

The complaint

Ms L complains MotoNovo treated her unfairly in relation to a hire purchase car finance agreement she held with it.

What happened

In April 2022 Ms L took out a hire purchase agreement for a car. The total cost of the car was £22,999 and together with interest, the total cost was £27,961.48. This was due to be repaid over 48 months, at a monthly repayment of around £580 per month.

Ms L says she was subject to economic and domestic abuse and was coerced into taking out the agreement (together with other finance agreements) by her abusive ex-partner. She says her ex-partner took control of the car and she wasn't able to drive it. She says he paid the repayments towards the finance agreement until the relationship ended in October 2023. No further payments were received by MotoNovo and the account subsequently defaulted.

Around this time in late 2023 Ms L informed MotoNovo of her circumstances. In early December 2023 MotoNovo gave her various options to end the agreement which were private sale, part-exchange or voluntary termination. However, despite being aware of her circumstances and her safety concerns if she did attempt to recover the car, all options required her to have possession of the car.

The issue remained unresolved and in around March 2024 Ms L contacted MotoNovo and raised a complaint. She asked for MotoNovo to collect the car so the agreement could be voluntarily terminated and she could then make arrangements to pay any shortfall incurred. In response, MotoNovo advised Ms L that this was a civil matter and she needed to obtain possession of the car to voluntarily terminate the agreement. MotoNovo continued to pursue the outstanding debt.

In May 2024 MotoNovo issued a final response to Ms L's complaint. It agreed to assist her in recovering the car and offered to write off the outstanding balance. However, it said it required Ms L to change the V5C back into her name. Ms L had previously changed the V5C as she had discovered the car was being driven without insurance¹ and she didn't want any personal consequences as a result of this. In the information MotoNovo has provided to our service, it has said that once the V5C was changed they would then put a security watch on the car and recover it via the police.

As part of its response to the complaint, MotoNovo also didn't agree there was evidence to suggest the dealership (and therefore by extension MotoNovo) would have been aware Ms L was coerced into taking out the agreement.

Ms L advised MotoNovo that having attempted to, she was unable to change the V5C. She was informed by the DVLA that as she's not in possession of the vehicle, the V5C cannot be changed into her name. The matter remained outstanding and Ms L referred her complaint to our service.

¹ Ms L initially said she discovered the car was not road taxed, however the evidence suggests it not insured. So I think this is more likely to be what Ms L meant.

In October 2024 MotoNovo considered defaulting the account and starting recovery action, however for internal operational reasons it decided not to take this course of action. It also considered keyless recovery but said it could only collect the car from a road (as opposed to a driveway) and didn't want to expose a collections agent to a potential safety risk.

In November 2024, MotoNovo considered a "Touch Metal" visit to see if the vehicle was still at the current keeper's address. However, it wanted to confirm with Ms L that this was still the same address. Ms L confirmed she didn't know if the car was still at the same address. She also stressed the urgency of the matter given she was struggling financially and about to apply for a debt relief order.

In April 2025 MotoNovo confirmed to our service that it had visited the last known address, but both the car and Ms L's ex partner weren't present. MotoNovo has said it has also reported the car to "Crushwatch" so if it is seen by the police it will be impounded.

One of our investigators considered the complaint but didn't uphold it. They agreed there wasn't sufficient evidence to conclude it should have been clear during the sale that Ms L was being coerced into taking out the agreement. They also felt MotoNovo had taken sufficient steps to recover the car and its offer to write off the outstanding balance, upon recovery of the car, was fair. Ms L didn't agree and asked for an ombudsman to consider the complaint.

I issued a provisional decision upholding the complaint. In my provisional decision I said:

I'd like to start by acknowledging that Ms L has shared a great deal of personal details about her circumstances. As all parties are aware of her circumstances, I won't repeat the details here. However, I would like to thank Ms L for providing it as I can appreciate this information wouldn't have been easy to share.

Turning to the key issues in dispute, there are two which this decision will address. The first is the events which took place when Ms L entered the finance agreement. Specifically, whether it ought to have been clear to the dealership (and by extension MotoNovo through connected lender liability) that Ms L wasn't freely entering into the agreement and was being coerced. The second is whether MotoNovo has treated Ms L fairly and offered appropriate support to a vulnerable customer, when she told it about her circumstances and in the recovery of the car.

