

The complaint

Mr M complains MotoNovo Finance Limited approved a vehicle finance agreement which he could not afford and so Mr M says it lent to him irresponsibly. He says that proper checks would have shown he already had a lot of debt.

What happened

In February 2024 Mr M wanted to buy a car costing £9,047 and put down a £249 deposit. Through MotoNovo he took £8,798 on a finance agreement for 60 months and he had to pay at £195 (rounded) a month for 59 months followed by one of £196 (rounded) which included the option to purchase fee of £1. With VAT and interest the total to repay was £11,972.

After Mr M had complained, MotoNovo asked for copy payslips for the period around the time he took the finance agreement plus copies of his bank account statements. MotoNovo received those and responded in April 2025 giving reasons why it did not consider it needed to have done more.

Our investigator asked Mr M for copies of bank account statements and Mr M did send copies of both sets from two accounts to give us a comprehensive picture. Our investigator considered that Mr M could afford the car finance and did not think MotoNovo needed to do anything to put things right. Mr M disagreed and the unresolved complaint was passed to me to decide.

I do not repeat in this decision the Income and Expenditure (I&E) figures set out in our Investigators second view which took into consideration both sets of Mr M's bank account transactions. Both parties have those figures. And I know Mr M receives audio versions of our correspondence. So, I've kept this decision short.

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 irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr M's complaint. MotoNovo needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr M before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

MotoNovo has said that there was no I&E assessment completed prior to lending and Mr M's income wasn't verified. MotoNovo has confirmed with us that the information sent to us was a copy of what it got from the credit reference agencies (CRA) in February 2024 and is all it had. I've looked at that CRA document which shows that Mr M had defaulted accounts and

accounts in arrears demonstrating several instances where he was not able to make the payments. One of the defaults was a water account. Mr M has told us he was in arrears on his council tax.

And so, I agree with our investigator that MotoNovo needed to do more before approving a five year finance agreement with Mr M. And I have reviewed all the statements Mr M has sent to us. I can see that Mr M had a car before he got this one.

Having done this I think that even if MotoNovo had assessed Mr M's non-discretionary and committed monthly costs using a technique such as looking at bank statements, then it would have seen what we have seen – that the repayment costs for the car were affordable. I do not uphold the complaint.

I've also considered whether MotoNovo acted unfairly or unreasonably in any other way and I have considered whether the relationship 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 it lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 November 2025.

Rachael Williams
Ombudsman