

The complaint

Mr J complains that MotoNovo Finance Limited is incorrectly reporting a hire purchase agreement on his credit file.

What happened

In May 2022, Mr J was supplied with a car through a hire purchase agreement with MotoNovo. In April 2023 Mr J told MotoNovo he would soon be subject to a bankruptcy order, and it said he needed to send a letter to confirm the surrender of the car. Mr J signed the letter in July 2023. There was some confusion, and the letter wasn't processed by MotoNovo until September 2024 when the car was collected. The bankruptcy order started on 6 June 2023 and was discharged one year later.

Mr J made a complaint, and said MotoNovo was incorrectly reporting the account to credit reference agencies (CRAs). It was reporting a default from October 2024 when the agreement was terminated following the collection of the car. Mr J said MotoNovo should have recorded a default in June 2023 when the bankruptcy started, and that the agreement should have been marked as settled one year later when it was discharged. MotoNovo agreed to amend Mr J's credit file to show that the agreement was voluntarily terminated in August 2023. It paid Mr J £350 to recognise the distress and inconvenience caused by the situation.

The complaint was referred to this service. One of our Investigators considered the complaint and upheld it. They concluded that a default should have been registered when the bankruptcy started, and that the account should show as partially settled after the bankruptcy was discharged – as required by guidelines set by the Information Commissioner's Office (ICO).

Both parties accepted the Investigator's recommendations – and MotoNovo further clarified that it would report the account as settled in full from the discharge date. Mr J got back in touch with us as his credit file had yet to be updated. MotoNovo apologised for the delay and said it had successfully updated the agreement with two of the three main CRAs – but was experiencing a problem with the third. Mr J remained unhappy and said his agreement was still being reported incorrectly with all three CRAs – causing him considerable distress.

Because the matter wasn't resolved, the complaint has been passed to me to decide. MotoNovo has since said it's actively working with the CRAs to ensure the details of Mr J's agreement are permanently updated – and that it's applying manual adjustments to his credit file each month in the meantime. It offered a further £150 to recognise the distress and inconvenience caused by the delay – bringing the total compensation to £500.

I wrote to both parties to explain that I thought MotoNovo's updated compensation offer was fair in the circumstances, and that I intended to require it to update Mr J's credit file without further delay. MotoNovo accepted this and had nothing further to add.

Mr J didn't agree. He explained, in summary, that the offer didn't go far enough to remedy the breach of his data or the ongoing distress and harm caused by MotoNovo's errors. He

said MotoNovo had breached General Data Protection Regulation (GDPR) requirements as well as the Consumer Duty by failing to correctly update his credit file. He said my decision should require MotoNovo to immediately remove all incorrect information, issue a notice of correctly to CRAs and mark that the data it reported is in dispute.

I've considered Mr J's comments and have now reached a decision on the matter.

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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr J was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

I'd first like to thank Mr J for sharing details of his recent circumstances with this service. It's clear he's been through a significantly difficult time, and he has my sincere sympathy for this. While I won't repeat what Mr J has said about his circumstances in detail here, I'd like to assure him I've carefully considered it.

The facts of this complaint aren't disputed. Both parties agree that MotoNovo has reported the account incorrectly to CRAs, and that the account should be recorded as defaulted on 6 June 2023 and settled one year later.

I acknowledge Mr J has referred to the provisions under GDPR as well as the Consumer Duty. It isn't my role to make any legal determination here or to look at whether a business has breached data protection laws. The Information Commissioner's Office (ICO) is the body responsible for data rights. If Mr J hasn't already, he might want to contact them to discuss the matter. But I recognise Mr J has referred to these provisions to support his position that MotoNovo is required to report accurate, up to date information and to avoid causing foreseeable harm. While I've considered this, it's ultimately not disputed that MotoNovo has made an error here, so I don't think I need to comment on this aspect of the complaint in detail. Instead, I've focussed on what MotoNovo needs to do to put things right for Mr J.

