

The complaint

Mr K complains that MotoNovo Finance Limited (MotoNovo) got his settlement figure wrong.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr K took receipt of a car in January 2022. He financed the deal through a hire purchase agreement with MotoNovo. In May 2025 he asked MotoNovo for a quote to settle his agreement and promptly paid it. MotoNovo subsequently wrote to him to tell him they'd got that quote wrong. They offered £200 in compensation.

When Mr K referred his complaint to this service our investigator didn't think it would be fair to expect MotoNovo to stand by the original, incorrect quote. He thought it was reasonable for them to expect full settlement, and he felt the compensation they'd offered was fair in the circumstances. He said MotoNovo should establish an affordable payment plan with Mr K for the deficit and that that payment plan shouldn't be reported to Mr K's credit file.

As Mr K didn't agree his complaint has been referred to me, an ombudsman, to make a 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.

I agree with the investigator's view of this complaint and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr K acquired his car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

When a business makes a mistake such as this, we wouldn't normally expect them to honour that mistake, but we would expect them to compensate the consumer for the distress and inconvenience caused. That's what MotoNovo have done here. They've offered £200 in compensation and as that the error was rectified within two weeks, I think that compensation was reasonable.

But given that Mr K has now faced an unexpected bill I think it would be fair for MotoNovo to come to an arrangement with him to make affordable monthly payments towards that debt. It wouldn't be fair for them to report that payment arrangement to the credit reference agencies so MotoNovo shouldn't do that.

Mr K has also complained that he didn't agree to the HP Plus part of his finance agreement. That complaint isn't one that I can see MotoNovo have ever considered. Mr K will therefore need to refer it to them first and if he remains dissatisfied with their response on that matter, he can then refer it to this service.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell MotoNovo Finance Limited to pay Mr K £200 to compensate him for the distress and inconvenience they've caused (unless they've already paid that) and to agree an affordable repayment plan with Mr K for the balance due on the account. That plan should not be reported to Mr K's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 December 2025.

Phillip McMahon
Ombudsman