

## The complaint

Mrs B has complained that MotoNovo Finance Limited (MotoNovo) unfairly provided her with credit for a car.

## What happened

In August 2019, Mrs B entered into a finance agreement with MotoNovo for the purchase of a car as shown below. She then settled the agreement in December 2022.

Date	Amount of credit	Term	Monthly payment	Total repayable
August 2019	£7,299.00	49 months	£201.64	£9,678.72

In November 2024, Mrs B complained to MotoNovo with the help of a professional representative. In the complaint, Mrs B said she didn't think MotoNovo had lent to her responsibly. She felt it had failed to undertake reasonable checks to ensure the lending was affordable for her. Mrs B said had MotoNovo completed the appropriate checks it would have found the lending was unsuitable for her and that this led to an unfair relationship.

MotoNovo looked into Mrs B's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held and accounted for the adverse information when considering Mrs B's application. MotoNovo has said based on the information it found, it believes its decision to lend was fair.

Mrs B didn't accept MotoNovo's response, so she referred her complaint to our service with the help of her representative. One of our investigators looked into it and said that he didn't think MotoNovo had completed proportionate checks and had it done so, it would have found the lending to be unaffordable. So, he didn't think MotoNovo had acted fairly in lending to Mrs B.

MotoNovo said it couldn't reach the same figures for disposable income as the investigators and so didn't accept what he's said and asked for a final decision on the case. As no agreement could be reached, the complaint 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 reached a different outcome to the investigator and so I issued a provisional decision saying:

*I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:*

- *Did MotoNovo carry out reasonable and proportionate checks to satisfy itself that Mrs B was able to sustainably repay the credit?*
- *If not, what would reasonable and proportionate checks have shown at the time?*
- *Did MotoNovo make a fair lending decision?*
- *Did MotoNovo act unfairly or unreasonably towards Mrs B in some other way?*

*MotoNovo had to carry out reasonable and proportionate checks to satisfy itself that Mrs B would be able to repay the credit sustainably. It needed to assess the likelihood of Mrs B being able to repay the credit, as well as considering the impact of the repayments on her. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments, the cost of the credit and the customers circumstances.*

*MotoNovo has provided a copy of the credit search it undertook. This shows with the exception of a default for £165 in May 2019 Mrs B was generally managing her credit well. MotoNovo has said Mrs B told it her annual income was around £30,000 (around £1,995 a month). But it's said it didn't verify this, and I can't see it gathered any information about Mrs B's essential expenditure, outside her repayments to existing credit. I acknowledge Mrs B was managing her active credit well at the time of the lending. But I think it would have been reasonable for MotoNovo to get a better understanding of Mrs B's finances before lending. I say this because Mrs B had recently defaulted on a relatively low amount and the regulations say:*

*CONC 5.2A.16 (3) sets out that for the purpose of considering a customer's income it's not generally sufficient to rely solely on a statement of income made by the customer without independent evidence.*

*CONC 5.2A.17 (2) says that a business must take reasonable steps to determine the amount, or make a reasonable estimate, of a customer's current non-discretionary expenditure.*

*So, I think it would have been reasonable for MotoNovo to verify Mrs B's income and assess her non-discretionary expenditure.*

*There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that MotoNovo needed to see Mrs B's statements in order to lend to her. Rather I think it needed to verify Mrs B's income and either make a reasonable estimate of her regular essential expenditure or ask her for more information about this. That said Mrs B has been able to provide this service with copy bank statements from the time of the lending. In the absence of any other evidence, I think it's reasonable to rely on these to establish what MotoNovo would likely have found had it estimated or asked Mrs B about her finances.*

*I can see from the statements for the three months prior to the lending Mrs B had an average income of just under £1,700 each month from benefits and received an average of £1290 a month in cash deposits. So, had MotoNovo verified her income, I think it's likely it would have found she had an income of at least £30,000 a year.*

*In addition to the other debt repayments identified by MotoNovo, Mrs B was regularly making overpayments to her credit cards and paying for utilities. Taking account of the income into Mrs B's account and the essential committed expenditure shown in the statements, I haven't been able to fairly recreate the figures reached by the investigator. Based on the essential committed expenditure I can see Mrs B appears to have been left with a reasonable disposable income to cover repayments to this agreement, any financial shocks, food and*

*leisure activities. So, had MotoNovo done further checks to establish Mrs B's income and expenditure, I think it would more likely than not have reasonably concluded the agreement was sustainably affordable for Mrs B.*

*Overall, I think MotoNovo's checks should have gone further. But based on the information available, I'm not satisfied the decision to approve the lending was unreasonable.*

*I can see that Mrs B maintained the agreement well until 2020 when she deferred some payments because of the pandemic. Otherwise, Mrs B managed the agreement in a fair way. So, I haven't seen anything here to suggest MotoNovo treated Mrs B unfairly throughout the life of the agreement.*

*I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that MotoNovo created unfairness in its relationship with Mrs B by lending to her irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.*

*I'm very sorry to disappoint Mrs B, but for the reasons set out, I don't find that Mrs B's relationship with MotoNovo was unfair, and I can't conclude MotoNovo treated her unfairly in any other way based on what I've seen.*

Neither party responded to my provisional decision, so in the absence of any new evidence, I see no reason to depart from these findings.

### **My final decision**

My decision is that I don't uphold Mrs B's complaint about MotoNovo Finance Limited for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 5 March 2026.

Charlotte Roberts  
**Ombudsman**