

## The complaint

Mrs G is unhappy that a car supplied to her under a hire purchase agreement with MotoNovo Finance Limited was of an unsatisfactory quality.

## What happened

In May 2025, Mrs G was supplied with a used car through a hire purchase agreement with MotoNovo. The agreement was for £6,311 over 60 months; with 59 monthly payments of £152.52 and a final payment of £153.52. At the time of supply, the car was around 10 years old and had done 90,479 miles (according to the MOT record for 19 May 2025).

Mrs G said that she had problems with the car from shortly after it was supplied to her, and she complained to MotoNovo in July 2025. They arranged for the car to be inspected by an independent engineer. This inspection took place on 1 September 2025, when the car had done 92,176 miles – around 1,700 miles since being supplied to Mrs G.

The independent engineer said that the head gasket had likely failed, and extensive oil contamination across the sump, gearbox, and rocker area indicated a long-standing leak. Given how long Mrs G had been in possession of the car, and the mileage it had travelled since supply, the engineer said the faults with the car were present or developing when the car was supplied to Mrs G and *“the vehicle is not of satisfactory quality, not durable, and not fit for purpose until [the faults are] rectified.”*

Repairs were undertaken on the car by the supplying dealership, and the car was returned to Mrs G on 2 October 2025. On 20 October 2025, the car broke down. MotoNovo arranged for the car to be inspected again, and this inspection took place on 30 November 2025, at which point the car had travelled 92,773 miles. This report confirms that *“the vehicle previously underwent turbo pipe repairs.”*

The engineer said that the radiator top hose had failed, and the engine was exhibiting symptoms consistent with a breached head gasket. However, the engineer said that the turbo pipe repairs weren't related to the cooling system issues and this fault developed after the car was supplied to Mrs G and was consistent with normal wear and tear. Based on this report, MotoNovo didn't agree that Mrs G should now be allowed to reject the car.

Unhappy with what had happened, Mrs G brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator didn't think the car was of a satisfactory quality when it was supplied to Mrs G, and they said there was nothing to show the repairs considered necessary by the first engineer's report were carried out. So, the investigator thought that Mrs G should now be allowed to reject the car, with MotoNovo retaining two payments to account for the usage Mrs G has had of the car. The investigator also said that MotoNovo should pay Mrs G £250, in addition to the £300 they'd already paid, to compensate her for the distress and inconvenience she'd been caused.

MotoNovo agreed with the investigator's opinion, but Mrs G didn't. While she agreed the car should be rejected, she didn't think she should pay anything towards the usage she's had of the car, as it was dangerous and faulty from supply, and she thought all her alternate travel costs, road tax, and car insurance premiums should be refunded to her. She also didn't think that the £250 compensation was sufficient. Mrs G said that a total payment in excess of £4,300 would be more appropriate.

Because Mrs G didn't agree with the investigator's opinion, this matter 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've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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 view on the balance of probabilities – what I think is most likely 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. Mrs G was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MotoNovo are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless MotoNovo can show otherwise. So, if I thought the car was faulty when Mrs G took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask MotoNovo to put this right.

In this instance, it's not disputed there was a problem with the car supplied to Mrs G, nor that this made the car of an unsatisfactory quality at the point of supply. What's more, both parties have agreed that Mrs G has the right to reject the car. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think MotoNovo should do to put things right.

### **Putting things right**

Mrs G was supplied with a car in May 2025 which, despite there being faults present, she was able to use until the second breakdown in October 2025. Based on the mileage record, Mrs G was able to drive the car for almost 1,800 miles before the second breakdown. In line with our usual approach to matters such as this, I think it's only fair that Mrs G pay for this usage. As such, I won't be asking MotoNovo to refund all the payments Mrs G paid.

The investigator recommended that MotoNovo are able to retain two of the payments Mrs G paid, to account for the fair usage she had of the car, and that they should refund all other payments made, recognising that one payment had already been refunded. I've noted Mrs G's comment that she thinks this is unfair, as when she was driving the car it was faulty and potentially dangerous. But the mileage record shows that the car was still driven, and Mrs G benefitted from this and from having the car available for her to drive.

However, I think that MotoNovo retaining two payments fairly reflects the use that Mrs G had of the car between May and October 2025, and for the fact that that this usage was impaired by the faults. And I see no compelling reason why I shouldn't adopt this as part of my decision.

Mrs G has had alternative transport costs while she's not been able to use the car supplied to her by MotoNovo. She provided evidence of these, and asked they also be reimbursed by MotoNovo. When considering this request I also need to consider that, if Mrs G were to receive a refund of the payments she made, and received reimbursement of her travel costs, then she would essentially be making a double recovery. And this would put her in a position of betterment.

I've considered the evidence Mrs G has provided and seen that, in the 52-day period between 2 December 2025 and 19 January 2026, she spent £243.56 in alternate transport costs – the equivalent to around £145 a month. Mrs G's monthly payments to MotoNovo were more than this, and, by not using the car she was also saving on fuel costs. As such, I'm satisfied that refunding the payments Mrs G has made (and/or waiving payments when they weren't made) adequately compensates Mrs G for her alternative transport costs. So, I won't be asking MotoNovo to pay these costs instead of refunding/waiving payments.

Mrs G also feels she should be refunded the cost of taxing and insuring the car. However, I don't agree these costs should be refunded, and I'll explain why.

While the car has been in Mrs G's possession, it has been driven on the road during this time. It's a legal requirement that a motor vehicle is both taxed and insured. This is needed whether the vehicle is being driven or not. And, while the car was off the road, the insurance covers the vehicle for risks not associated with being driven, i.e., fire, theft, and third-party damage, so Mrs G was still benefitting from the insurance payments, whether she was driving the car or not.

Regarding the road tax, if a motor vehicle isn't being used and not being stored on a public highway, it can be declared as being off the road through a SORN. This mitigates the need to pay road tax, and this is something Mrs G was able to do following the October 2025 breakdown. However, she chose not to do this, thereby mitigating her losses. And I don't think it's fair to ask MotoNovo to reimburse Mrs G for something she didn't need to pay but chose to do anyway.

Finally, I think Mrs G should be compensated for the distress and inconvenience she was caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available. What's more, as the agreement was in Mrs G's sole name, and she alone was MotoNovo's customer, I'm only able to consider the direct impact on her, and not any impact on her family members.

MotoNovo had already paid Mrs G £300 compensation for this, and our investigator recommended they pay Mrs G an additional £250, taking the total payment to £550, to recognise the distress and inconvenience she was caused. Having considered this

recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing MotoNovo to make

Therefore, if they haven't already, MotoNovo should:

- end the agreement, ensuring Mrs G is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mrs G;
- remove any adverse entries relating to this agreement from Mrs G's credit file;
- refund any deposit Mrs G paid (if any part of this deposit is made up of funds paid through a dealer contribution, MotoNovo is entitled to retain that proportion of the deposit);
- refund the payments Mrs G has made towards the agreement, with the exception of two payments to account for fair usage, waiving any unpaid amounts;
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs G made the payments to the date of the refund<sup>†</sup>; and
- pay Mrs G an additional £250, taking the total amount paid to £550, to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (MotoNovo must pay this compensation within 28 days of the date on which we tell them Mrs G accepts my final decision. If they pay later than this date, MotoNovo must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires MotoNovo to take off tax from this interest, MotoNovo must give Mrs G a certificate showing how much tax they've taken off if she asks for one.

### **My final decision**

For the reasons explained, I uphold Mrs G's complaint about MotoNovo Finance Limited. And they are to follow my directions above.

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

Andrew Burford  
**Ombudsman**