

The complaint

Mr M, through his representative, complains that MotoNovo Finance Limited approved a finance agreement for a vehicle which he says he could not afford.

What happened

On 6 August 2020 Mr M chose a car to buy and signed a credit agreement to finance the purchase. He paid an £800 deposit, the cash price for the car was £14,585 and so the credit advanced was £13,785 plus £2,219.52 interest. The total amount was £16,805.52 and Mr M was scheduled to make 42 instalments each of just over £381 a month. Looks like it was all paid off without issue by 1 February 2024. The account notes show hardly any contact between the parties.

Mr M originally complained about motor commission in December 2024 but this changed to being an irresponsible lending complaint. No formal response letter was sent by MotoNovo; the complaint was referred to the Financial Ombudsman where it was reviewed. Our investigator thought that Mr M was not able to afford the £381 a month and that MotoNovo ought to put things right for him.

MotoNovo disagreed, reviewed the bank statements on which our investigator had relied and came to a different outcome.

After the complaint was referred to me and I had reviewed it I asked Mr M for additional information to explain various details surrounding his wages and his expenditure during the time leading up to August 2020. I received some information but not all I had asked for.

On 6 January 2026 I issued a provisional decision giving reasons why I planned not to uphold the complaint. Since then neither party has responded and as the reply date has passed, and in the interests of resolution, I issue my final decision in the same terms as those set out in the 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.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr M's complaint. MotoNovo needed to make sure that it didn't lend irresponsibly.

In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for him before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the

information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

I have reverted to the specific wording and detail in the Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr M's complaint. I do not set out the FCA wording here as Consumer's representative likely is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide MotoNovo that the checks were proportionate: CONC 5.2A.20R plus the paragraphs which follow it. It was not expected that there was a full financial review of every aspect of Mr M's circumstances.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

In Mr M's complaint, MotoNovo has confirmed that it relied on the information received from the dealer, including details of Mr M's expenditure, plus the details of the credit search. MotoNovo has told us that his gross annual salary from full time employment was £30,000 but it also told us that verification of that income was not completed.

So, without much clarity on his income or actual expenditure then I think that MotoNovo ought to have done further checks before lending.

Mr M has confirmed through his representative when he raised this complaint that his salary was £1,924 a month after tax and that looks about right for a £30,000 a year gross salary. Having established that MotoNovo likely ought to have done more checks then I needed to establish, broadly, what it would have discovered if it had asked Mr M for more financial information in August 2020. I asked Mr M, through his representative, for copy payslips as well as reviewing the bank account statements he had sent us. We did not receive any copy payslips but using his bank evidence I am satisfied that Mr M earned £1,924 a month after tax and for the earlier months he was on furlough. And I say this having reviewed the evidence. Since my provisional decision no further evidence has been sent.

Mr M's statements show £1,604 crediting the account from his employer at the end of April 2020, at the end of May (credited early June 2020) and at the end of June 2020. That figure is exactly 80% of his usual and declared (to us) net income of £1,924. It's likely this was a Covid pandemic furlough wage (80% of the usual).

I asked Mr M about this. I received no further explanation or confirmation either way and so I issued my provisional decision using the evidence across the months that this likely was the situation. And by August 2020 Mr M was back to the usual and regular wage of £1,924 a month which is what he has told his representative and us. I have seen this salary on the bank statement evidence for end of July (credited early August 2020). Since issuing the provisional decision Mr M has not disagreed with this conclusion. The corollary to this is MotoNovo would have been reasonable proceeding on the basis that his normal salary was back to full strength for future months.

The other expenditure figures presented to us by Mr M look about right and there were no other indicators of any financial difficulties which can be observed when reviewing bank account statements – such as returned Direct Debits, being permanently overdrawn, inability to pay priority bills and other such evidence. Mr M's bank account balance rarely dropped

below £1,000 credit. And I've received confirmation that through all those summer months in 2020, including dates after he'd commenced the car finance with MotoNovo, Mr M had some savings. None of this points to non-affordability.

On his expenditure, I asked Mr M about his rent costs of £695. He has told us that he also paid £100 in cash to his landlord but despite asking I've received no evidence of that. I am proceeding on the £695 a month as that is what the bank evidence Mr M has sent to us demonstrates to me. Since the provisional decision, nothing further has been sent to me and so as I said in that earlier decision I am proceeding on the lines that Mr M's rent was £695.

I had asked if Mr M was sharing costs with a third party as transfers of money to and from that third party showed on the bank statements, but as I received no confirmation of that then I am assuming Mr M paid all his outgoings himself. Since the provisional decision, Mr M has not updated me on this point.

MotoNovo carried out a credit search and Mr M had very little in outstanding debt or in credit accounts. He had one piece of adverse information – a defaulted account from 2014. But that was far enough in the past not to have been a concern to MotoNovo.

Mr M appears to have been running a car before he purchased this one through MotoNovo. And so, I am satisfied that Mr M was familiar with the costs of running a car. I asked for some details from Mr M about this car but received no additional information. Since the provisional decision nothing further has been received.

There was quite a lot of email correspondence and multiple sets of figures passing between our investigator, Mr M's representative and MotoNovo about details surrounding money spent on insurances or food or subscriptions and other items. This has all been reviewed by me. MotoNovo would only have been expected to have looked at, and factored in, Mr M's committed expenditure, often described as 'non-discretionary'. And to that end I do not add in food costs or items where choice is part of the spend.

And I consider it fair and reasonable for MotoNovo to have reviewed the whole picture – Mr M wanted the car and looked to have been replacing a car he was already running. I consider that vehicles are often regarded as items needed for an individual's work, commute and/or general lifestyle. And I consider that looking at Mr M's committed expenditure – rent and bills and council tax, plus car running costs (of which Mr M was fully aware) then he could afford this car.

As MotoNovo has pointed out – Mr M paid it without a hitch and never contacted MotoNovo about any trouble relating to financial difficulties or his not being able to afford the instalments.

I've also considered whether MotoNovo acted unfairly or unreasonably in any other way and whether the relationship might have been unfair under section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr M or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

Looking at all the evidence, had MotoNovo reviewed Mr M's financial matters further in August 2020 I do not consider it would have reached the conclusion Mr M was not able to afford the car and I do not uphold this complaint.

My final decision

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2026.

Rachael Williams
Ombudsman