

The complaint

Mr J complains through a representative that FirstRand Bank Limited trading as Motonovo Finance (“Motonovo”) failed to undertake a proportionate affordability assessment before lending. Had better checks been made, Motonovo wouldn’t have lent to him.

Although Mr J has a representative for ease of reading, I’ve referred to Mr J throughout the decision.

What happened

In March 2017, Motonovo provided Mr J with a hire purchase agreement through a credit intermediary for a used car which had a retail price of £9,499. Mr J part exchanged a vehicle and received £3,500 towards the cash price. £5,999 was financed.

The agreement had interest, fees and charges which totalled £2,863.40 and the total to repay under the agreement was £12,362.40. This agreement was to be repaid with 59 monthly payments of £144.39 followed by a final payment optional payment to own the vehicle of £343.39. The agreement was settled in December 2019.

Motonovo considered Mr J’s complaint and didn’t uphold it. The complaint was referred to the Financial Ombudsman where it was considered by an Investigator. The investigator concluded further checks were needed given Mr J’s income wasn’t checked and there was some recent adverse payment information. However, had further checks been made, Motonovo would’ve still lent to Mr J.

Mr J didn’t agree saying that he had recently been in financial difficulties because an IVA had finished only a couple of months before the agreement started. The Investigator had overestimated Mr J’s living costs and he also said he only had £142 left over after his living costs and credit commitments which wasn’t enough to afford the agreement.

The Investigator wasn’t persuaded to change their mind about the outcome and 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.

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 J’s complaint. Having carefully thought about everything I’ve been provided with I’m not upholding Mr J’s complaint. I’ll explain why in more detail here.

Motonovo needed to make sure that it didn’t lend irresponsibly. In practice, what this meant is that Motonovo needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr J 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 – suggested the lender needed to know more about a prospective borrower's ability to repay.

Motonovo says before the agreement was entered into it asked Mr J for details of his employment and carried out a credit search. Having thought about this, for the reasons given below, I don't consider the checks to be proportionate.

Motonovo has said no information was collected from Mr J in relation to how much he earned – but it was aware he was working full time. Given the term of the loan I do think Motonovo needed to at the very least make some enquiries about Mr J's income.

It also doesn't look like Motonovo took details of his monthly outgoings – although from the credit search results it did know that Mr J had a mortgage. But no other details of Mr J's living costs were taken or assessed.

Motonovo did carry out a credit search, and it has provided a copy of the results it received. It did know that Mr J had been in an IVA – which had started in 2012, and this appeared to have been completed in January 2017. There was also a CCJ but beyond knowing there was one no further information was provided.

It did know that Mr J had a mortgage that was costing him £506 per month as well as an active credit card, which had a balance of £5,574 on a credit limit of £11,000. There was a further credit card with a £400 balance on a £500 credit limit, as well as a current account and two communication accounts. These active accounts had been well maintained and well managed – with no missed payments. Looking at the credit search results Motonovo could've reasonably concluded that Mr J wasn't overindebted and had total monthly credit costs of around £625 – including the mortgage.

I do agree with Mr J where he says the IVA showed he'd have previous financial difficulties but given the IVA started in 2012 – I think it's fair to say that he'd experienced those difficulties a number of years before the agreement. While it had just finished I don't automatically think that means he was having or likely having financial difficulties at the time the agreement started.

So, while Motonovo had an idea of Mr J's existing debts, as far as I can see it didn't have any idea of his actual income or what his likely non-discretionary living costs were. Without this information I can't fairly conclude a proportionate check was conducted when Motonovo didn't appear to have even the most basic of understanding of Mr J's income and expenditure.

Even though I don't think Motonovo's checks went far enough that alone isn't sufficient to uphold the complaint. I would also have to be satisfied that had Motonovo conducted further checks it would've likely discovered the agreement was unaffordable or unsustainable for Mr J.

Mr J has provided copy bank statements covering the months up to MotoNovo's decision to lend, to be clear, the bank statements are only being used in order to try and establish what Mr J's likely monthly outgoings were. This wasn't and isn't intended to be conduct a full

financial review – as I don't think that would've been warranted before Mr J entered the agreement.

Mr J has provided copy bank statements, so I think it's entirely fair and reasonable to view these to see what his monthly income and Mr J received an income – which was variable as Mr J was paid weekly but I do think the average income was more in line with what Mr J said which was just under £2,000 per month

However, looking at all the costs that Mr J had including the standing orders and direct debits these come to no more than £1,200 per month which is broadly in line with what the Investigator concluded. Although in the months leading up to the finance, depending on what bills needed to be paid Mr J's outgoings were as low as £1,000.

In my view a proportionate check would've shown that Mr J had about £800 per month in disposable income to afford the loan payments, and other costs he may have had such as food, insurance and car maintenance costs.

There were no signs from the statements that Mr J was having financial difficulties – such as returned payments or that he was constantly using his overdraft. So even if Motonovo had reviewed his account before agreeing to provide the finance then it would've likely concluded that Mr J was in a position to afford the agreement.

I am therefore not upholding Mr J's complaint because although a proportionate check wasn't carried out by Motonovo before lending, I'm persuaded that such a check would've led it to conclude that the finance agreement was likely affordable for Mr J.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Motonovo lent irresponsibly to Mr J 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.

My final decision

For the reasons I've outlined above, I am not upholding Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 April 2026.

Robert Walker
Ombudsman