

The complaint

Mr P is unhappy that MotoNovo Finance Limited (“MFL”) continues to seek payment from him after he sent a cheque payment to settle his car finance agreement in full.

When I refer to what Mr P has said and what MFL has said, it should also be taken to include things said on their behalf.

What happened

In July 2024, Mr P entered into a hire purchase agreement with MFL for the supply of a car. The finance agreement was for £29,790 payable over 60 instalments. Including interest and the deposit, the total repayable was £40,147.

In his submission to this service, Mr P said that on 5 February 2025 he paid by cheque to settle his finance agreement in full. On 10 February, MFL sent Mr P a letter showing his account balance was cleared. He said the finance marker was removed from his car and his credit file was updated to show the account as settled.

In March, MFL contacted Mr P to say that the cheque was non-clearing and couldn't be used to settle the account. The cheque was returned to him, the finance agreement was reinstated, and Mr P was required to resume his monthly payments. Mr P made the monthly payments under protest, but he said his credit file still showed the account as settled and no finance marker on his car. Mr P complained to MFL about its handling of his account, and he disputed the debt.

MFL sent its final response to Mr P on 1 April 2025. In its letter, MFL explained that the bank had not been able to clear the cheque, so it was returned to Mr P and his agreement was reinstated. MFL said Mr P was expected to pay the monthly finance payments in line with the terms of his agreement.

Unhappy with the response, Mr P brought his complaint to us. One of our investigators looked into his complaint, but she didn't agree that MFL had done anything wrong. Mr P didn't accept our investigator's view. He said his credit file showed the agreement had been settled and there was no finance marker on his car.

To resolve his complaint, Mr P would like MFL to:

- confirm that his agreement was lawfully settled in February 2025;
- refund all payments he made under protest since April 2025;
- remove any residual liability or claim, and
- pay compensation for the distress, inconvenience and financial disruption caused.

Because Mr P didn't agree with our investigator, the complaint was 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.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr P entered into. In reaching my decision, I've taken into consideration all evidence available to me, the regulations, and what I think is most likely based on the overall circumstances.

There's no dispute that Mr P took out a finance agreement with MFL, or that he sent a cheque to pay the agreement in full after asking for a settlement figure. Nor is there any dispute that MFL sent to Mr P a letter indicating that the account was settled. Importantly, I haven't seen anything to suggest that Mr P disagrees with MFL's position that the cheque didn't clear.

So, Mr P's complaint is that MFL should end the agreement and return his monthly payments because he'd sent full payment to MFL and it confirmed the account was settled.

I've thought carefully about Mr P's complaint, but I don't agree that MFL should end the agreement with nothing to pay, or refund any of Mr P's payments. The balance on the finance agreement remains outstanding and that's because Mr P's cheque didn't clear. Simply put, MFL has not received the payment to settle the finance agreement – and Mr P hasn't demonstrated that he paid the funds - so there's no reason for MFL to end the agreement or refund any of his monthly payments.

It seems that Mr P thinks MFL should end the agreement with nothing to pay because it issued him with a letter confirming the account was settled. MFL explained that it issued the letter subject to receipt of cleared funds. I don't think it's unreasonable for MFL to expect the cheque to clear, and to provide Mr P with a statement showing the account was settled. When the cheque was returned to MFL as unpaid, it reasonably asked Mr P to resume his finance agreement payments. It's not at all clear why Mr P expects MFL to end the agreement when he's fully aware that his cheque was unpaid. Even if I thought MFL had made a mistake by issuing the settled account status too soon, I wouldn't have been asking it to simply write off almost £30,000 to settle the finance agreement. That wouldn't be fair, reasonable, or proportionate.

Mr P has commented on the fact that his credit file doesn't show an outstanding account balance, nor does it show a finance agreement against his car. He's provided details of his credit file as evidence.

While that may be the case, I don't find that it makes any difference to the outcome of his complaint. If MFL didn't update the information it sent to the credit reference agencies to show an active finance agreement, then I can't see that this has caused Mr P any detriment. If MFL did update the credit file to show an active finance agreement, it would be an accurate reflection of the account and, again, not of detriment to Mr P.

In summary, Mr P's cheque payment didn't clear, so the account wasn't settled and MFL could reasonably ask Mr P to continue with his monthly payments. MFL was not responsible for the cheque being returned unpaid, so I don't find that it caused Mr P any financial detriment. And any distress or inconvenience Mr P experienced would've been as a direct result of the unpaid cheque. I see no reason to ask MFL to do anything in respect of this matter.

My final decision

For the reasons explained, I don't uphold Mr P's complaint about MotoNovo Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 3 December 2025.

Debra Vaughan
Ombudsman