I'm mindful that the investigator also gave their thoughts on whether the finance agreement was affordable for Ms L, however this hasn't been complained about. And I'm mindful that the steps I'm intending to require MotoNovo to take are more extensive than would typically be awarded if I found the agreement was unaffordable, so I don't think I need to consider this.

The events at the time the car finance agreement was entered into

I'd like to start by saying that I don't doubt Ms L has given an honest account of her circumstances and her recollections of the events which took place. However, what I need to consider is if it should have been evident to MotoNovo that Ms L was being coerced into taking out the car finance agreement. Ms L has provided her recollections, including that the dealership was aware she wouldn't be driving the car. The dealership has provided some limited details of the sale and has maintained that it wasn't aware the car wasn't going to be for Ms L's use.

I've reviewed all the information both parties have provided. Having done so, I don't have enough to persuade me that MotoNovo should have been aware that Ms L was being coerced into taking out the agreement. This isn't to say that she wasn't coerced, only that I'm not persuaded (based on the limited evidence available) that MotoNovo should have been aware of this.

Recovery of the car and MotoNovo's actions from late 2023 onwards

I have provided a detailed timeline of the events in question above. As explained, Ms L informed MotoNovo of her circumstances and why her car finance agreement was no longer being paid in late 2023. At this time, she explained she'd been a victim of economic and domestic abuse by her ex-partner and had been coerced into taking out the car finance agreement for her ex-partner's benefit. Ms L

explained she derived no benefit from the agreement and wasn't permitted to drive the car.

In its final response, MotoNovo appears to have accepted what Ms L has told it about her circumstances. It offered to release her from the finance agreement and write off the balance upon recovery of the car.

However, from everything I've seen from the point Ms L told MotoNovo about her circumstances, it appears responsibility for recovery of the car was initially left for Ms L to achieve. This is despite MotoNovo being aware she was a vulnerable customer and MotoNovo still being the legal owner of the car. As explained above when Ms L informed MotoNovo of her circumstances in late 2023, the only options she was given involved her needing to have control or regain control of the car. This was despite Ms L explaining she feared for her safety if she did try to contact her ex-partner directly or recover the car.

MotoNovo remained of the opinion that this was a civil matter and down to Ms L to resolve. It wasn't until May 2024 (around six months after Ms L informed MotoNovo of the situation) that it then offered to write off the balance of the agreement and start recovery action via the police for the car. However, at this time it required Ms L to change the registered keeper (V5C) back into her name. I think MotoNovo should have known it would have been difficult for Ms L to do this, not least because she didn't have the car and MotoNovo was aware of the circumstances which had led to this.

Over the following six months I can see that MotoNovo has explored other actions to recover the car. It considered defaulting the account and starting recovery action, but at the time it wasn't prepared to do this. I don't find the operational reason MotoNovo gave for not agreeing to do this to be particularly persuasive or consistent with its obligations towards vulnerable customers. It also considered keyless recovery and completing a "Touch Metal" visit. However given the passage of time, Ms L was unable to confirm if the car was still at the same address. And finally in April 2025 it confirmed that it had visited the last known address, but that both the car and Ms L's ex-partner weren't present. It has said it also reported the car to "Crushwatch".

I'm mindful that had MotoNovo employed some of these efforts earlier it may have been able to recover the car. For example, had it acted promptly and when Ms L was able to share the likely location of the vehicle, this could have resolved the issue. However, what I can see is that at least initially it informed Ms L this was a civil matter and the only options it offered required her to have possession of the car. This is particularly concerning given what Ms L had already shared about her safety concerns.

From everything I've seen Ms L has tried to work with MotoNovo. She reported the matter to the police and provided a crime reference number. She has provided details of her ex-partner and where the car was being held (when she was initially aware of this). She has also tried to change the V5C but was unsuccessful and provided a reasonable account of why she changed it in the first instance.

What is clear is that regardless of who the registered keeper was, the finance agreement remains outstanding and as such the legal owner remained (and still remains) to be MotoNovo. I fail to see why MotoNovo needed the V5C changed in order to take action to recover the vehicle itself. And even if it can provide a reasonable explanation for this, I can't see why it took MotoNovo six months to suggest it. Furthermore, whilst it has said it has since taken other action to try and recover the car, I fail to see why there were such significant delays before MotoNovo took these actions. It is entirely plausible that the quicker MotoNovo acted, the more likely the car would be recovered and Ms L could be released from the finance agreement. And as such I don't think MotoNovo has treated Ms L fairly in relation to the recovery of the car, especially given its awareness of her vulnerabilities.