Putting things right

MotoNovo has accepted that it needs to update Mr J's credit file to reflect the above. While I'm satisfied it's attempted to correct his file with each of the main CRAs, these attempts have been unsuccessful. MotoNovo says it's working with the CRAs to implement a permanent fix to ensure Mr J's account reports correctly going forwards.

I find it reasonable that MotoNovo takes action to implement a permanent fix for the problem. While this process has been significantly delayed, I'm persuaded MotoNovo is now taking the relevant action to put things right. That said, any permanent amendment should be made without any further delay – and within four weeks of the date Mr J tells us he accepts this decision (if he does). If there's any further delay after that point, Mr J can raise a new complaint about that.

Mr J says this doesn't go far enough. He notes that under GDPR Article 18, he has the right to restrict the processing of his data where the accuracy of that data is contested. He's asked that MotoNovo stops reporting the account entirely until it's resolved things. He also wants MotoNovo to add a notice of correction to his file, as well as a mark showing that the account is disputed. I've considered this.

As I've noted, my role isn't to decide whether MotoNovo's actions constitute a breach of GDPR. Mr J says he wishes to exercise his right to restrict the processing of his data – but that's something he'd need to request from MotoNovo in the first instance. If Mr J felt MotoNovo failed to comply with the requirements set out in GDPR when responding to such a request, he could refer that concern to the ICO. I've considered Mr J's request that the account be removed completely while the matter is resolved. Ultimately, the account has defaulted – and this isn't in dispute. While the date of the default and the settlement of the account are reporting incorrectly, I don't think it's unreasonable for MotoNovo to continue to report that Mr J has a defaulted account while it resolves things. So, I don't think it would be fair in the circumstances to require it to remove the account from his credit file entirely.

Mr J has asked that a notice of correction be applied. This is something he can do directly and wouldn't be for MotoNovo to add on his behalf. If he'd like a notice of correction to be added to his credit file, he can contact the CRAs about that. MotoNovo does have the option of marking the account as disputed on Mr J's credit file – and this is something it may wish to consider doing if the situation isn't resolved soon.

I'd like to assure Mr J that I understand his concern about the length of time this process has taken – and I appreciate he may have lost trust in MotoNovo to put things right for him. It's not disputed that the process has taken too long – which is why I'm requiring MotoNovo to update Mr J's credit file without further delay. I'm satisfied doing so will fairly put things right for Mr J.

Finally, I've considered MotoNovo's offer of compensation. My role isn't to fine or punish a business for its errors, but to consider how things ought to be put right. Mr J first reported that his account was reporting incorrectly in November 2024 – more than a year ago – and the necessary amendments have yet to be made. I can appreciate this will have caused considerable frustration for Mr J - and I've considered what he's said about the level of distress caused by his ongoing financial situation.

I haven't seen enough evidence to persuade me that MotoNovo's error has caused a significant impact to Mr J beyond the inconvenience and stress caused. Mr J's says his credit file is reporting multiple other defaulted accounts, and I haven't seen anything to suggest that the way this account specifically has been reported was the sole or main cause of any other detriment – such as a declined credit application. But I agree with Mr J that MotoNovo has caused him considerable frustration and stress during what is an already difficult time. With this in mind, and taking all of the circumstances into consideration, I'm satisfied £500 represents a fair and reasonable reflection of the impact caused by MotoNovo's errors. As it's already paid £350, that leaves a further £150 to pay.

So, I direct MotoNovo to:

- Update Mr J's credit file to correctly reflect a default date of 6 June 2023 and a settlement date of 6 June 2024.
- Ensure the update is applied permanently with each of the main CRAs. This should happen without further delay, and within four weeks of the date Mr J tells us he accepts this decision.

- Pay Mr J an additional £150 – bringing the total compensation paid under this complaint to £500.

My final decision

My final decision is that I uphold Mr J's complaint. I require MotoNovo Finance Limited to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 31 December 2025.

Stephen Billings
Ombudsman