

The complaint

Mrs W complains that FirstRand Bank Limited trading as Motonovo Finance (MF) treated her unfairly with regard to payments due under a hire purchase agreement, which she entered into for the supply of a car.

What happened

The circumstances of this complaint are well known to the parties, so I've summarised what happened briefly here. In July 2018, Mrs W entered into a hire purchase agreement with MF to acquire a used car first registered in March 2015. The cash price of the car was around £7,850 and the total amount payable was approximately £9,493.20. Mrs W paid a deposit of £150. She agreed to make 59 monthly payments of £153.07, followed by one monthly payment of £312.07.

Mrs W said she was unhappy with the way MF handled her hire purchase agreement with it. A number of complaints were made about her payments and inaccurate credit file reporting. Another ombudsman here issued a jurisdiction decision setting out that we could consider the following points:

- Issues with the incorrect default charges that were added to her statement.
- Damage to her credit file due to MF incorrectly reporting adverse information from 10 April 2022 onwards.
- The stress and anxiety that has been caused to her throughout the time of the agreement from 5 May 2022 onwards.
- Payments missing from her account statement which she has made from 10 April 2022 onwards.

An investigator here considered the complaint. She said that MF had reported inaccurate information about Mrs W's missed payments, which had a negative impact on her credit file. She said that Mrs W had provided screenshots to show that she had made payments in July 2022, November 2022 and July 2023 and these were payments that MF said it hadn't received. She accepted that the balance of the account had been written off, and the account had been closed. But she thought that the credit file reporting did not accurately reflect that the account was closed. The investigator thought that MF should amend her credit file to show the missed payments; but also reflect that the account was closed. She recommended MF pay Mrs W £300 for the impact of the inaccurate information, which she said had affected her health and ability to obtain credit.

Mrs W agreed with our investigator's recommendations. But MF did not. In summary it said:

- Payments were made at the end of the month by card, so the account reflected when the payments were received. But the card payments would have taken a few days to show on her bank statement, so it still meant that payments were missed. It asked for a full copy of Mrs W's bank statement to show the dates of the transactions rather than screenshots, and if this were provided it would be happy to revisit.
- Mrs W made some payments between 2022 and 2024; however, these did not clear

the underlying arrears position or bring the account up to date. The arrears markers reflected trailing arrears, where payments may continue to be made but the account remains technically behind.

- No default was issued, which was intentional and consistent with regulatory guidance at the time, with consideration given to vulnerability, the impact of the pandemic and continued attempts to agree an affordable arrangement.
- The balance of £1,067.83 was written off in February 2025 as part of a business decision. And where a lender writes off a balance that has not been repaid, the correct and factual reporting is “partially settled”. This does not imply ongoing liability and does not continue to update after the account is closed.
- It did not agree that there was an error which would justify compensation and maintained that the credit file reporting was accurate. It said that it had a regulatory obligation to report accurate and factual information.

Mrs W was unable to provide further evidence of the specific dates she made the disputed payments. She said that the situation and the ongoing complaint was seriously affecting her health and wellbeing, and she'd recently been bereaved. She asked our investigator to carry on with the information that had already been provided.

As an agreement couldn't be reached, the complaint was passed to me to make a decision. I issued a provisional decision which said:

When considering what is, in my opinion, fair and reasonable, I take into account relevant law and regulations; regulator's rules, guidance, and standards; codes of practice; and what I believe to have been good industry practice at the relevant time.

Firstly, I'd like to say I'm sorry to hear of the circumstances that Mrs W has described to this service. I also acknowledge Mrs W's strength of feeling and she's provided detailed submissions to our service. I've read and considered everything Mrs W and MF said but I've summarised the key points here. While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes informally.

Where the evidence is incomplete or inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances. The agreement in this case is a regulated credit agreement. As such, this service is able to consider complaints relating to it.

An ombudsman has already set out the extent of the matters that I can consider. I think it makes sense for me to also consider whether the current credit file reporting of partially settled is accurate. If either party object to that they can let me know in response to this provisional decision. As there are a number of issues to address, and the matter has been ongoing for some time, I'll set out headings which correspond with each point that I'm able to consider.

Issues with the incorrect default charges that were added to her statement

MF made an error with the default interest rate when it calculated additional interest payable. It recalculated the default interest charged and reapplied it at the correct rate. A refund of £143.67 was applied to the account in two payments of £58.62 and £85.05 on 7 June 2024. This appears to be reasonable as it puts Mrs W back in the position she should have been

in. I've not seen anything which indicates this is still incorrect or that it had any other consequential impact on Mrs W's repayments or the credit file reporting. I'll go onto consider whether MF ought to offer compensation for this mistake later.

