

## The complaint

Miss M is unhappy with the terms of a finance agreement provided by MotoNovo Finance Limited trading as MotoNovo Finance to acquire a car.

## What happened

Around April 2021 Miss M entered into a Personal Contract Purchase ('PCP') agreement to acquire a used car, through a dealer who brokered the finance that I'll refer to as 'D'. The cash price of the car was listed as £14,350; Miss M paid a deposit of £3,000 and was due to make 48 monthly payments of £190.56.

Miss M explained she expected to own the car outright at the end of the term. But she said she later found out the agreement contained a balloon payment of over £7,000. Miss M complained to MotoNovo and said she thought she had a hire purchase agreement, not a PCP. And she said MotoNovo had sent statements saying this.

MotoNovo issued a final response at the end of June 2025. This said, in summary, that Miss M signed the credit agreement which explained it was a PCP. And it said she had signed other documents at the time explaining she had seen and understood the terms of the agreement.

MotoNovo explained statements sent to Miss M did say hire purchase but thought this wasn't incorrect as it said this "*is part of a PCP agreement*". But MotoNovo did say Miss M had been given incorrect information on the phone when she questioned this and that £75 had been sent to her bank account to apologise.

Miss M remained unhappy with this and referred the complaint to our service. She said, in summary, that the agreement was set up under a previous address, meaning she didn't get a copy of it. She said she was never given the opportunity to review the agreement before signing it. She said D told her she was entering a hire purchase agreement, not a PCP. And she said there was no mention of a balloon payment in any documents D gave her.

Miss M said paperwork from D was incomplete. She said there was confusion about the term of the agreement. And she said MotoNovo had incorrectly reported information on her credit file at the end of June 2025.

Miss M later explained the agreement had been entered into over the phone, and she was never sent a copy either by post or electronically. Miss M told our service she didn't sign 'on any device'.

MotoNovo said a copy of the agreement was sent electronically to Miss M. And it provided some information from its IT system it said showed this.

Our investigator issued a view and did not uphold the complaint. He said, in summary, that Miss M had initially told our service she received a link asking her to sign the agreement. He thought this, along with what MotoNovo provided, meant Miss M most likely saw the terms of the credit. And he said she would've most likely understood the agreement was a PCP with

a balloon payment.

Miss M disagreed. She said, in summary, that hire purchase agreements do not contain a balloon payment. She said everything was done over the phone. She said MotoNovo didn't have her correct address or email, so it can't have sent her the agreement. She said a link was only sent that said "*sign here*" and so she didn't see any details.

Our investigator explained to Miss M that he'd seen evidence MotoNovo had the correct email address before the agreement was electronically signed. And he explained PCP is a type of hire purchase.

Miss M disagreed. She said, in summary, that she was never presented with any information about the balloon payment.

Miss M later gave some additional details about the information MotoNovo recorded on her credit file.

As Miss M remained unhappy, the case 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 do not think this complaint should be upheld. I'll explain why.

Firstly, I'd like to explain to both parties that I might not comment on every point raised or every single piece of evidence. I want to reassure Miss M and MotoNovo that I've carefully considered all of the available information. But, I'm going to focus my decision on what I consider to be the key facts and the crux of the complaint. This reflects the informal nature of our service.

It's also worth explaining up front that I don't think the points Miss M raised about the recording of information on her credit file formed part of the complaint that was addressed in MotoNovo's final response from June 2025. Miss M will need to contact MotoNovo directly if she wishes to pursue this. So, I won't comment further about this point in my decision.

Miss M complains about the finance being misrepresented. I would consider a misrepresentation to have taken place if she was told a 'false statement of fact', that induced her into entering into the agreement when she otherwise would not have. In this case, I've had in mind that under section 56 of the Consumer Credit Act 1974, MotoNovo can be held responsible for what D said before Miss M entered into the contract.