More recently I can see that whilst MotoNovo has said that it is sympathetic to Ms L's circumstances, it has also said there is no supporting evidence to support her version of events. Specifically, MotoNovo has said "we only have the customers word on this and no evidence to corroborate". This appears to be a shift from MotoNovo's position in its final response letter to write off the outstanding balance, suggesting it accepted Ms L's testimony. However, for the avoidance of doubt, I am persuaded by her account of her circumstances and that she received no benefit from the car finance agreement.

As fair compensation I thought MotoNovo should write off the outstanding balance on the agreement and remove all adverse information relating to this agreement from Ms L's credit file. MotoNovo, as the legal owners of the car were then free to recover it if they chose to.

In response to my provisional decision Ms L accepted it. She did also explain that after everything she has experienced over the past few years, she felt that additional compensation should be paid. MotoNovo didn't respond to my provisional decision.

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, given neither party has disputed the overall findings reached in my provisional decision, I see no reason to depart from them. I am therefore upholding this complaint for the same reasons detailed in my provisional decision (which forms part of this decision).

To summarise:

- At the time the agreement was entered into, I don't have persuasive evidence to conclude that the dealership (and by extension) MotoNovo should have been aware Ms L was being coerced into taking out the agreement.
- However, I have a number of concerns with MotoNovo's initial handling of this matter when Ms L contacted it in late 2023 and detailed her circumstances. Despite being aware of these circumstances, MotoNovo initially required Ms L to recover the car. The only options it gave her to end the finance agreement at this time, required her to have possession of the car. However, Ms L had already explained that she didn't have possession of the car and due to safety concerns, she couldn't recover the car herself.

It wasn't until around six months after being aware of Ms L's circumstances and her vulnerabilities that it offered to write off the remaining balance and start recovery action via the police. However, in order to do this, it asked Ms L to change the V5C. Ms L tried and was unable to do this and I think MotoNovo should have known this would have been difficult for her to achieve, not least because she didn't have the car.

Over the following six months it attempted other recovery actions, however due to how long it had taken for MotoNovo to explore these steps Ms L could no longer confirm if the car was at the same address. It confirmed in April 2025 that a visit had taken place to the last known address, but the car wasn't present.

- From everything I have seen, I think Ms L has tried to work with MotoNovo and I think it's reasonable to suggest that had MotoNovo taken some of the later recovery actions sooner, it is more likely that the car could have been recovered. MotoNovo was and remains the legal owner of the car and with this in mind, I think it should have taken more actions to recover the car sooner. I accept it's typically the case that we would expect a consumer to return the goods in circumstances where they wanted to end the associated finance agreement early. However, given Ms L's circumstances and the facts of this case (which I find both plausible and persuasive) I think MotoNovo should have taken recovery action far sooner to support Mr L in this matter.
- I've thought carefully about everything Ms L has told us about her circumstances and the impact this has had on her. I do genuinely sympathise with everything she has told our service, and I appreciate that pursuing this matter would have been both stressful and upsetting for her. However, I do need to be fair to both parties and I can

only hold MotoNovo responsible for its actions in relation to this dispute. I've considered whether additional compensation is fair in the circumstances. However, I'm requiring MotoNovo to end the credit agreement (which still has a substantial sum outstanding) with no further liability for Ms L and amend her credit file accordingly. It's therefore up to MotoNovo (as the legal owner of the car) to take action to recover the car and limit its losses in this way if it chooses to. Taking everything into consideration, I think this represents fair compensation in the circumstances of this case, so I'm not going to make a further award.

Fair compensation

As explained above, I think MotoNovo should write off the outstanding finance agreement, so Ms L has no further liability. I also think it should remove all adverse information relating to this agreement from Ms L's credit file. It will then be for MotoNovo to take action to recover the car if it wishes to.

My final decision

For the reasons explained above, I uphold this complaint and require MotoNovo Finance Limited trading as MotoNovo Finance to put things right in the way I've detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 24 October 2025.

Claire Lisle
Ombudsman