Payments missing from her account statement which she has made from 10 April 2022 onwards

I've carefully examined the statement of account provided by MF and can see that it noted Mrs W missed payments in: April, July, September and November 2022; July, September and October 2023; and January and June 2024.

Mrs W supplied screenshots of her bank statements which she said showed that she'd made the payments for July 2022, November 2022 and July 2023. I'm sorry to disappoint Mrs W but without seeing a full copy of her bank statements for payments around those dates I'm currently more persuaded that the payments shown on her screenshots for those respective months were actually made to MF towards the end of the preceding month by card.

The evidence she's provided is limited, and I can understand her reasons for not providing full statements as I know she has had a lot to deal with. But I don't think the transactions she made by card would have hit her bank statement until the following month and consequently give the impression of being made towards the following month's contractual payment when she now looks at a summary of her payments. By way of example, I've seen that MF received a payment on 30 June 2022. As this payment was made by card it would have been pending in her bank account and would only show on her statement as being paid in July. I simply don't have enough evidence to show that she made a payment in June and July 2022. Her testimony also lines up with this as she's said that she always tried to make the payment at the end of the month, ahead of when the payment was due.

I've also noted that in some months Mrs W made two payments, such as in August and October 2022.

I'm not yet persuaded that MF have recorded payments as missed incorrectly, I think the statement of account for the hire purchase agreement is more persuasive than the evidence Mrs W has been able to provide. So, I don't find I have grounds to direct MF to correct any of the entries on the account as I don't think there is currently sufficient evidence to show that she did make the payments that are in dispute.

Damage to her credit file due to MF incorrectly reporting adverse information from 10 April 2022 onwards

I've not yet found that MF has kept inaccurate records of Mrs W's payments for the reasons I've explained above. I've also considered whether the credit file reporting was accurate. I'm satisfied that MF's explanation of trailing arrears reflects what has been shown on her credit report. Unfortunately, Mrs W didn't manage to fully catch up with earlier payments missed so when more payments were missed in 2022 this increased the number of missed payments shown. The total amount of missed payments was continually reflected on her credit report and had a cumulative effect on the information that she saw. This information was also updated each month and could fluctuate depending on when the payments were made and when they were due. I've not found that a mistake was made which would have damaged her credit file and affected her ability to get credit. Mrs W might find looking at a copy of her full statutory credit report would be more helpful, rather than the summaries she provided. Our investigator can show her how to get a copy of that if she needs help.

I've seen no reason that MF needed to write off the balance of the account. But it seems reasonable that it has done so where it was aware there was a payment deferral due to the

pandemic, and in doing so it has marked the credit file as partially settled. I don't think it would be fair to mark the account as fully settled when the balance has been written off, as that isn't a true reflection of Mrs W's payment history. Arguably MF might have had reason to report that the account was in default, which might have had a more significant impact than missed payments. But given at least some of the arrears stemmed from payment deferrals in line with the Financial Conduct Authority (FCA) temporary guidance during Covid-19, and it was also aware of Mrs W's vulnerability, I'm satisfied that was reasonable for it not to do so.

So, I think that the write off and reporting are as accurate as is needed given the circumstances. The account has been marked as partially settled with a zero balance and the missed payments will remain on her credit file for six years. I think that is a true and accurate reflection of her payment history.

The stress and anxiety that has been caused to her throughout the time of the agreement from 5 May 2022 onwards

There's no doubt that Mrs W has experienced stress and anxiety during the period in question. It's understandable that being in financial difficulties and managing other matters would be extremely worrying, and I'm conscious that Mrs W has described difficult personal circumstances over several years. But I can't attribute the cause of that solely to MF given my findings above. I've looked at the responses that MF gave, and I don't think MF was completely unreasonable or unfair, despite Mrs W's disagreement with it. I've taken into account that it did make an error with the interest that it charged and later corrected that. But I also have to take into account that it has written off a significant amount of the agreement, so making a further award of compensation here might be considered punitive, which isn't my role. I'm not intending to ask it to do more.

I know my findings will come as a disappointment to Mrs W and I'm sorry about that. But I don't yet find that I have the grounds to direct MF to do anything further to resolve this complaint.

MF did not respond to the provisional decision. Mrs W acknowledged the decision but did not provide any comments. As the deadline for responses has now passed, I'll go on to make my final 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'm making a final decision to draw a line under the complaint, and it marks the end of our process. Neither party has made any further comments following my provisional decision.

So, on the basis I don't consider I've been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances.

As a reminder Mrs W doesn't have to accept my decision. Then she'll be free to pursue the complaint by other means, such as through the courts, if she wishes.

My final decision is the same for the reasons set out in my provisional decision, and above.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 March 2026.

Caroline Kirby
Ombudsman