

The complaint

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

What happened

In September 2020, Mr H entered into a finance agreement with MotoNovo for the purchase of a car as shown below.

Date	Amount of credit	Term	Monthly payment	Total repayable
September 2020	£6,195.00	60 months	£127.26	£7,634.60

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

MotoNovo looked into Mr 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 Mr H. MotoNovo has said based on the information it found, it believes its decision to lend was fair.

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

Mr 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.

Having done so, I've reached the same outcome as the investigator for broadly the same reasons.

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 Mr 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 Mr H in some other way?

MotoNovo had to carry out reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the credit sustainably. It needed to assess the likelihood of Mr H being able to repay the credit, as well as considering the impact of the repayments on him.

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 Mr H had a number of other credit accounts including a mortgage and that he appeared to have a significant amount owing on a utility bill, although this hadn't been defaulted.

MotoNovo has said Mr H told it his annual income was around £35,000 (around £2,287 a month). But it's said it didn't verify this, and I can't see it gathered any information about Mr H's essential expenditure, outside his repayments to existing credit. I acknowledge Mr H was managing his active credit well at the time of the lending. But, given the level of lending Mr H already had and the potential issues with his utility bill, I think it would have been reasonable for MotoNovo to get a better understanding of Mr H's finances before lending.

Given the lack of information MotoNovo gathered about Mr H's income and expenditure, I can't be satisfied that it carried out checks that were proportionate to the type and level of lending. It follows then that I think it would have been reasonable for MotoNovo to get a better understanding of Mr H's financial situation and disposable income before lending to him.

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, given the circumstances, I think it would have been reasonable for MotoNovo to verify Mr H's income and assess his 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 Mr H's statements in order to complete its own income and expenditure assessment. Rather I think it needed to verify Mr H's income and ask him for more information about his regular essential expenditure. That said Mr 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 Mr H more questions about his finances.

Having considered the statements it's clear Mr H was transferring substantial sums to and from other accounts, but he hasn't provided a copy of the statements for those accounts. So, I've based my decision on the information available.

I can see from the statements for the three months prior to the lending Mr H had a healthy balance of over £2,000 left at the end of each month. It also appears he had multiple, regular transfers into the account. So, had MotoNovo verified his income, I think it's likely it would

have found he had an income of more than £35,000 a year. In addition to the mortgage and other debt repayments identified by MotoNovo, Mr H had a further two essential regular direct debits that were for relatively low amounts.

Taking account of the income into Mr H's account and the essential committed expenditure, he appears to be left with a healthy disposable balance to cover food costs, any financial shocks and leisure activities. So, had MotoNovo done further checks to establish Mr H's income and expenditure, I think it would have reasonably concluded the agreement was sustainably affordable for Mr 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 Mr H maintained the agreement well until 2024 when the situation changed and Mr H began to make payments late. I can see that Mr H made overpayments to catch up with these and MotoNovo stayed in regular contact with him about the account, although it appears that in around March 2025 Mr H stopped engaging with MotoNovo. I haven't seen anything here to suggest MotoNovo treated Mr H unfairly throughout the life of the agreement, but I would remind MotoNovo of its obligation to treat Mr H fairly if there is still an outstanding balance on the account.

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 Mr H by lending to him 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 Mr H, but for the reasons set out, I don't find that Mr H's relationship with MotoNovo was unfair, and I can't conclude MotoNovo treated him 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 Mr H to accept or reject my decision before 30 December 2025.

Charlotte Roberts
Ombudsman