Miss M has complained that she thought she was entering into a hire purchase agreement, but in fact had a PCP agreement. However, I don't think what the agreement was called is the key point here. The important thing to consider is what Miss M thinks the title *meant* – she has set out that she believes PCP agreements contain a balloon payment whereas a hire purchase would not.

It may help to set out that a PCP is a *type* of hire purchase. And, respectfully, I don't agree with Miss M here - it would not be unusual at all for an agreement titled 'hire purchase' to have a balloon payment included, depending on the terms. To be clear, this means even if the agreement was titled hire purchase and had no mention of PCP, or if Miss M was told the agreement was a hire purchase, this wouldn't mean she would automatically own the car at the end of the term without a larger payment being made. So, I need to carefully consider

the specific *terms* of the agreement, more than what it was called.

I'll come onto the agreement below, but in summary I think it's clear this *was* a PCP as this is mentioned several times. But rather than focusing on the *title* of the agreement, I will instead focus on whether Miss M would've been aware the agreement she entered into contained a balloon payment or not - or if she was given incorrect information about this. I'm satisfied this is the crux of her complaint.

Firstly, I've considered if it's most likely Miss M received a copy of the agreement. I've very carefully considered everything she's said here, including that she believes MotoNovo didn't have correct contact details for her.

MotoNovo has given evidence from the time that it explained showed Miss M was sent a link to the agreement via email. This evidence contains Miss M's current email address. And the agreement itself, along with the 'precontract credit information' show they were electronically signed by Miss M, and both documents contain time and date stamps.

Thinking about all of this, I'm satisfied it's most likely Miss M had a copy of the agreement which she signed electronically.

With the above in mind, I've then considered if Miss M should've been aware the agreement contained a balloon payment.

In the pre-contract information, this states:

*"If, at the end of the term of the PCP Agreement, you do not wish to exercise the option to purchase, then you do not have to pay the amount of the Guaranteed Future Value of £7,245.00"*

Under "*What you are due to pay to us*" the information states:

*"Your payments under the HP or PCP Agreement and Personal Loan will be a deposit of £3,000.00 and a part exchange of £0.00, followed by 48 monthly payments of £190.56 starting 1 month after execution of the documents, followed by **1 monthly payment of £7,246.00**"* (emphasis added by myself)

On the credit agreement itself, this states under "*Repayments*":

*"48 monthly payments of £190.56 starting 1 month after execution of the documents followed by **1 monthly payment of £7,246.00**"* (emphasis added by myself)

Thinking about this, I think Miss M was presented with information about the balloon payment when she likely signed the agreement. So, I think she would've most likely understood that she would not own the car outright at the end of the agreement without making this payment.

It's also worth briefly setting out to Miss M that the deposit and monthly payments due under the agreement, without the balloon payment, come to a significantly lower amount than the cash price of the car. I wouldn't have expected her to work this out at the time of course, but I still think it's fair to say she was never going to be able to get the terms she says she thought she was signing up to.

I've thought about what Miss M said about the confusion around the term of the agreement. I've seen a copy of a "*Consumer Credit Suitability Assessment*" completed by D before the agreement was signed. This said:

*“How long do you intend to keep the vehicle? 36 Months”*

The document then gives some details about PCP’s and says they have:

*“monthly repayments over a choice of lending terms, which are usually between 12 and 48 months”*

I’ve thought carefully about this. But I don’t think this document shows Miss M was given incorrect information, as it doesn’t set out any details of the agreement nor term.

I’ve also thought very carefully about what else Miss M said about D and what she says it told her. But, I’ve not seen enough on balance to persuade me she was told a false statement of fact.

In summary, I think it’s most likely Miss M would’ve been aware the agreement contained a balloon payment and I don’t think the finance was misrepresented to her in another way.

MotoNovo has explained it already paid Miss M £75 to apologise for incorrect information being given on the phone. I want to again reassure Miss M that I’ve carefully considered everything else she said. But I do not think MotoNovo needs to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss M to accept or reject my decision before 5 March 2026.

John Bower  
**Ombudsman**