable to rely on these to establish what MotoNovo would likely have found had it asked Miss H more questions about her finances.

I can see from the statements for the three months prior to the lending Miss H had an average income of just over £2,000 each month. It also appears she had multiple, regular transfers into the account from savings and relatives. So, had MotoNovo verified her income, I think it's likely it would have found she had an income of around £24,000 a year.

In addition to the other debt repayments identified by MotoNovo, Miss H was regularly sending funds to a family member she was living with for board and food and making payments for insurance, car tax, and a funeral plan. Taking account of the income into Miss H's account and the essential committed expenditure shown in the statements, she appears to be left with a reasonable disposable income to cover repayments to this agreement, any financial shocks and leisure activities. So, had MotoNovo done further checks to establish Miss H's income and expenditure, I think it would have reasonably concluded the agreement was sustainably affordable for Miss H.

Overall, I think MotoNovo's checks should have gone further. But based on the information available, I'm not satisfied the decision to approve the lending was unreasonable.

I can see that Miss H maintained the agreement well until December 2022 when she settled the agreement. So, I haven't seen anything here to suggest MotoNovo treated Miss H unfairly throughout the life of the agreement.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that MotoNovo created unfairness in its relationship with Miss H by lending to her irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here. I'm very sorry to disappoint Miss H, but for the reasons set out, I don't find that Miss H's relationship with MotoNovo was unfair, and I can't conclude MotoNovo treated her unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 8 January 2026.

Charlotte Roberts
Ombudsman